# Report Shows State's Deficit Growing Fast

(Continued From Page One.)

used in funding the floating debt left by the previous administration and paying confederate pensions.

**Expected Receipts**

Expected cash receipts for the year were set down at $60,189,638.21. These plus the expected bond sale receipts and $6,893,315.49 to be obtained by "reduction in reserves to the credit of special funds," would total $106,919,638.21, leaving the state with a cash deficit at the end of the year of $2,371,685.79.

Expected expenditures next year were set at $100,713,251.21 and receipts at $92,320,869.94, raising the anticipated cash deficit at the end of that year to $8,392,381.27.

Commenting on the anticipated $6,327,456.25 excess of expenditures during the biennium over receipts in the state highway funds, Close wrote that it "is not to be added to this item (the general excess figure) because it represents new construction financed from balances on hand rather than from the issuance of additional bonds as was formerly the practice."

**Increases Large**

Declaring that "the increase in the costs of operating the state government in the last decade has been tremendous," the report said the state debt as of June 30, 1940, was $60.80 per capita, a total of $158,211,970. The funded debt of $152,439,500, Close said, was second highest in the nation and interest charges increased from 49 cents per capita in 1929 to $2.83 per capita in 1937, compared with the average of 91 cents for all states.

State taxes increased during the same period from $14.83 per capita to $35.68, compared to the $31.90 general average, the report said.

**Excerpts from Report**

Excerpts from Close's report follow:

"I desire to call especial attention to three significant and important facts brought out in this report bearing on the financial problems with which the state administration is coping during the current biennium. These facts are:

1. That the administration inherited a cash deficit of very nearly $6,000,000 at the beginning of the biennium.

2. That the state administration is undertaking to furnish new and increased services, as described and discussed in the following pages, that have placed an additional biennial burden of over $10,000,000 on the state treasury.

3. That the net effect of the changes in tax laws made at the last session of the legislature to lighten the tax burdens on the people have reduced the revenues of the state by just about $5,000,000 for the biennium.

"It seems to me that the most important conclusion presented in this analysis is that the state, through measures of strict economy and good management, is going to be able to meet its financial problems during the current biennium despite the three heavy handicaps just enumerated. The proposed financial program is presented in Exhibit B and shows that, after taking care of added costs and revenue losses, there will be a probable cash deficit (only in the general fund and one other fund) of no more than $2,371,685.79 at the end of the current fiscal year and that this deficit will certainly not be increased to more than $8,392,381.27 by the end of the next fiscal year. However, it is encouraging to note from this same exhibit that there will be money reserved in special funds in the amounts of $12,423,947.57 and $14,627,911.83 at the ends of these two years, respectively.

"It is also interesting to note that the state would have been amply comfortably to meet its fiscal problems, including the financing of the aforementioned extension of services, if the tax program of the administration had been adopted in its entirety in the November, 1940, referendum—that is, if the increases in the rates of tax on higher incomes had been approved.

**Cash Position**

"No records or reports of the financial operations and condition of the state government as a whole are available for any past period. The earliest date for which it is practicable or possible for the present administration to compile figures showing the cash condition and to take stock of what it inherited is June 30, 1940. That date marked the close of the last fiscal year under the preceding administration. It also marked the completion of the last fiscal year under appropriation and revenue acts enacted prior to the advent of the present administration. It may well be regarded as the close of an era in the history of the state government.

"The cash position of the state government as of June 30, 1940, is shown in Exhibit A, appended to this memorandum.

"This exhibit shows that the state treasury was liable to special funds in amounts totaling $19,419,263.06 that had accrued to the credit of such funds as reserves. It also shows that the state had floating liabilities of $5,183,915.17. Against the sum, $24,603,178.23, of these two groups of liabilities, the state had on hand to the amount of $18,630,708.29, leaving it $5,972,469.94 short.

"This cash deficit of $5,972,469.94 was divided among five funds as follows:

| | |
|---|---|
| General fund | $2,940,256.32 |
| Public school fund | 1,874,216.54 |
| Confederate veteran fund | 441,157.34 |
| State bond and interest tax fund | 316,483.41 |
| New Orleans levee district fund | 391,356.33 |
| Total net deficits | $5,972,469.94 |

**Evils of the Special Fund System**

"Exhibit A shows that while the state was carrying a deficit of $5,972,469.94, it was also carrying cash balances of over three times that amount. The explanation to this seeming contradiction lies in the special fund system. These balances were to the credit of special funds and reserved by law to be used for special purposes. Over $1,000,000 of these balances, for example, represented funds to be distributed to units of local government. The special fund system that the present administration has inherited leads to the accumulation of earmarked cash balances and precludes the most effective and economical use of the cash resources of the state.

"One of the unfortunate results of this special fund system is that the state must borrow money for some funds while maintaining, at the same time, huge cash balances in other funds. On June 30, 1940 for example, the state owed notes to several banks and also maintained deposits in the same banks (balances of other special funds) in amounts exceeding the faces of the notes. In other words, the state was borrowing its own money at an average of nearly four per cent interest.

**Funded Debt**

"The funded debt, on June 30, 1940, was $152,439,500, the second highest among those of all the states. The combined funded and floating debt was $158,211,970 or $60.80 per capita.

"The administration, therefore, is saddled with exceptionally high fixed charges for the servicing and retirement of debt during the current and many ensuing fiscal years. These requirements in the current fiscal year and each of the next four fiscal years are estimated as follows:

| Fiscal Year Ending | Requirements For Interest | For Debt Retirement |
|---|---|---|
| 1941 | $6,356,876 | $3,963,000 |
| 1942 | 6,154,881 | 4,917,000 |
| 1943 | 5,807,212 | 6,347,000 |
| 1944 | 5,632,000 | 7,146,000 |
| 1945 | 5,351,000 | 6,364,000 |

"With the high debt, and the high fixed charges for interest and debt retirement, the burden of taxation for state purposes was extremely heavy—among the heaviest of the tax burdens of all the states. This fact of itself is startling and indicative of past lavishness in expenditures financed from almost every source from which money could be extracted.

**Cost of Extensions**

"During the current biennium, the state has already greatly increased the amount of service rendered to the public in nearly every worthwhile field of state activity. Further extensions and improvements in such services are being made and will continue to be made throughout the biennium.

While some of these increases in services have necessarily involved additional expenditures, others of equal importance, are being accomplished without the expenditure of any more money than was spent during the last biennium for grossly inferior and much more restricted services. The work being done by the department of highways is typical. In other instances, increased service is being rendered although actually less money is available than before. In each case, the results are being accomplished by the use of the money to give the greatest amount and best quality of service and not, as in the past, to carry deadheads, finance padded payrolls, and provide for waste, rake-offs, and other extravagance of a profligate political organization. Unfortunately no adequate measure of the increase in quantity or quality in many of the services can be arrived at, because of the absence of accurate records of how little was done last year and the year before.

"In some of the activities, however, it is possible to measure the additions and increases in service and to express these in 'terms of their cost.' As it is done in the tabulation that follows.

**Largest Increases**

"It is to be noted from this tabulation that the largest increases have been in grants of aid to the needy, in hospital care to the indigent sick, and in allowances of money for state aid to the public schools.

"The requirements of national defense also are necessitating additional expenditures.

"Moreover, the low state to which the morality of many public officials had fallen during years of domination by a corrupt machine has made it essential that the state spend large amounts to discover the extent of violations of public trust to recover money taken from the taxpayers, and, through prosecution of lawbreakers, to restore decency in both state and local governments.

"The following tabulation summarizes the major items of new, increased, or extended services and shows what additional financial demands they are making on the state treasury.

Description of additional service and increased cost for the biennium.

1. Increased grants of aid to the needy $4,240,000. This includes only the state share of amounts for old age assistance, aid to dependent children, aid for the needy blind, and other direct grants of aid. Additional federal funds of $3,446,000 for such grants are made available by the state increase, making a total of $7,685,000 more to be paid to the needy.

2. Increased hospital care for the indigent sick. This amounts to 625,000 patient days (exclusive of Greenwell Springs Tuberculosis hospital and Monroe Charity hospital) at an estimated cost of $1,250,000.

3. Cost of completing, equipping, and operating new units at Greenwell Springs Tuberculosis hospital in excess of the amounts expended in 1938-40 $350,000.

4. Cost of completing, equipping, and operating Monroe Charity hospital, in excess of the amount expended for construction in 1938-1940 $160,000.

5. Increase in educational service through distribution of more school funds on per educable basis and for equalization $1,800,000.

6. Cost of constructing and operating new trade school at Monroe $285,000.

7. Extraordinary expenses for national defense $350,000. Appropriations were made for $500,000 for national defense and $100,000 for an armory, but not all this is included in the estimate as it is hoped not all will be needed to get the results desired.

8. Extraordinary expenses of discovering and prosecuting illegal actions of former public officials $275,000.

9. Total of items 1 to 8 inclusive, representing the cost of a new, increased, and extended services in 1940-1942 that did not have to be financed in 1938-1940 $9,105,000.

10. To which total of large items should be added the cost of a great number of other additional services estimated separately to amount to considerably more than $850,000.

11. Grand total estimated cost of additional services during the biennium $10,000,000.

The loss of revenue to the state by granting relief to the taxpayers:

To finance these increased services, taxes have not been raised, but have actually been reduced. The changes in the revenue laws at the 1940 session of the legislature had the effect of reducing the state's income below what it would have been without such changes by an amount esti-

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## Comparison of Per Capita Payments of Louisiana State Government with Average Per Capita Payments of All State Governments in 1929 and 1937, Respectively:

| | Per Capita Costs— Louisiana 1929 | Louisiana 1937 | All States 1929 | All States 1937 |
|---|---|---|---|---|
| Payments for Operation and Maintenance: | | | | |
| General Government | $ .86 | $ 1.86 | $ .55 | $ 1.18 |
| Protection to Person and Property | .65 | .91 | .59 | .83 |
| Conservation of Health, Sanitation | .24 | .26 | .26 | .29 |
| Development and Conservation of Natural Resources | .46 | .52 | .56 | .61 |
| Highways | 2.27 | 1.87 | 1.82 | 3.57 |
| Charities, Hospitals, and Corrections | 1.90 | 4.57 | 1.79 | 6.71 |
| Education | 3.87 | 8.76 | 4.29 | 6.67 |
| Recreation | .01 | .06 | .04 | .05 |
| Miscellaneous | .86 | 2.48 | .43 | .78 |
| Total | $11.12 | 22.05 | 10.75 | 20.49 |
| Payments for Capital Outlays | 5.42 | 6.67 | 3.46 | 3.55 |
| Payments for Interest | .49 | 2.83 | .78 | .83 |
| Payments of Debt | (a) | 4.86 | (a) | 5.73 |
| Grand Total Payments | (a) | 36.2* | (a) | 32.72 |

*For 1929 (a)—Comparative statistics for 1929 are not available.

# 106 Nurses Completing Training at Five Shreveport Hospitals

Members of the SPRING graduating class at Charity hospital: FRONT ROW (left to right), Ellen Friday, Saline, La.; Elaine Phillips, Reeves; Bobbie Jean Andrews, Dry Creek; Eva Belle Campbell, Freeport, Texas; Ruth Rutherford, Lake Arthur; Elizabeth Townsend, Dallas, Texas; Susan Stewart, Saline; Rose Lee Sherman, Markville; Eloise Pace, Tom; Merle Polk, Smackover, Ark. SECOND ROW (left to right), Earline Lee, Oak Grove; Rose Chanley, Minden; Alena Lindsay, El Dorado, Ark.; Glennie Hebert, Monroe, La.; Vivian Ross, Pleasant Hill; Helen E. Stewart, Bunkie; Frances Holland, Shreveport; Delores Coleman, Pollock. TOP ROW (left to right), Allie Mae Forbes, Markville; Sue Elene Liggin, Bernice; Pauline Jordan, Smackover, Ark.; Irene Barnard, Springhill, La.; Myrtle Johnson, Starks; Edna Fenton, Bonita; Pauline Terrell, Stephens, Ark. ALSO GRADUATING, but not shown: Mary Helen Wimberly.

Members of the WINTER graduating class at Charity hospital: FRONT ROW (left to right), Dorothy Foster, Bunkie; Bernice Hagan, Alexandria; Ivy Mae Thompson, Colfax; Audrey Hewitt, Larunge; Florine Johnson, Oakdale; Faye Rascoe, Converse; Ruby Laughlin, Mittie; Bertie Forral, Winnfield; Maxine Prothro, Lena. SECOND ROW (left to right), Gladys Baker, Arcadia; Lois Tyr; Alice Brown, Carmenia; Thelma Self, Douglas, Texas; Merrell Letlow, Girard, La.; Mary Waites, Arcadia; Clifa Holstead, Pioneer; Thelma Bennett, Wilmer. TOP ROW (left to right), Hazel Bohman, Dubberly; Maris Baxter, Ruston; Mary Ruth Pullig, Ruston; Beatrice Bailey, Pineville; Pearlsiah McCumbly, Tyro; Barbara Johnson, Oakdale; Mable Richardson, Homer. ALSO GRADUATING but not shown: Sara Nell Jones, Thelma Joyce.

Graduating class at Highland sanitarium: BOTTOM ROW (left to right), Lois Loyd, Gilliam; Marionette Cross, Campbell, Mo.; Annie Jo Huckaby, Harmon, La.; Hortense Simmons, Delhi. SECOND ROW (left to right), Myra Alice Crouch, Shreveport; Katherine Terrell, Alexandria; Audrey McCrary, Jonquin, Texas; Faye Brittian, Otis, La.; Mae Dean, Shongaloo; Audrey Adams, Jonesville; Marie Gable, Shreveport.

Graduating class at North Louisiana sanitarium: SEATED (left to right), Ora Lee Melton, Zwolle; Marquine Beck, Shreveport; Ethel Henry, Dunnville; Grace Henry, Grand Cane; Rachel Abbott, Minden. STANDING (left to right), Mary Justine Bowman, Converse; Dale Ernestine Land, Vivian; Nell Revell, Ruston; Adelene McDowell, East Point; Trudie Mager, Converse.

Graduating class at Tri-State hospital: BOTTOM ROW (left to right), Doris Crawford, Beaumont, Texas; Betty Hosick, Salem, Ill.; Pauline Russ, Shreveport; Janet Lord, Smackover, Ark.; Eloise Graham, Jonesboro, La. SECOND ROW (left to right), Margarette Bonnette, Alexandria; Margaret Pittman, Minden; Genarine Burns, Silsbee, Texas; Bobbie Lee Tillman, Alexandria, La.; Geneva Touchstone, Haynesville. TOP ROW (left to right), Lyndell Bullard, Joaquin, Texas; Alice Bateman, Minden, La.; Mary Ann Lockhart, Shreveport; Lyrell Bullard, Joaquin, Texas; Addie Farrar, Lillie, La.

Graduating class at Schumpert sanitarium: BOTTOM ROW (left to right), Annie Francis Fluker, Jackson, Ala.; Virginia Dupuy, Colfax, La.; Celeste Pistorius, Shreveport; Ethel McNeal, Alexandria. SECOND ROW (left to right), Anna Laura Meriot, Shreveport; Ruth Pickett, Vivian; Janice Blount, Mansfield; Arlene Henry, Arcadia; Mollie Kate Murphy, Jine Bluff, Ark.; Rena Herriage, Minden, La. TOP ROW (left to right), Noveline Jones, Minden; Venice Stone, Nashville, Ark.; Hattie Maddox, Haynesville, La.; Sister Mary Pancratius; Myrie Aleman, Alexandria; Mary Cobb, Goose Hill, Ala.; Dorothy Hearon, Mansfield. ALSO GRADUATING, but not shown: Sister Miriam.

# Girls Receive Diplomas At Exercises On April 9

## Is Fourth Joint Annual Graduation for Local Nursing Students

One hundred and six young women will mark the completion of their three years of training in Shreveport hospitals on April 9, when they receive graduate nurses' diplomas at the fourth annual combined graduation exercises at the Municipal auditorium at 8 p.m.

Graduation of the student nurses from five Shreveport hospitals will take place more than a month before the usual date to speed up the placing of nurses in army Red Cross work. Commencement exercises for the nurses had previously been held as nearly as possible to May 12, the birthday of Florence Nightingale, founder of modern scientific nursing methods.

**Largest Class In History**

This year's combined graduating class is the largest since the five hospitals united four years ago. Last year 103 nurses were graduated from the five schools.

The Charity hospital graduating class with 52 members is the largest, with the T. E. Schumpert sanitarium class coming next with 18 members. Tri-State hospital will graduate 15 nurses, Highland sanitarium 11 and North Louisiana sanitarium 10.

Members of the graduating classes will take the state board examinations on April 8 and 9. Passing the examination entitles the nurses to degrees of registered nurses. Julie C. Tebo, secretary of the Louisiana state nurses' board of examiners will conduct the examinations, with the assistance of Mrs. Louise G. Fry, Tri-State hospital, who is a member of the board.

**Nursing Official to Speak**

Principal speaker at the graduation exercises will be Katherine J. Densford, vice-president of the American Nurses association and dean and professor in nursing at Minnesota university school of nursing.

Miss Densford received her A.B. degree from Miami university, Oxford, Ohio; Vassar Training Camp for Nurses; the school of nursing at the University of Cincinnati. She took post-graduate work from the University of Chicago, Columbia university teacher's college and received her M.A. degree. Among positions she has held in the nursing field was that of Public Health nurse, Hamilton county, Ohio; supervisor of nursing service, Cincinnati Tuberculosis sanitorium; instructor in nursing, University of Cincinnati; guest instructor, University of Chicago, and assistant dean, Illinois Training School for Nurses. She is at present a member of the board of directors, American Nurses association; chairman, American Nurses association committee to work with the American College of Surgeons; president Minnesota State Nurses association; first vice-president of the American Nurses association.

**To Sponsor Institute**

Miss Densford took a sabbatical furlough in 1937 and 1938 from the University of Minnesota and spent the time in travel and study of nursing in foreign countries.

Subject of Miss Densford's commencement address will be "Helping to Build."

Dr. Harold G. F. Edwards, president of the Schumpert sanitarium staff, will preside at commencement exercises. Dr. S. George Wolfe will award the diplomas. Mayor Sam Caldwell will welcome the nurses.

The Shreveport league or nursing education and the Shreveport district nurses association will sponsor a two-day institute on April 7 and 8 to be conducted by Miss Densford. The first day's meeting will be for institutional nurses. Subjects to be discussed at the morning will be the preparation of head nurses, war cleaching, guidance and accrediting of schools of nurses. The second-day meeting will be for private duty nurses and will be on professional ethics and standards.

**SPEAKER**

Katherine J. Densford, dean and professor in nursing at Minnesota University School of Nursing, and vice-president of the American Nurses association, will be principal speaker at the fourth annual joint graduating exercises for Shreveport nurses to be held at the Municipal auditorium on April 9. Miss Densford will speak on "Helping to Build."

Sweden has requisitioned nine Norwegian vessels laid up in Sweden since April, 1940.