

Messages of the Governors

There was something different, too, about the messages of outgoing and incoming governors. Campaign rivals a few weeks earlier, they now were in agreement on one point — that the extra half-cent sales tax enacted in 1955 must go. Outgoing Republican Governor Leo Hoegh urged “immediate action” to repeal it. Incoming Democratic Governor Herschel Loveless declared he would veto any revenue measure to extend it.

In his “swan song” address, Governor Hoegh fulfilled the constitutional requirement that he give an accounting of his stewardship. He also used the occasion, on January 15 before a joint session, to make some recommendations, as a number of predecessors had done.

Governor Loveless delivered his inaugural address on January 17 before a joint session in the House chamber. He tossed what was destined to become a political bombshell into the legislative arena when he asked Republican legislators to embrace the 1949-51 report of the “Little Hoover Committee,” composed entirely of Republicans. He pointed out the report’s conclusion that at least \$5,000,000 a year could be saved by adopting its recommendations for governmental reorganiza-

tion. If that much could have been saved when the report was made, he said, it was reasonable to assume that even more could be saved now.

This assertion shortly caused Republicans who were members of the "Little Hoover Committee" and still in the legislature, to join fellow Republicans in denying that a \$5,000,000 savings could be effected — even though they had signed the report saying such savings were possible. Aside from that outburst, and mutterings about Governor Loveless' recommendation for repeal of the right-to-work law, the inaugural address was fairly well received by the Republican legislature. The essence of the two addresses follows:

Hoegh's "State of the State" Message

Governor Leo Hoegh declared his administration had practiced economy and efficiency, and was especially proud of its law enforcement record. He had this to say about various subjects:

FINANCE — Iowa's administrative costs were among "the lowest in the nation" and the state operated on a balanced budget. There would be an estimated balance of \$36,000,000 on June 30, 1957, as compared to \$29,000,000 on June 30, 1955. Promises of a "greater investment" in education, mental health, homestead tax credits and veterans tax exemptions, and in other worthwhile services, had been "paid in full and \$7,000,000 additional revenue will accumulate by June 30." The half-cent sales tax increase has financed "our

program" and "I, therefore, urge that you take immediate action to repeal" the tax. Iowa's sound fiscal policies of "No state property tax, no state debt, no deficit spending, a balanced budget and an adequate reserve," must be continued.

AGRICULTURE — Disastrous drought in some areas cut production. Hog prices fell to create a serious problem. Drought-stricken livestock were saved through prompt action to provide a hay-lift. Seven midwest governors meeting in Des Moines launched a national committee to promote meat sales. Ames was selected as the site for a new \$18,000,000 federal animal research center.

INDUSTRY — Iowa is now the "twin empire" state with balanced agriculture and industry. During 1955-1956 the state enjoyed its greatest industrial growth, with 183 developments opening 10,000 new jobs and adding \$150,000,000 in new capital to the state's economic structure. Development of the Missouri River channel would promote industrial growth of western Iowa.

EDUCATION — Eighty per cent of the increase in appropriations went to education. School mergers reduced districts from 4,417 in June, 1954, to 3,600 in December, 1956. However, improved laws are needed to create incentive for accelerated reorganization. Also needed are higher teacher standards, more facilities and increased efficiency. Education must be "constantly improved."

BOARD OF CONTROL — Substantial pro-

gress was made in the treatment of mentally ill, and in the operation of correctional and penal institutions. Increased appropriations went to promote personnel; but even so, Iowa was unable to staff its institutions fully. Cooperation between the Board and University Hospitals reached an all-time high.

ROADS — Increased gas tax revenue helped to finance many improvements including the widening of many highways and bridges, the construction of 134 new bridges, and the paving of 622 miles of highway. The toll road authority established in 1955 is no longer needed, what with the new inter-state highways in the offing, but the authority's study report still is of great value. Approximately 80 per cent of the secondary road system is now surfaced.

TRAFFIC SAFETY — Although highway deaths mounted, effective safety practices helped cut the accident rate from 5.9 per 100,000,000 vehicle miles in 1954 to 5.5 in 1955, and to 5.6 in 1956. Iowa's safety record was tenth best nationally in 1955, nineteenth in 1956.

SOCIAL WELFARE — Additional revenue helped to increase aid to handicapped people and to finance rehabilitation for many others.

REAPPORTIONMENT — "Two years ago I urged that the legislature be reapportioned. Today I renew this recommendation, because I firmly believe that for true representative government

one house should be on an area basis and the other on a population basis."

Governor Hoegh called attention to reports on: Taxation, mental health, water rights, discrimination in employment, problems of senior citizens, and urban transit lines. He expressed confidence that legislators would face the future "with the courage and zeal of our forebears."

Inaugural Address of Herschel Loveless

The new Governor accepted his responsibility "to all Iowans" with "a profound sense of humility." Pointing to the distinction between policy making and administrative functions, he said his recommendations "do not represent any radical break with long recognized needs for governmental reform in Iowa." Reports of several legislative study committees and of the legislative research bureau "should be utilized . . . to facilitate the development of sound legislative principles."

BASIS OF REPRESENTATION IN GENERAL ASSEMBLY — Only two changes have been made in senatorial districts in the last 50 years. In each case they failed "by a wide margin" to satisfy the constitutional requirements that the districts be apportioned according to population. A method to facilitate future adjustments of representation to population shifts should be instituted to eliminate "the lags which have persisted in recent decades." Enough information is currently available so that there is no need for further spe-

cial studies. "Rather, the need is for action to restore adequate representation to a large segment of our population, and thereby to regain the widespread public support for the legislative branch without which representative government is in jeopardy."

ORGANIZATION OF STATE GOVERNMENT — Few recommendations of the "Little Hoover Committee" have been adopted by three successive legislatures. Meanwhile, appropriations have increased from \$80,000,000 to \$136,000,000 a year. These Committee recommendations should be adopted in the interests of efficiency and economy.

1. Abolition of the Commerce Commission and transfer of its duties to other agencies.

2. Creation of a Department of Labor with functions now assigned to the Industrial Commissioner, Bureau of Labor, Division of Mine Examiners, and Iowa Employment Security Commission, with an administrator appointed by the governor.

3. Creation of a Department of Public Welfare with functions now performed by the Boards of Control and Social Welfare, and the Commission for the Blind, with a commissioner to be appointed by the governor.

4. Creation of a Department of Conservation and Natural Resources with functions now assigned to the Conservation Commission, Geological Survey, Natural Resources Council and Soil

Conservation Commission, with a director to be appointed by the governor.

PERSONNEL POLICY — A non-political Department of Civil Service should be established together with an effective merit system.

COMMERCE AND INDUSTRY — Iowans have failed since 1948 to enjoy the rapid growth that has characterized the national economy; individual income increased only seven per cent compared to 46 per cent nationally; population has increased only six per cent compared to 25 per cent nationally. Iowa retained less than 30 per cent of its natural population increase from 1940 to 1954. *Reasons:* Iowa's agriculture economy, together with its industrial and commercial growth, have not kept pace with other states in creating an adequate number of job opportunities. *Remedy:* Creation of a Department of Commerce and Industry assigned duties now handled by the Iowa Development Commission, with research assistance from state educational institutions. Research activities should not overlook joint projects with the Atomic Energy Commission.

AGRICULTURE — Initiate research program designed to enlarge agricultural markets. Farmers should be assured of adequate credit. Adopt efficient water utilization program.

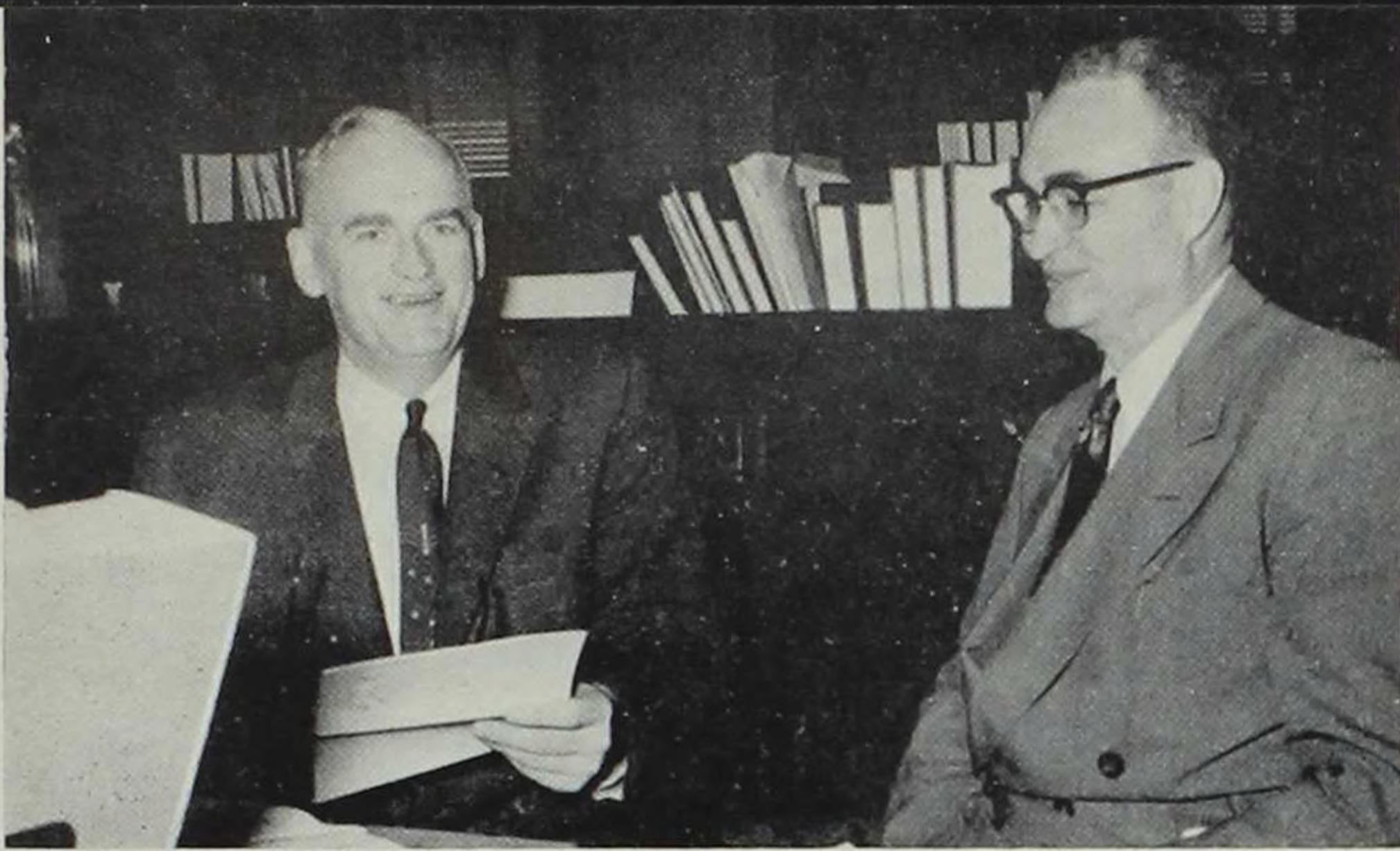
LABOR — The law prohibiting "union shop" contracts should be abolished. Unduly restrictive disqualifications for unemployment compensation

should be modified. Workmen's compensation benefits should be revised in line with increased medical and hospital services and living costs.

TAX REVISION — The half-cent sales tax increase of 1955 should be allowed to expire "as scheduled" on June 30. Tax equity and tax structure matters should be considered before appropriations and revenue measures. The Tax Study Committee report should get early attention.

EDUCATION — Iowa must move forward or see its educational system relegated to an inferior position. Inefficiency, due to slow progress in school reorganization, now finds us with school employees numbering 25 per cent above the national average. Iowa's per pupil cost is also higher than the national average. Despite these facts, Iowa's teachers are paid salaries lower than the national average. Reorganization laws need revision. All areas should be in a high school district within a reasonable time. School aid formulas should encourage reorganization and must relieve local property taxes. Capital improvements at state schools are urgent, but it will not be possible "to wipe out an accumulated backlog of almost 20 years of inadequate capital expansion in one biennium."

HIGHWAYS — One-third of the state's revenue goes into roads. With federal interstate projects coming up we must be alert "to dangers of waste and inadequate planning." A long-range

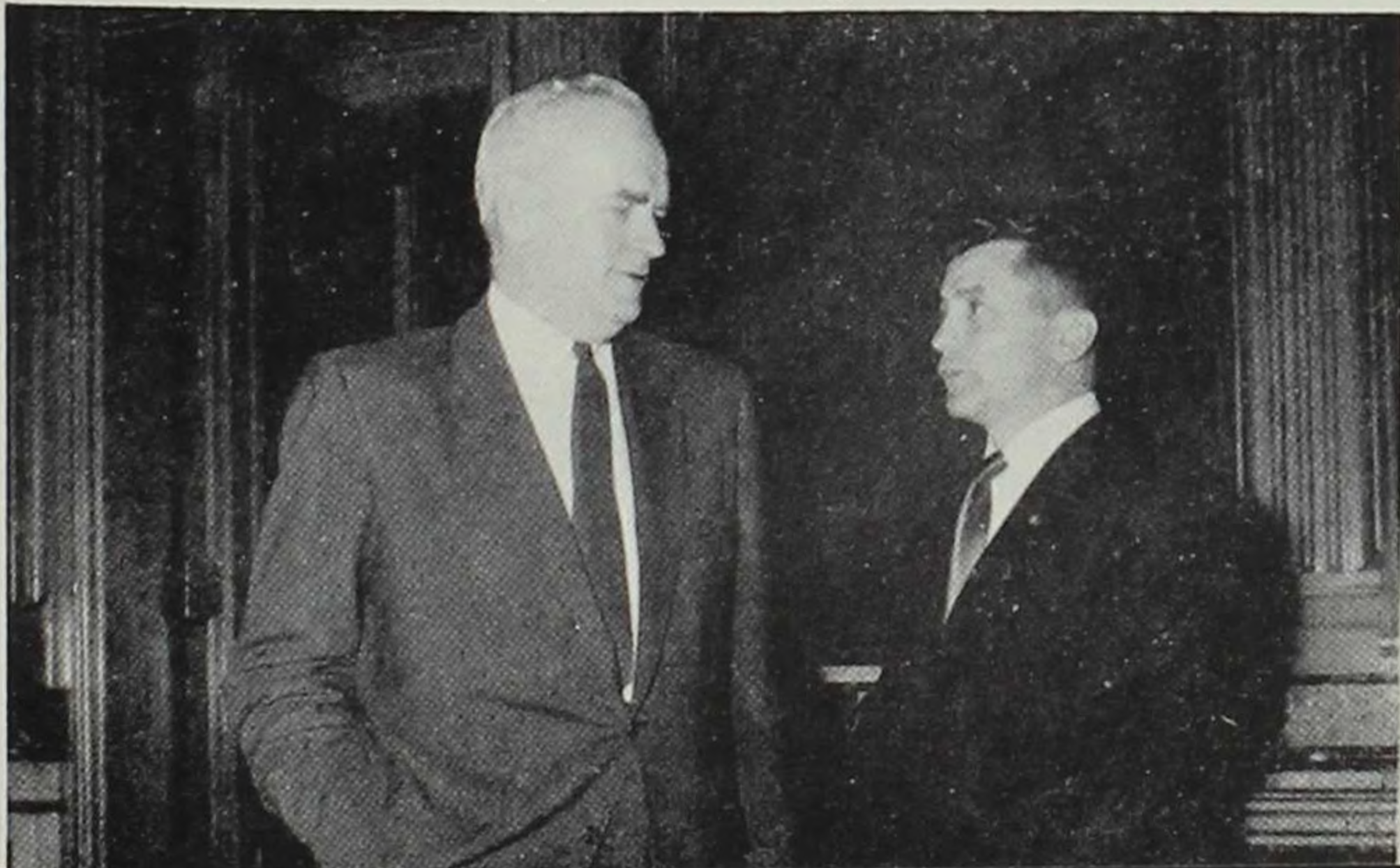


School Day Chums Serve as Majority and Minority Leaders
Senators D. C. NOLAN and GEORGE E. O'MALLEY



Senator O'Malley discusses state government with Cornell College
political science class.

Senator D. C. Nolan congratulates Cliff Staples of Corydon (amateur
lobbyist) on getting his bill through after five sessions.



APPROPRIATION COMMITTEE CHAIRMEN



Senator HARRY E. WATSON, Representative GEORGE PAUL

WAYS AND MEANS COMMITTEE CHAIRMEN



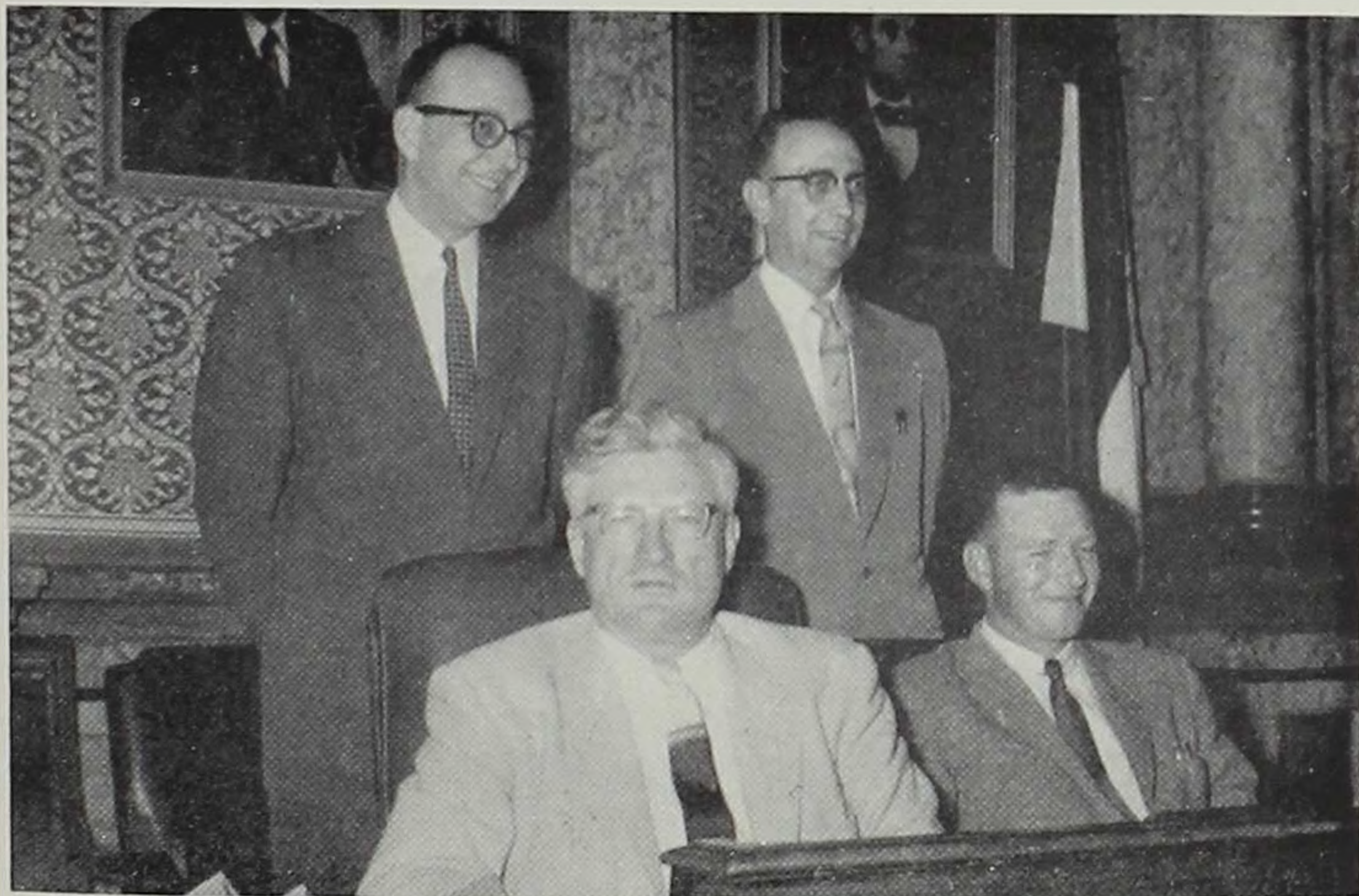
Representative VERN LISLE, Senator X. T. PRENTIS

SENATE LEADERS



Front: ALAN VEST, Pres. Pro Tempore; Lt. Gov. W. H. NICHOLAS, President
Rear: D. C. NOLAN, Maj. Floor Leader; GEO. E. O'MALLEY, Min. Floor Leader

HOUSE LEADERS



Front: W. L. MOOTY, Speaker; E. H. VERMEER, Speaker Pro Tempore
Rear: R. B. CARSON, Maj. Floor Leader; M. W. HAGEDORN, Min. Floor Leader

SERGEANTS-AT-ARMS



FRANK BUCK (Senate)

SECRETARIES



AUDREY NORING



RALPH LANCASTER (House)

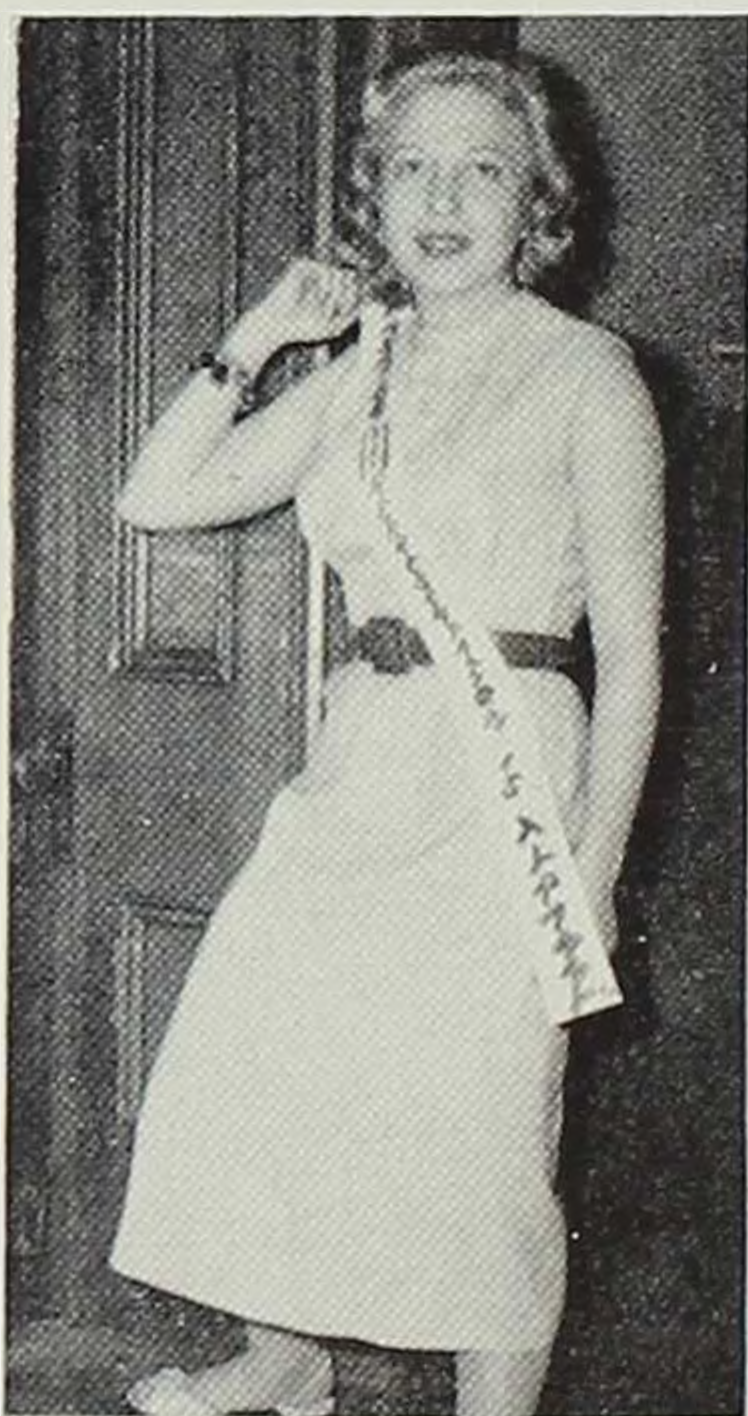


MRS. VERN THRELDKELD
MRS. EDWARD CARPENTER

GIRL PAGES



LINDA NYE, CLARY ILLIAN



MISS PATRISHA FORREST

highway planning program should be enacted. The formula for allocating highway-user revenues should be reexamined. Standardization of design should be examined for possible savings. An urban highway department should be established and contracts should be geared "to a reasonable and prudent estimate of funds available."

HIGHWAY SAFETY — No magic formula or piece of legislation will make highways automatically safe. Driver education and testing programs should be strengthened. A larger share of highway resources should be devoted to developing modern design. Enforcement of traffic regulations should be stepped up. A reasonable speed limit should be enacted. All citizens should cooperate to improve the traffic safety record.

ALCOHOLIC BEVERAGE CONTROL — A joint legislative committee, embracing all points of view, should be formed to report to the 1959 legislature as to whether or not changes should be made in the liquor control law.

WATER RESOURCES — Caution should be the watchword in establishing water use restrictions. More information is needed "before we are ready to cast the mold for future economic developments."

MENTAL HEALTH — Careful consideration should be given the Mental Health Study Committee report. A division of Mental Health Institutions should be created under the proposed De-

partment of Public Welfare. The research-training program should be expanded.

VETERANS — The bonus authorized for Korean war veterans should be paid promptly.

IOWA'S OLDER CITIZENS — A law enabling Iowa to participate in federal housing act benefits should be passed. Laws governing nursing homes should be strengthened and clarified. A research program is essential to determine the needs of older citizens. Eleven per cent of Iowa's population is over 65 years of age. The governor pledged wholehearted cooperation to the legislature "that we may accomplish what is good for all Iowans."

Budget Message of Governor Loveless

In his Budget Message on February 5, Governor Loveless recommended expenditures totaling \$151,900,000 a year for the biennium beginning July 1, 1957. This figure included \$79,200,000 for state aid to local communities, \$65,900,000 for the operation of state government, and \$6,800,000 for capital improvements. This was an increase of \$15,400,000 — 11.6 per cent — over annual appropriations for 1955-57. The increase would be distributed as follows:

Board of Regents.....	\$7,800,000	(50.6 per cent)
Board of Control.....	\$3,300,000	(21.5 per cent)
Board of Social Welfare..	\$2,600,000	(17.1 per cent)
Homestead tax credits.....	\$1,400,000	(8.9 per cent)
Administrative services	\$ 900,000	(5.7 per cent)
All other purposes.....	\$ 600,000	(—3.8 per cent)

The Governor said laws currently on the books would produce an estimated \$131,900,000 a year toward meeting his proposed expenditures. Another \$15,600,000 would come from a continuation of temporary income tax rates, and the remaining \$4,400,000 from balances on hand.

He made it clear that his estimates of revenue from present taxes included a "normal growth" factor based on healthy economic conditions. His calculations did not count on revenue from the extra half-cent sales tax, emphasizing his urgent plea that it be allowed to expire. However, they did take into consideration his recommendation for extension of the 1955 temporary increases in income and corporation tax rates. He favored using reserve funds, if necessary, to finance capital improvements.

He also recommended that:

1. Revenue from 10 per cent of the sales tax going to the road use tax fund be channeled back to the state general fund — a recommendation that stirred up great controversy.

2. An additional rate bracket of 4.8 per cent be imposed on net taxable income over \$5,000.

3. The corporate tax formula for multi-state businesses in Iowa be revised to conform to that used in 31 other states.

4. Liquor prices be raised five per cent.

He predicted that these proposed changes, together with extension of temporary income and

corporation tax rates, would bring in an additional \$15,700,000 a year to offset his proposed \$15,400,000 in increased expenditures. Governor Loveless also called attention to the following alternate sources of revenue (although he emphasized he wasn't making "specific recommendations" along this line):

1. Legalizing and taxing sale of liquor by the drink to raise revenue variously estimated at from \$5,000,000 to \$20,000,000 annually.

2. A tax on adjusted gross individual incomes.

An alternative to tax increases would be "to improve the efficiency of governmental operations, at both state and local levels" through adoption of recommendations such as those made by the "Little Hoover Committee." He opposed increased school aid (except for orphans of veterans) because continued increases served to perpetuate inefficient school districts without bringing local property tax relief. He urged a long-range salary schedule for state employees, and enough appropriations to meet a "one-step" adjustment for them in the 1957-59 biennium.

The Governor said he followed three general principles in preparing his recommendations:

1. The salary increase factor to make it possible to attract and hold able employees.
2. The rising price level factor.
3. The existing governmental structure factor.

FRANK T. NYE