President Nicholas then presented Governor Loveless who delivered the following address:

ADDRESS TO THE FIFTY-EIGHTH GENERAL ASSEMBLY

By Honorable Herschel C. Loveless, Governor of Iowa Joint Session, January 13, 1959

 MR. PRESIDENT, MR. SPEAKER, SENATORS AND REPRESENTATIVES OF THE FIFTY-EIGHTH GENERAL ASSEMBLY, LADIES AND GENTLEMEN:

 As the Chief Executive of the State of Iowa, it is my responsibility to present to you, the elected Representatives of the citizens of our state, and to all of our people, a report on the conduct of state government during my term of office now drawing to a close. It is a task I undertake with pleasure and, I trust, with justifiable pride of accomplishment.

 In a material way, Iowans have fared extremely well during the past two years. More importantly, significant steps have been taken to preserve and enhance the spiritual and social welfare of our people. It matters little what records we may set in the field of material progress if these are achieved at the expense of the freedom, security and dignity of the individual. As Iowans, we place a high value on the welfare of people; as elected officials, we can aspire to no higher goal than the enhancement of the economic. cultural. and spiritual life of the individual citizens who have placed their trust in us.

 In the light of these goals, I am pleased to present the following report. Before doing so, however, I should like to express my appreciation to the various State Departments for their cooperation in supplying my office with materials from which this summary has been prepared.

General Economic Conditions

 Although the national economy suffered from substantial unemployment and lagging income during the past two years, economic conditions in Iowa remained exceedingly favorable during most of the period. From 1956, to 1957, Iowans enjoyed an increase of five hundred, thirty-seven million dollars in personal income—an increase that was broadly distributed among all segments of our people. Although the major increase in 1957 income was registered in agriculture, where farm income increased by slightly more than three hundred million dollars—largely as a result of increased inventories, substantial increases were also recorded in wage and salary receipts from all types of non-agricultural production, except mining.

 The increase in total income in Iowa was approximately twelve percent, a rate of growth exceeded in only two other states in the nation; in the nation as a whole, the increase in income was only five percent. In terms of per capita income, Iowans enjoyed an increase of ten percent, a rate which was exceeded again in only two other states. In 1957, per-capita incomes in Iowa ranked twenty-fourth in the nation, being only ten percent below the national average as compared with about sixteen percent below the national average in 1956.

 Although comparable estimates of incomes received by residents of the state are not available for the year 1958, available barometers of business activity indicate that Iowans again enjoyed substantial increases in personal incomes during the year just closed. In 1958, bank debits, weekly earnings of employed workers, checking and savings accounts in the state’s banks, life insurance sales, and purchases of securities, were all substantially above the levels of 1957. In November, 1958, non-farm employment was four thousand higher than in the same month of 1957. During the second half of the year, retail sales, as reflected in sales tax receipts, were running slightly more than six percent above the level of one year ago.

 During most of 1958, prices received by farmers were at higher levels than in 1956, while agricultural production was at near record levels for the year of 1958. Although agricultural prices declined somewhat in the closing months of the year, cash receipts from the sale of farm products during the first ten months of 1958 were fifteen percent above receipts in the same months of 1957.

 The growth in income, employment and production in the Iowa economy as a whole has been of great value in meeting the financial needs of your state government. Largely as the result of economic growth and the improved competitive position of retail merchants in our border counties, increased tax revenues have been more than adequate to meet the appropriations of the Fifty-seventh General Assembly. The unencumbered balance in the general fund of the state will be several million dollars greater on June 30, 1959, than it was on July 1, 1957.

 Economic growth such as was experienced in 1957 and 1958 makes it possible to raise additional revenues without the imposition of extremely burdensome tax rates, which, in themselves, tend to impair our economic growth and development.

 As you become involved in the consideration of budgetary proposals and the means of financing state government for the coming biennium, I am sure that each of you will realize the very vital importance of maintaining conditions conducive to further economic growth and expansion in the Iowa economy.

 As I evaluate the situation, it seems to me that our prospects for continued economic growth are very good. There is only one possible cloud on the horizon, and that is the prospect for some decline in agricultural prices during 1959 and 1960. As I am sure each of you realizes, the general level of performance of the Iowa economy is heavily dependent upon the income of our agricultural producers.

 The financial position of agricultural states, such as Iowa, will be seriously impaired if farm income is again allowed to decline during a period of rising prices for non-agricultural products.

Mental Health Program

 The State of Iowa has made substantial and promising progress during the past two years in the development of a modem program for the treatment of the mentally ill.

 More specifically, three outstanding developments may be noted:

 First, there was activated, within the Board of Control, a “Department of Mental Health” with a full-time director. The activities of this Department and the appointment of a qualified Director of our mental health program, have made possible a higher degree of coordination and a general improvement in the quality of services provided in the Mental Health Institutions.

 Secondly, the Cherokee Mental Health Institute has been approved by the Council of Hospitals and Education of the American Medical Association for a three year residency program in psychiatry. This approval, and the program which made it possible, mark a break-through in our efforts to attract and hold competent professional personnel in the Mental Health Institutions of the state.

 A third major development has been the establishment of a cooperative training program involving the psychopathic hospital at Iowa City and State Mental Health Institutions. This so-called “Package Plan” for the training of psychiatrists will enable us to develop, over a period of years, an adequate supply of qualified personnel and to retain them as members of the staffs of our institutions.

 In general, the trend toward a positive treatment program in place of custodial care, has been accelerated during the past two years. The concrete results of this program are becoming more and more evident. Although admissions to our Mental Health Institutions are currently two and one-half times greater than they were ten years ago, the rate of return of patients to society has increased even more rapidly so that the average daily population in the Mental Health Institutes has been substantially reduced.

 The average length of stay in the Mental Health Institutions has declined from approximately two years as recently as a decade ago, to about one year at the present time. Authoritative estimates indicate that with continued emphasis on an active treatment program, the average stay can be further reduced to perhaps five to seven months. The achievement of this objective, however, will require the development of more mental health services in local communities, as well as an expanded and intensified treatment program within the Mental Health Institutions themselves.

 In the Glenwood and Woodward Institutions, significant progress has been made in the past two years in the testing and classification of patients admitted. This program is designed to prevent the recurrence of the tragic instances in which normal individuals have been allowed to remain institutionalized throughout a lifetime.

 Although major emphasis has been placed on additional professional personnel and improved programs as a means of effecting more rapid rehabilitation of patients and a return of patients to an active role in society, there have also been at least two major completions in new and expanded facilities at the Mental Institutions.

 The construction of a new wing to replace obsolete facilities at Mount Pleasant is virtually completed and is scheduled for occupancy in early February, 1959. This facility has been constructed at a cost of approximately one-half million dollars.

 A new building providing accommodations for over two hundred children was opened in March of 1958 at Woodward. This building, constructed at a cost of one and one-half million dollars, made it possible to relieve overcrowding in existing facilities at the school and also to reduce somewhat the long waiting list for admission of patients to the school.

Penal Affairs

 Under the direction of the Board of Control, increased attention is being directed to rehabilitation of inmates in the state’s correctional institutions.

 In the Men’s Reformatory at Anamosa, both academic and vocational education programs have been strengthened with very promising results.

 One of the outstanding developments of the past year has been the provision, on a limited basis, of psychiatric services to the criminally insane at Anamosa. For a good many years, relatively little effort had been made to provide treatment for this particular category of inmates. While the present program is far from adequate, at least a beginning has been made upon which future developments can be based.

 At the Fort Madison Institution, several innovations have been made, including an incentive pay scale for prison inmates and a new system of classification to facilitate better job and program participation, as well as, expanded educational programs. It is felt that all of these will contribute materially to the rehabilitation of inmates in the institution and prepare them for parole and release to society at the earliest time consistent with the general public welfare.

 In line with the increased emphasis on rehabilitation, the parole system has been strengthened by the addition of two parole agents under the Board of Control and one by the Board of Parole. These additional parole agents have made it possible to reduce somewhat the excessive number of parolees under the supervision of each agent.

Welfare Programs

 Although the Fifty-seventh General Assembly appropriated one million three hundred thousand dollars more per year for Social Welfare programs than was appropriated by the Fifty-sixth General Assembly, total state funds available for the support of these programs have been somewhat smaller in the current, than in the preceding, biennium as a result of the reduced balances available July 1, 1957.

 In order to hold expenditures within the limits set by available funds, the Board of Social Welfare made two adjustments, effective July 1, 1957:

 Grants to old age assistance cases receiving nursing home care were reduced by an average of approximately six dollars and fifty cents per case.

 The basic grant in the Aid to Dependent Children Program was set at eighty-five percent of “standard,” a level somewhat below the grants paid prior to July 1, 1957.

 Beginning in October, 1958, the Federal Government changed the formula by which the Federal shares of grants are computed. The net effect of these changes will provide an estimated five to six million dollars per year of additional money for the categorical assistance programs in Iowa.

 As a result of the increased Federal participation in financial support of these programs, it has become possible to make some long needed adjustments designed to provide improved care for all three categories of dependents—the blind, the aged, and dependent children.

 On January 1 of this year, the Board of Social Welfare initiated a medical program in each of the three categorical assistance programs; beginning March 1, 1959, nursing care grants will be raised approximately six dollars per month. The increased flow of Federal funds will also make it possible to end the current fiscal year with very modest balances in each of the three categorical assistance programs. This would not have been possible except for the change in the Federal participation rates.

Public Schools

 Reorganization of school districts has continued at an accelerated rate during the current biennium, thus providing an improved structural base for more adequate educational programs, increased efficiency in the utilization of educational resources, and some equalization in property tax levies for school purposes.

 In the school year, 1956-57, there were three thousand, six h:mdrcd and ninety-one districts of all types in the state; during the current year, there are two thousand, seven hundred and seventy-nine districts, a reduction of almost twenty-five percent, as compared with a decline of only sixteen percent from the school year 1954-55, to 1956-57.

 In the span of three decades, the number of rural, one-room schools has declined from over ten thousand, to approximately eleven hundred.

 While the major reorganizational problems remaining are those in small high school districts, the achievements here have also been encouraging in the current biennium. From 1956-57, to the current school year, the reduction in number of high school districts has been ninety-four; in a comparable period from 1954-55, to 1956-57, the decline in the number of such districts was only thirty-one.

 Almost three-fourths of Iowa’s youngsters attending districts maintaining high schools are now enrolled in about one-third of the number of districts large enough to provide well-rounded courses at reasonable costs per pupil; the remaining one-fourth of the enrollment is in two-thirds of the districts. It is in these districts that the opportunities for improved educational programs and operating economics are most abundant.

 During the current biennium, the State Department of Public Instruction has also made significant progress in the development of standards for schools, and for teachers. In the long run, the quality of our public schools can be improved as these standards are put into effect. Such standards, properly established and sensibly applied, will also be of great assistance in securing the maximum returns from the school tax dollar.

Highway Programs

During the twelve months ended June 30, 1958, expenditures for new construction on the state primary road system reached all time highs. Actual expenditures from the primary road fund for construction totalled sixty-seven million, seven hundred thousand dollars in 1958—as compared with approximately sixty-one million dollars in 1957. In the four year period from 1954 to 1958, expenditures from the primary road fund, including outlays on the new interstate system, virtually tripled.

 In the twelve months ending June 30, 1958, construction expenditures from the farm-to-market road fund totalled twenty-five million, seven hundred thousand dollars—up seven million, seven hundred thousand dollars over construction expenditures in the preceding year.

 A continued rapid rate of progress and improvement in the state’s highway system is indicated by the fact that in 1958, contracts were awarded for seventy-eight and one-half million dollars of primary and farm-to-market road work—the highest total awarded in any year in the history of Iowa, and up almost eight million dollars over the total contracts awarded in 1957. The *increase* in the volume of contracts awarded was almost evenly divided between awards for the primary system and for farm-to-market roads.

 Another extremely important development in the state’s road program during the past year, has been the sharp increase in the amount of paving being done on the state farm-to-market system. In the year ended last June 30, slightly more than four hundred twenty miles of paving was put in place on the farm-to-market system—as compared with only two hundred twenty miles in 1957.

 In the year ended last June 30, there was a further reduction from nine hundred thirty-nine miles to eight hundred sixty-four miles in the gravel and stone surfaced primary roads in the state primary system. The extended construction of hard surfaces on the state primary system is financed, in a large measure, from the one cent per gallon fuel tax originally enacted by the Fifty-fifth General Assembly, and extended by the Fifty-sixth and Fifty-seventh General Assemblies. The program of widening narrow pavement resulted in two hundred seventy-one additional miles widened from eighteen feet to twenty-four feet during the year; in addition, forty-seven bridges were also widened under this program during 1958.

 Substantial progress has been made during the current biennium on the new inter-state highway system. With the recent opening of a forty-five mile section of the inter-state between a point northwest of Osceola and a point northwest of the City of Des Moines, Iowa now has one of the longest continuous stretches of inter-state highway to be found in the entire nation.

 Since the initiation of the inter-state program, a total of slightly more than one hundred twenty-three million dollars in Federal funds has been allocated for use in Iowa; State matching funds in the amount of thirteen and one-half million dollars have been required to utilize the Federal grants.

 Of the total amount available—one hundred thirty-four million, seven hundred thousand dollars—eighty-nine and one-half million dollars has been expended or obligated for surveys, right-of-ways, and construction—with slightly more than half of this amount actually expended as of the end of the 1958 fiscal year.

 Fourteen projects are scheduled for letting in 1959, for a total amount of slightly more than forty-six million dollars, which will absorb all of the available funds until the apportionment of Federal grants in July of 1959.

 Total receipts of the Road Use Tax Fund during the fiscal year ending June 30, 1958, as reported by the State Highway Commission, were one hundred eleven and one-half million dollars—as compared with one hundred six and one-half million dollars in the fiscal year ending June 30, 1957. Under the allocation formula and the special ear-marking of gas tax revenue for primary surfacing and widening—almost fifty-six million dollars of the total was allocated to primary road funds in the year 1958. Secondary roads received thirty-three and one half million dollars—the farm-to-market fund, fourteen million, four hundred thousand dollars—and cities and towns, seven million seven hundred thousand dollars.

 Total receipts of the primary road fund, including allocations from the Road Use Tax Fund, Federal aids and miscellaneous receipts, totalled over ninety million dollars in the year ending June 30, 1958; during the same period, expenditures for all purposes, including construction, maintenance and engineering, and administration—totalled almost eighty-eight million dollars. The balance in the primary road fund rose from just over fourteen million dollars on July 1, 1957 to sixteen and three-quarters million dollars on June 30, 1958—despite the largest expenditure in history from the primary road fund.

 Receipts of the farm-to-market road fund—including allocation from the Road Use Tax Fund, Federal aid, and miscellaneous receipts, totalled twenty-five million, four hundred thousand dollars in the year ending June 30, 1958. Expenditures in the same period were twenty-six million, two hundred thousand dollars—leaving a balance in the farm-to-market road fund of approximately eighteen million dollars on June 30, 1958—against which there were contracts outstanding in the amount of thirteen million dollars.

Highway Safety

 Under the leadership of the State Department of Public Safety, and with the cooperation of local enforcement officers, Iowans registered a marked improvement in highway safety in 1958. The number of fatalities was reduced from 690 in 1957—to 595 in 1958—a saving of 95 lives; the number of fatalities in 1958 was the lowest since 1952, when the number of vehicles and miles of travel were substantially below present levels. For 1958, Iowa ranked third among all the states in the rate of reduction in fatalities.

 The record of achievement in 1958 is encouraging, but it provides little room for complacency. The nighttime speed limit enacted by the Fifty-seventh General Assembly, the use of a “point system” as an administrative aid in the isolation of dangerous drivers, and more rigorous enforcement in general, contributed to the improvement in highway safety.

 If the reduced fatality rate is to be maintained, and improved upon, existing programs must be strengthened through appropriate legislative action.

The Agricultural Hall of Fame

 There is one further matter to which I respectfully direct the attention of the Fifty-eighth General Assembly at this time. For several months a committee of national leaders has been engaged in the selection of a site for a National Agricultural Hall of Fame. From a long list of possible sites, the choice has been narrowed to three—one of them being the Des Moines-Ames area.

 There are several tracts of state-owned land in this area in which the site selection committee has expressed strong interest. I am informed that the committee will meet to make the final selection in about ten days. If Iowa is to receive favorable consideration, it will be necessary to assure the committee of the state’s willingness to provide a site.

 It is my considered judgment that the location of this agricultural shrine in Iowa would be of great value to our state. I respectfully urge that you take immediate action to assure the site selection committee that the necessary land will be made available.

 In conclusion, I want to express to each and every member of the Fifty-eighth General Assembly my sincere desire to work closely with you in a legislative program for the benefit of all our people. Regardless of party affiliation, we owe a higher loyalty and responsibility to the people who elected you to the General Assembly, and me to the Governorship. We shall have failed unless first things are put first, as we undertake the task before us.

 As was the case two years ago, my office is always open to each of you—without regard to party affiliation. I shall consider it a privilege to discuss with you any aspect of the legislative program, or other matters affecting the conduct of state government or the welfare of Iowa.

 Thank you.

 Governor Loveless was escorted from the chamber by the committee previously appointed.