

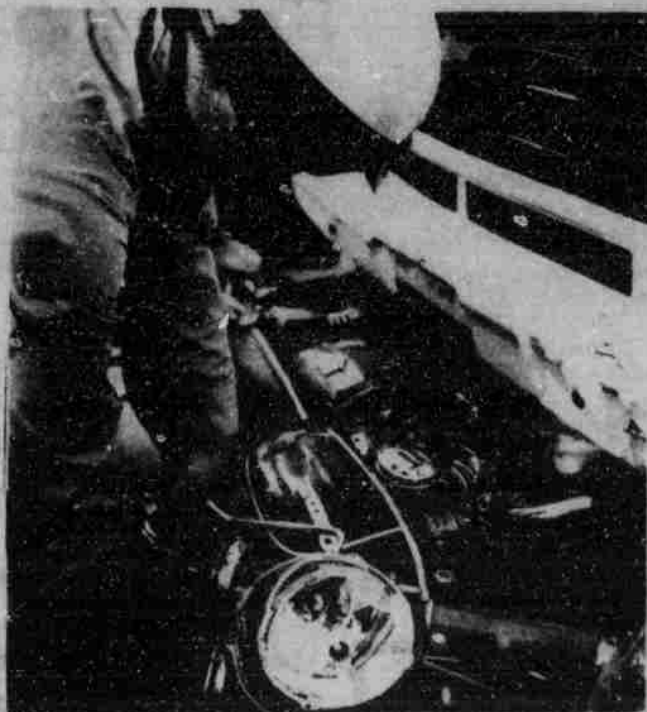
A van driven by Charles W. Arnold struck a parked motorcycle at 14th and R streets Tuesday afternoon when Arnold fell asleep, according to Lincoln police.

According to Sgt. Ken Cauble, the westbound van dragged the motorcycle approximately 30 feet, stopping after hitting the curb.

Cauble said that Arnold had been taking medication at the prescribed doses prior to the accident, but the prescription was too strong for his body.

Arnold was released Tuesday night from Lincoln General Hospital. Cauble said that Arnold did not recall the accident.

Photo by Ann Owens



Legislators to wait, see for Exon special session

By Dick Piersol

State senators are maintaining a wait-and-see attitude about possibilities of the Legislature's special session scheduled to convene at 3 p.m. today.

After much speculation about Gov. J.J. Exon's motives in calling the session, proponents of the "he wouldn't do it if he didn't want to run for the Senate" theory had the rug pulled from beneath them when Exon announced he wouldn't seek the U.S. Senate seat being vacated next year by Sen. Roman Hruska.

Exon announced that the session was called to reconsider appropriation laws passed by the first session of the 84th Legislature and to reconsider revenue laws relating to sales and income tax rates.

Exon has said appropriations for fiscal 1975-76 need to be cut by three per cent to avoid a \$10 million state treasury deficit in January, but some state senators disagree.

Cash flow problem

Sen. Jerome Warner of Waverly admitted the cash flow problem, the amount of state tax money available in the general fund, would be tight, but said he doubted that it required a special session.

Warner said that as of Sept. 30, \$12.8 million more than the normal 25 per cent that is drawn out of the general fund during the first quarter of the fiscal year had been removed from the fund.

About half of that \$12.8 million went toward post-secondary education, which he said is normal because schools have yet to collect their total tuition receipts.

Warner said part of what he called the cash flow problem resulted from the State Board of Equalization's failure to consider express obligations, which are state financial commitments made when setting sales and income tax rates that continue beyond a given fiscal year.

The Board of Equalization includes Exon, Secretary of State Allen Beermann, State Auditor Ray A. C. Johnson, State Treasurer Frank Marsh and State Tax Commissioner William Peters.

Among express obligations, Warner listed Homestead exemptions, increases in personal property tax exemptions and capital construction planned beyond a 12-month appropriation.

Education aid

Sen. Richard Marvel of Hastings said another express obligation that contributes to the cash flow shortage was state aid to education. He said originally, \$20 million in federal revenue sharing money was used. A year later \$15 million was available and the difference was taken from the general fund. He said the state now must provide all \$20 million because of revenue sharing losses.

General fund money pays the entire \$55 million in state aid to education since federal revenue sharing money is committed elsewhere, Warner said.

Another contributing factor, according to Warner, was the transfer of \$14 million from the general fund to specific accounts by Marsh. Warner said \$9 million of that

amount had never been transferred this early in the fiscal year and these transfers could and should have been deferred to protect cash flow.

Warner said the cash flow reserve never had been jeopardized before because inflation caused sales and income tax revenues to rise more than anticipated. However, he said the economy slowed down, inflation was eating away at reserves, there were substantial appropriation increases with no change in tax rates and the "day of reckoning finally came."

Postponing issue

Warner said LB589, dealing with express obligation commitments, has been considered before, but Exon has been postponing the issue for four years.

Warner said if express obligation commitments are continuously ignored, the cash flow problem could be 50 per cent worse next year.

Warner said he thinks Exon has reconsidered appropriations passed by the 1975 Legislative session and wants to further reduce those appropriations to keep tax rates down. He said the difference in what the governor wanted and what the Legislature appropriated is insignificant—about \$5 million.

Exon also may present legislation to eliminate the requirement that sales tax and income tax revenues be equal he said.

Warner said he isn't sure the Legislature will agree that appropriations must be cut and suggested alternatives to relieve the projected cash flow shortage.

Stagger dates

Warner and Marvel both said the governor has the power to stagger dates for payment to governmental subdivisions, but Warner said it should be done with care since it could simply transfer the cash flow problem to counties, cities and school boards.

The bulk of state aid to political subdivisions is state aid to education, Warner said. The rest, about \$12.6 million each year, is paid to counties and municipalities to compensate for their loss of revenue since the repeal of the household goods tax and the tax on intangibles.

Warner said payment of \$23 million in food sales tax credits and state income tax refunds could be delayed and paid as the money becomes available.

He said most citizens probably could accept such a delay if they know their tax rates would not be increased.

Capital construction reduction

Warner also suggested appropriations and capital construction reductions before necessary operating costs.

Some state construction projects are "authorized but not under contract" and authorization could be deferred, he said.

Warner said speculation is that the session will last from 30 minutes to 10 legislative days. Constitutionally, seven days must elapse before the Legislature may vote on Exon's proposals. Any bills presented likely will have public hearings before the Revenue and Budget Committees.

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Varner to ask Legislature to leave NU budget uncut

NU President D.B. Varner said he will ask the Legislature to make no cuts in the university's budget during the special session scheduled to convene today at 3 p.m.

Gov. J. J. Exon has asked for a three per cent reduction in state spending to avoid a cash flow problem which he said could cause a \$10 million deficit in January.

William Swanson, NU vice president for governmental relations, said a three per cent reduction in the university's budget is "tantamount to five or six per cent because the cut would be taken from what remains of our total budget."

Contract obligations

Varner said he did not see how the budget could be cut that much without violating contractual obligations.

"About 75 to 80 per cent of our budget is spent on people," he said. "We can hardly be called upon to void contracts. I don't think we can do it without personnel cuts."

"There must be ways to cope with a cash flow problem without seriously impairing the university," he continued.

Varner said now is an inappropriate time to cut the university's budget, referring to the search for a UNL chancellor and a vice chancellor for the Institute for Agriculture and Natural Resources.

Other alternatives

He said the Legislature should exhaust all other alternatives before cutting the NU budget.

He, the chancellors of UNL, the University of Nebraska at Omaha, and the Medical Center and several vice presidents

met last week to discuss the matter, he said, but made no decisions.

Varner said if the budget is cut, he hoped it would be by individual campus, allowing maximum latitude to determine where spending could be reduced.

He said Exon told him that Atty. Gen. Paul Douglas stated that giving each campus freedom to decide where spending would be cut may be illegal. If that is true, the Legislature would be given the power to decide what specific programs or salaries might be reduced.

High priority

Swanson said salary increases of five per cent plus \$468 mandated for all state employees, including university faculty and staff, would be given highest priority in convincing the Legislature not to make cuts.

Varner said costs other than salaries would be cut if the decision is given to university administration.

He said possibilities include capital construction reductions, leaving new buildings unopened, and reduction or suspension of summer sessions.

Swanson said it will be his and others' responsibility to present the university's case to the governor and Legislature.

He said they will attempt to give the university maximum flexibility in deciding where spending cuts will be made if they are required.

Varner said he would be in Washington D.C. for a meeting of the Association of American Universities when the special session opens, but would return Wednesday night.

Peter: ineptitude rewarded

Every employe is promoted to his level of incompetence in a hierarchy, says Laurence Peter, author of *The Peter Principle*.

Peter addressed an audience of about 550 Tuesday at the Union Program Council Talks and Topics program.

"The cream rises until it sours," Peter said.

Peter said the rise to incompetency applies to all fields.

"Once people are promoted to their level of incompetence they stay there," Peter said. "By firing them their superiors

would be admitting their own incompetency."

Peter said society is based on upward mobility, and people are taught that success is being promoted to the top.

Peter added that often what he calls truly successful people haven't been promoted to the top.

"My serious solution to the problem is to strive for forward movement rather than upward movement and to gain satisfaction through love of others and yourself," Peter said.

Zech condition improving

David Zech, who fell from his tenth-floor Abel Hall window August 26, is now responding to relatives, according to a Lincoln General Hospital spokeswoman.

He remains in fair condition and is improving "very slowly," the spokeswoman said.

"He recognizes his parents and family

and can call them by name," she said. "He has reached a level of consciousness."

Zech, 18, from Douglas, was registered as a freshman at UNL at the time of his fall. He suffered several broken bones and head injuries in the fall, and remained in a coma and in critical condition for several weeks.

inside today

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Weather

Wednesday: Partly cloudy and cooler. Temperatures in the mid to upper 60s.

Wednesday night: Clear to partly cloudy. Temperatures in the mid-40s.

Thursday: Increasing cloudiness, with temperatures ranging from the low to mid-60s.



Photo by Kevin Higley

Laurence Peter, author of *The Peter Principle*