

# INAUGURAL MESSAGE

of

## **VAL PETERSON** GOVERNOR

To The

MEMBERS OF THE SIXTY-FIRST SESSION

Of The

STATE LEGISLATURE OF NEBRASKA



Lincoln, Nebraska

Delivered January 6, 1949



Mr. President, Mr. Speaker and

Members of the Senate:

Personally, and on behalf of the constitutional officers with whom I am proud to serve, and our appointive officials, I welcome you back to the State House after an absence of some eighteen months. It feels good to have you here; to know that the Board of Directors of our outstanding commonwealth is again assembled to study and to meet the problems of our day. I have great confidence in you, as do all the people of Nebraska, and know that from your deliberations will come much good for our citizenry.

I am pleased to be in a friendly audience. Most of you I have the honor to know quite well personally. Many of you are long-time and intimate friends. A considerable number are seasoned legislative veterans. The kind of teamwork we achieve here will have its certain reflection in the public judgment during the months ahead.

Economically, the people of Nebraska are in excellent health. The institutions of our business society, in great number, are enjoying better volume than ever before in history. Nebraska farmers have advanced in the last two years to unequalled peaks in yields and income. It is a prosperity well earned. And it has been cushioned against ruinous inflation by the tempered memories of bitter years which went before it. Nebraska's people and Nebraska's government are sound.

We are not ourselves met in any crisis of government. Nor is our economy in abuse. We are not faced on any side by the hopelessness that grips many nations of the earth. Indeed, when I observe the mass despair and depraved economy which overspread two-thirds of the world, I am humbly thankful for the simplicity of our undertaking. But this must not slow our pace. It does not reduce the seriousness of our task. It may even create a peril. The urge might naturally be to effect so little change as to prevent sufficient change. The necessary demands of a growing society will prove us faithless if we fall into that error.

In the last two years, your state government has advanced its services to meet the test of changing conditions. Circumstances of health, of financial security, of competitive fortuity, and particularly of preparedness for the future—these shift as the many forces touching upon them grow and diminish with the urgency of time. We cannot in this day live apart from the other peoples of the nation. Nor can we separate our peaceful aspirations from the security of other peoples of the world. Our duty here is to establish in our efforts the same clear, disciplined vision which has characterized Nebraska leadership over many years.

Two years ago we made a searching study of state needs. A business-like program of improvements was introduced. Among other things, we began to restore a sound physical plant, recognizing new requirements in hospital and penal facili-

ties, in educational institutions and in the necessities for the aged and infirm. The program has been effective. To suggest that we have solved our problems fully and finally would be naive. But we have made and are making substantial progress.

I am pleased that we have instilled vigor into the executive departments. From the war on weeds to the life-sparing services of the Fire Marshal, we have fulfilled the law earnestly and without favor. The government of Nebraska is in high repute. The approach to new chores is thus not burdened by existing confusions.

On some matters, then, I think you will be able to agree quickly that the pattern is proper and the course safely charted. On others, entirely new solutions may be required. I pledge the best energies of my office to meet these problems. Toward this end, we should consult freely. And to improve our mutual understanding, I bring to your consideration at this time a summary of items in which you will have a direct concern.

### **Public Buildings**

Two years ago, I deplored the inefficient and uneconomical catch-as-catch-can treatment of improvements at state institutions. I recommended a long-range building program. Your Honorable Body responded affirmatively. The resulting enactment provided a levy of one and one-tenths mills on the dollar valuation of the state's assessment roll for a special building fund to run

for a ten-year period. The program thus effected has been acclaimed by many responsible observers as the most logical and far-sighted institutional program ever undertaken by Nebraska Government.

As a result of your forward-looking action, a badly needed three hundred and thirty-bed ward building is in progress of construction at the Lincoln State Hospital. A central laundry building for all Lincoln Board of Control institutions is being erected at the State Penitentiary. At each of the four normal schools, badly needed improvements are either under way or were completed just prior to the winter season. While at the University of Nebraska with its tremendous enrollment of over ten thousand students, half of whom are veterans of World War II, there are being or have been constructed classroom buildings, utility features, and agricultural research structures which will be of untold benefit in the work being done by this great institution.

In view of today's exceedingly high building costs, not one dollar should be expended if the activities of the institution in question can possibly be carried on with existing facilities. I am certain that all right-thinking Nebraskans, in or out of government, join in this attitude. However, in spite of the modest post-war building program which came into being as a result of the accumulation of delinquent taxes during the war period and the construction done under the special building levy, there will still be a waiting list for entry into our State Hospitals of over three hundred fifty persons

on July 1, 1949. There is today a waiting list of one hundred twelve for entry into the Beatrice State Home. Record University enrollment is bulging the walls of the classrooms. The Normal Schools have many unfilled needs. Further, our State Penitentiary, which had a population of six hundred sixteen at the beginning of the previous biennium, now has seven hundred sixty-four. It is badly overcrowded and should its population increase at the same rate in the next two years, further building will have to be done. The Tuberculosis Hospital at Kearney has a present waiting list of twenty and the Soldiers' and Sailors' Home at Grand Island is filled to capacity. These population increases cannot be postponed or pushed to one side, but must be provided for even though they require new buildings and expanded budgets. To care for the wards of the state is the solemn obligation of all of us entrusted with responsibility in our government. We must not permit neglect of the ill, the infirm and the aged.

### **Veterans' Services**

Two years ago, you acted positively in attending to needs of returning service men and women. The Department of Veterans' Affairs became effective eighteen months ago. In this short time, it has given actual and valuable services in more than 150,000 instances to Nebraska veterans, their widows, children and dependent parents.

Upwards of 37,000,000 dollars has been paid to some 15,000 Nebraska veterans from the Federal Veterans' Bureau, much

of it through the personal representation of our new state department. These payments averaged 411 dollars for every dollar of cost for administration of the Nebraska Veterans' Service. In the eighteen-month period, moreover, 20,000 Nebraska veterans have been given job-training in more than 10,000 establishments approved and supervised by the state agency. And 91,000 dollars has been paid out to 1,500 Nebraska veterans from the state veterans' aid fund.

An agricultural training program was conducted, meantime, by the State Board of Vocational Education. The program began with a single veteran eighteen months ago and now serves more than 2,000 Nebraska veterans interested in a future in Nebraska agriculture.

We have provided within the framework of the state government an advisor and sympathetic friend for our former fighting sons and daughters.

### **Progress Made in the Assessment of Property**

When the Legislature last met, the total assessed valuation of tangible property in the state amounted to 2,162,048,610 dollars; today that valuation stands at 2,495,563,799 dollars, thus showing an increase over the two-year period of 333,515,189 dollars. The valuation of intangible property has also increased substantially. The increase in tangible valuation in 1947 over 1946 amounted to 154,397,652 dollars; in 1948 over 1947, 178,905,561 dollars. The largest

increase ever effected previously in one single year was 92,666,711 dollars in 1942. These increases should be regarded as the beginning in our program toward obtaining a full and fair assessment on the basis of actual value. However, they merely represent a step in the right direction. It is true that this is an important step, but of equal importance is the fact that the assessment burden is now being more equitably distributed between real property and other tangible property, primarily personal property.

In 1946, lands and improvements were carrying forty-seven per cent of the total assessment burden on tangible property, town lots and improvements, twenty-one per cent, and personal property, thirty-two per cent. In 1948, lands and improvements carried forty-two per cent of the burden, town lots and improvements, twenty per cent, and personal property thirty-eight per cent. These figures are even more striking when compared with similar data for the year 1940, at which time lands represented forty-five per cent, lots twenty-two per cent, and all personal property, twenty-four per cent of the total assessment. This means that personal property in 1948 carried sixty-three per cent more of the tax load than it did in 1940 and consequently is assuming a more just share of governmental responsibility.

The reasons for the improved conditions are as follows:

1. Legislative provision for a full-time county assessor and the abolishment of the office of precinct assessor.

2. Re-emphasizing the law that requires each individual to be held responsible for the accurate completion of his personal property tax schedule and the application of penalties when property is omitted or valued incorrectly.

3. Legislative provision for the creation of the Douglas County Tax Appraisal Board, as well as re-appraisal and classification committees, which may be appointed at the discretion of the county boards in other counties for the purposes of re-classifying farm lands and re-appraising city property. Many of the counties have appointed such committees and they are working at the present time or have completed their duties.

4. Action by the last legislative session directing the Tax Commissioner to employ field representatives for the purpose of assisting the assessors and the taxpayers in a more complete and accurate listing and valuation of property. As a result of having these men in the field, it has been possible to explain and assist in the administration of the several legislative acts mentioned above. They have been helpful to our county officials in the accomplishment of the fine job done in the past biennium.

Summarizing, it is possible to say at this time that we have made a start toward a better and more fair assessment. Nebraska has perhaps accomplished more toward making the property tax system actually work in present times than any other state in the Union. There is still a long and tortuous road to travel.

## Human Welfare

Many of the activities of state government are concerned directly with grants or services to individual human beings, treating with their environment and conditions of shelter, food and moral betterment. First of these is state assistance. Old-age assistance alone serves an average of 25,000 persons a month.

We have been able to improve our services to deserving persons, while trimming the overall costs. We should give careful consideration to the needs of the aged in view of the inflation we are experiencing. At the same time, we should consider means of having more of our workers placed under federal social security and survivors' benefits, a systematic retirement program which sharply reduces state burdens for old-age assistance and is more in keeping with the dignity of human beings.

Substantial gains have been made in our provisions for the mentally and physically infirm. Of some 8,000 persons housed in state institutions, whose personal security and comfort is a responsibility of the state, about 6,000 are in mental hospitals, including the institution at Beatrice. The Board of Control has upgraded the quality of staff members and is emphasizing curative procedures rather than mere custodial functions. Psychiatric nurse-training, psychiatric clinics, child-behavior and out-patient clinics, and occupational and recreational therapy programs have strengthened the entire shift from a concept of custody and confine-

ment to one of treatment, cure, and rehabilitation.

The purchasing and accounting system for Board of Control institutions has been reorganized and improved. The economies thus effected are demonstrated by the improved care to a greater number of persons within a budget adjusted to the lower-cost economy of two years ago.

As a result of action by your Honorable Body, a Division of Hospitals has been created in the Department of Health and a Hospital Advisory Council appointed. Six distinguished citizens of Nebraska serving on the Council and working with the staff of the Health Department have approved and recommended to the United States Public Health Service, 19 hospital projects for grants of Federal funds. Eighteen communities have signified intent to proceed with their construction plans. These new hospital projects provide approximately 507 beds in general hospitals at a total cost of 5,250,000 dollars, including 1,200,000 dollars of Federal funds. Many of these hospitals will be located in rural areas now far removed from adequate hospital facilities. Their construction will yield tremendous benefits to thousands of Nebraskans.

### **Economic Development**

We have within our boundaries untapped resources in soil and water. The problem is simply that of fusing these riches of nature into maximum benefits for the most people. It is a selfless charge in which we

must substitute logic for emotionalism to achieve lasting progress.

One of the finest privileges I have had as Governor has been serving as a member of the Missouri River States and Missouri River Basin Inter-Agency Committees. Through their meetings I have become familiar with the problems facing a region comprising one-sixth of the total area of the United States and containing one-seventh of its population. Recently the Governors and representatives of the ten states which make up the Basin gave me the opportunity of further service by electing me as chairman of the Missouri River States Committee.

We, in the Basin, are engaged upon the greatest undertaking of its kind in the history of the world. Compared to it, and I say without disparagement, the Tennessee Valley Authority development is a test tube experiment. Only one other project in the world begins to match it, and that is the tremendous development under way on the Volga River in Russia.

This great program is no longer merely a blue print for the future, but is now well along toward accomplishment, as the Bureau of Reclamation and the Corps of Engineers are in the process of construction of projects which will bring the blessings of flood control, irrigation, navigation, better municipal water supplies, recreation, and quantities of low cost electricity to our people.

No man is wise enough to see today the far-reaching implications of this program

Clearly its irrigation features will mean an increase of our farm population, and, inasmuch as it is estimated that two persons are needed in a city or town for each person on the farm, it will add to our urban population as well. The tremendous quantities of power which will be developed and the firming of navigation should prove attractive to industry and bring into this militarily strategically sound area, a welcome influx of industries which will help bring about a desperately needed better balance between agriculture and industry.

No state has more to gain from the development of this plan than does ours. Many exceedingly important and beneficial projects are now under way in Nebraska and fortunately many more can be initiated without respect to some areas in which differences of opinion are so marked as to make immediate progress seemingly inadvisable, if not impossible. The program in Nebraska will be determined by Nebraskans.

Complementing the Pick-Sloan Plan, and absolutely vital to its successful accomplishment, as well as imperative to our general well-being, is the conservation of our soil. While we have made tremendous progress in Nebraska in this respect, we cannot rest upon our laurels until it is constantly practiced on every farmstead in the state. We have steadfastly promoted this aim. We applaud the work of the fine men in charge of this undertaking in our state.

Two years ago I recommended, and your Honorably Body approved, a new Division

of Nebraska Resources. It has conducted research into our natural and human resources, our community planning and the technical aspects of industrial development. Limited funds have prevented as extensive a program as is desirable.

Security for Nebraska labor and stable income for Nebraska businessmen is a Nebraska need. Due to the contacts made by this Division, a new industrial plant employing several hundred persons is being established at Columbus. I am told by businessmen there that this plan will promote the economy of that city to its maximum capacity for several years.

Both agriculture and industry have advanced in the last two years. Farm income reached a record billion-dollar-plus figure in 1947 and again in 1948. Manufactured products soared past three-quarters of a billion dollars in value. Employment of wholesome, intelligent Nebraska labor in industries reached new peaks, following the post-war slump of 1945-46. This experience of agriculture, business and industry has produced an eagerness to keep the prosperity we now enjoy. It cannot be done without planning and promotion on the farm-and-factory level.

Our problem in the building of Nebraska is clearly pointed in the MONTHLY REVIEW of the Tenth Federal Reserve District in its issue of October 31, 1948. The district includes the seven states of Colorado, Kansas, Missouri, Nebraska, New Mexico, Oklahoma, and Wyoming. Significantly, five of these states are in the Missouri River Basin.

"Primarily dependent on agriculture and mineral extraction, the economy of the District has failed to support its growing population. During the 1935-40 period, 15 per cent of the population between 25 and 30 years of age left the District. Contrary to common belief, more than three times as many left the cities and towns of the seven states as left the farms. From July 1, 1946, to July 1, 1947, only two states in the nation suffered a net loss of population and these, Nebraska and Oklahoma, were both District states. Although the years 1940 through 1947 were exceedingly prosperous ones for both farmer and miner, per capita income in the District was well below the national average, and none of the seven states gained population at the rate of the nation as a whole, despite a high rate of natural increase.

"In Oklahoma, Nebraska, Kansas, and Missouri . . . the actual population curve is considerably below that reflecting natural increase. If these states could simply have retained those born within their boundaries, they would have experienced continuous population growth since 1935.

"Urban rather than farm out-migration has been the chief factor in population loss. It is commonly understood that farm population is decreasing with farm mechanization, and that the population is moving on to nearby cities and towns. This may be true in the Tenth District, but if so it must be carried a step further, for people are leaving the urban areas and in greater numbers than they are leaving the farm. One fact is clear:

The cities and towns of the Tenth District are unable to support their increasing population, regardless of its source. Per capita income figures emphasize this, as the Tenth District stood considerably below the nation in per capita income during the 1940-47 period despite farm prosperity.

"Urban centers must offer better economic opportunity if the Tenth District is to prosper and grow. Unless more and better opportunities are available in District cities and towns, the present trend cannot be reversed, and other urban areas of the United States will continue to grow and prosper at the expense of the District States. Not only more but new economic activity is needed to hold young people in the District.

"Agricultural areas undergoing rapid mechanization, such as the Tenth District, must rely on industrialization to offset population loss. This problem is basic to all similar areas. To date the economy of the District has been primarily dependent on agriculture and the extractive industries. As per capita productivity is increased with farm and mine mechanization, industrial processing and manufacturing must be similarly increased if the District is to support its population. The failure of manufacturing payrolls to grow as rapidly as urban population has caused migration from urban centers of the District to other urban areas where greater industrial activity offers wider opportunities. Thus, it is the lack of utilization of the mineral resources and raw materials of the District, for manufacture and processing in the District, that has deterred

population growth. Furthermore, greater industrialization would bring the Tenth District into better balance with the national economy in respect to the size of agricultural as compared with manufacturing components of total income payments to individuals. And, more nearly balanced agricultural and manufacturing income payments would mean greater economic stability for the District."

It is hard for me to conceive of a clearer, more powerful statement of the need for a strong Nebraska Resources Division and for development of the Missouri River Basin.

### **Schools**

In my Inaugural Address two years ago, I recommended a study of and legislative action for re-districting of school districts. The need is just as insistent today. Better educational facilities and instruction, and reduced overall costs, will result from the enactment of such a provision.

In the higher-learning institutions supported by state funds, we are accommodating some 13,000 students, a record achievement in Nebraska education. These services are not without a cost burden. And in providing facilities and instruction, an equitable distribution of funds must apply.

Today, we are tremendously conscious of resource conservation. We must always remember that our most precious and valuable resource is the youth of Nebraska; and all of us must pledge ourselves to unceasing

efforts in strengthening our public schools and higher educational institutions in order that our boys and girls may have the best possible opportunities for training and development. Anything less than this is unworthy of us. Anything less in the long run results in defrauding ourselves and our nation.

### **Public Roads**

For two years, no responsibility of state government has received more painstaking consideration in my office. Our effort has been directed toward helpful assistance to the Legislature in reaching solutions which recognize the road problem as a progressive phase of government. There is no stopping place, no final disposition of highways in our modern economy.

I will submit soon to Your Honorable Body a comprehensive report dealing with Nebraska's highways, roads and streets. It represents the findings and recommendations of some of the best minds upon which we might draw for engineering determinations and considerations of the public good. Your Honorable Body, through the Legislative Council, has been active in the study. The report is detailed, intelligent and affirmative. To my view, it symbolizes the kind of cooperative endeavor expected by the people of Nebraska of the Executive and Legislative branches of government.

Despite our interest in the long-range program, we have not been without progress in the past biennium. The truth is that we have conducted in Nebraska in the last

two years the biggest road-building program of all history. We have moved as fast and as far as funds would permit.

Since January 9, 1947, we have rebuilt or added more than two thousand eight hundred miles of state highways in contracts completed or under way.

Contracts for the two years ended December 31, 1948, totaled 22,500,000 dollars, the biggest biennial program of road improvements in Nebraska records. And the year 1948 alone brought the most extensive twelve-month road improvement achievement of any year in history. Such progress speaks for itself. It goes without saying that in this undertaking we exhausted every dollar available to the highway department.

So that this does not mislead us, however, we must be warned that the 13,500,000 dollars obligated to construction in 1948 is almost double the amount that will be available for construction beginning this year under the present system of revenue.

No opportunity for funds was overlooked. I made a trip to Washington in this connection. It resulted in an emergency federal grant in excess of one million dollars for flood area bridge rehabilitation and replacement. By joining this grant with regular federal funds available for matching, Nebraska acquired over two million dollars for bridge improvements.

Yet with all our efforts, there hasn't been progress enough. Funds available annual-

ly to the state highway department from state revenues for state highway improvements have remained substantially the same since 1929. In fact, when you consider we are dealing in fifty-seven cent dollars, state revenues in terms of purchasing power, have declined materially. Under such a restricted program, obsolescence and deterioration will accumulate to such an extent that they will eventually destroy our highway system.

These matters we must meet positively. Improvement of public roads is not a service that can be economically accomplished on a year-to-year basis. We can not sit tight in our governmental chairs and expect the wheels to spin outside. I seriously solicit your prompt consideration of a sound long-range highway program. It is my pledge to treat the problem affirmatively in the future as I have in the two years ended.

### **Job Classification**

Democracy cannot function efficiently and effectively with inferior tools any more than any other organization. To do so is to handicap it severely and to jeopardize the public interest.

New positions and salaries have been created in Nebraska without sufficient thought to fitting them into a correct pattern, in order that they might fall into the proper relationship with other positions demanding equivalent training, experience and similar responsibilities. When jobs have been created in bad times, low salaries have been

established. Jobs created in high times have been better paid.

Today it is practically impossible to get men with the proper background and competency to accept state employment. Some months ago one of our most important state administrative positions became vacant by resignation and since that time the position has been offered to ten exceedingly well-qualified individuals, all of whom have refused to accept because of the low compensation, relatively short tenure and the difficulty and expense of finding adequate housing. If this were just true in one instance in the state administration, it would not be serious, but for two years I have found that it has been consistently the case. I do not care to embarrass any of the good people presently serving or I could name positions, dates and persons.

In my judgment, all positions in the state service should be classified according to training, experience, responsibility and other pertinent considerations, and remuneration established accordingly.

The fact is that there is today little, if any, reason for folks to accept state jobs and many simply will not. The federal government and Lincoln business firms offer employment at salaries much higher than those the state is able to pay. Further, contrary to the federal government and general business practice, the state affords no retirement benefits.

Last spring our Highway Department, desperately in need of graduate civil en-

gineers, was unable to interest one single Nebraska University engineering graduate in accepting state employment.

It is no answer to the problem to advance the argument, "If they don't like working for the state, let them quit." Services rendered by the state government have been established upon the demand of the people, and they cannot be performed efficiently, effectively and economically unless trained, competent, and reasonably satisfied individuals can be employed. I would suggest that Your Honorable Body create a committee to study this problem and to consider the advisability of making such a classification as I have proposed.

### **Capitol Building**

The years have slipped by since ground was broken for our magnificent Capitol Building and it is no longer new. In fact, it has reached its majority. It is beginning to show evidences of wear and tear. Some of the furnishings are in need of rehabilitation and replacement. Portions of the structure, as for example the terrace which runs around the entire perimeter of the building, are showing signs of deterioration. The fact is that thousands of dollars have been expended in vain attempts to repair the terrace and it is badly in need of repair now. We have refused to expend monies on hand to undertake repair until we could have reasonable assurance that the method to be employed would guarantee success. We hope to be able to forward to Your Honorable Body information which will permit

you to take action leading to the correction of the terrace and other repair problems.

Nebraska is the proud possessor of one of the World's outstanding architectural triumphs. Certainly it is the duty of our generation to leave no stone unturned in the preservation of this beautiful building in order that we may pass it on in the same splendid condition that it was left to us by those men and women of vision who conceived and built it.

There is no need for me to relate all the accomplishments of state agencies during the past two years, but it should be remembered that they are rendering many services of tremendous value to the people of our state. We don't hear much about these activities which are functioning well, but we can take pride in the fact that the great majority of state activities are conducted efficiently, effectively and economically. These quiet, but well performed functions, make orderly government possible.

We are privileged to be in the service of a free people. We do not decree the public good. We are honored with an opportunity to help maintain it. This is the real climate in which we meet. I share with Your Honorable Body a sincere determination to acquit the common task swiftly and honorably. I solicit your cooperation as I pledge mine to you. Teamed we can pull effectively for Nebraska.

May God grant us the wisdom and strength to be equal to our responsibility.