

assistance, general public assistance and other activities related to public welfare. Heretofore, this program has been supported from biennium to biennium by a constantly changing series of special taxes of a temporary nature and neither the revenue derived from such taxes nor the expenditures of the same has been included in the regular budget adopted by the General Assembly.

The obligation of the State to provide and support such a program is generally recognized and accepted by the people of the State, and the only question in their minds relates to its extent and administration. The problem of meeting this obligation is a permanent one, varying only in degrees with the vicissitudes of the social, economic and business life of the State, and should be met by the adoption of a comprehensive long range program consistent with the ability of the State to support it. It would seem apparent, therefore, that the revenue derived from the taxes by which the program is supported should be considered a part of the General Funds of the State, and the appropriation thereof be included in the regular budget.

Certain increases are made necessary by having included in the budget several appropriations which heretofore have been set up as Special Fund Appropriations and which were, therefore, not included in the budgets of 1938 and 1939; also allowances necessary to meet the requirements of law; and allowances to provide maintenance for newly constructed buildings and increased population in the State hospitals.

#### **Detailed Comment on Budget Allowances and Recommended New Construction**

##### **I**

#### **New Construction and Bonded Debt**

On September 30, 1934, the close of the last fiscal year of the administration of Governor Ritchie, the bonded indebtedness of the State was \$43,637,000.00. On September 30, 1938, the close of the last fiscal year of the administration of Governor Nice, the bonded indebtedness of the State was \$48,247,000.00, or an increase of \$4,610,000.00, despite the fact that during the same period \$16,077,000.00 of bonded debt incurred prior to September 30, 1934, matured and was paid. In other words, if no additional bonded debt had been incurred since September 30, 1934, the indebtedness of the State on September 30, 1938, would have been \$27,560,000.00 or \$20,687,000.00 less than it actually was on that date.

During the four-year period between September 30, 1934, and September 30, 1938, bonded debt aggregating \$20,687,000.00 was created. Of the new debt so created \$8,480,000.00 had been used to meet current expenses of the State, \$500,000.00 to the Annuity Bond Account to offset anticipated decline in taxable basis, \$1,500,000.00 to establish a working capital, and \$2,300,000.00 to offset a deficit which occurred at the close of the fiscal year ending September 30, 1935. The remaining \$7,907,000.00 was appropriated for additional buildings and equipment and other repairs, including flood damage, throughout the State.

In no sense is this to be understood as criticism because, as I attempted to emphasize in my inaugural address, the best course we can pursue is to look ahead rather than to consume time by criticising the past.