



Bob McMan

GOVERNOR OF OREGON

*Message to the
Fifty-Ninth
Legislative Assembly*

January 10, 1977

STATE OF THE STATE ADDRESS

GOVERNOR BOB STRAUB

Monday, January 10, 1977

Mr. President, Mr. Speaker, Members of the 59th Legislative Assembly, Distinguished Guests, Fellow Citizens:

Two years ago I addressed the Oregon Legislature for the first time.

Today, we are about to embark on another Legislative Session . . . and a chance to share in a common goal:

"Building a better state in which we live."

On this occasion, it is customary for the Governor to review the past two years of his Administration.

We have done some things right . . . and we know it.

We have done some things wrong . . . and we know that also.

But we continue to move ahead.

We continue because we know the kind of Oregon we want for our children . . . and our children's children.

And we know what it will take to get there . . . hard work—dedication—and purpose.

The essential directions can be found in our deeply-held beliefs . . . our vision and our values.

These beliefs can come only from the hearts of our citizens. During the past two years, I have had the privilege of listening to the heartbeat of the people of this state . . . at numerous town hall meetings . . . in meetings with business, environmental, social service and community leaders . . . and in visits with thousands of Oregonians.

These visits have provided me the chance to reaffirm those values which *bind* us together . . . making us one of the strongest . . . most compassionate . . . most enlightened states in the nation.

Those values are . . . our concern for our fellow citizens . . . our love of the land and our natural resources . . . our need to lead productive, healthy lives . . . our sense of independence . . . and our commitment to environmental and cultural excellence.

The recommendations that I am submitting to this Legislature . . . in my budget and in suggested legislation . . . reflect those enduring values.

BUDGET BACKGROUND

At this point, it is worth noting that our budget is delicately balanced between compassion and economy. It seeks maximum benefit from the financial resources we expect in the 1977-79 Biennium.

And it promises no more than we can . . . or should . . . deliver.

Our budget for the coming biennium reflects examples of the savings we will achieve . . . including holding the line on state employment.

During the past decade, the average rate of growth in state employment was 8.4 percent every two years.

My budget, however, reflects my determined effort to hold state employment growth to 1.6 percent in the next two years.

Our first budget consideration was to hold the line on taxes. My recommendations can be implemented with no new general tax increase.

We are—like most of our citizens—living within our means.

Our second consideration was to provide some relief from the property tax burdens placed on our citizens.

And our third aim was to maintain the standards of service now provided the citizens of our state . . . so that we receive maximum benefit from each tax dollar expended.

Finally, we have offered essential new programs designed to enhance the well-being of our citizens . . . assist in the development of Oregon . . . and better manage our resources.

PEOPLE NEEDS

Our most important resource is our Oregon citizen.

I am recommending a major increase in the level of state programs serving "people needs."

More than 72 percent of our \$2 billion state general fund revenues has been allocated to . . . educating our young people . . . helping the handicapped and the disadvantaged . . . and "caring for those who cared for us"—Oregon's senior citizens.

We have more than 370,000 elderly citizens in Oregon whose energy—labor—and willpower were dedicated to *our* future.

But for many of our senior citizens, *their own* future has been denied.

There is a *cruel tarnish* on their "*golden years*."

Their lifelong dream of dignity . . . comfort . . . and independence . . . has become a financial nightmare.

A nightmare of bare survival . . .

. . . forcing a 75-year-old couple out of their home and away from their neighbors—because they can no longer pay the taxes . . .

. . . denying a 65-year-old woman the simple luxury of being able to use her stove to bake bread . . .

. . . compelling a 72-year-old man to pick berries so that he and his 70-year-old wife can eat that day.

As a citizen, I am ashamed that these conditions exist.

As Governor, I intend to right these wrongs.

It is time to balance the books . . .

. . . time to repay the debt we owe to our senior citizens.

Our budget reflects the value we place on the lives of our elderly:

. . . \$4 million for elderly rent relief

. . . increased property tax relief

. . . \$10 million to help relieve the burden caused by escalating utility rates

. . . \$700,000 increase to continue Oregon's lead in Project Independence—a service designed to keep the elderly in their homes and out of nursing homes

. . . and finally, more than \$8 million for other programs designed to restore the glitter to the golden years.

I urge your support for these programs.

Just as the elderly built the Oregon of today . . . the young will build the Oregon of tomorrow.

And that is just one reason why we must maintain an exceptional education system.

To begin with, I have budgeted \$129 million more for basic school support.

That will bring us to a level of 33½ percent . . . the *highest level of school support in 15 years.*

It is not enough . . . we all know that.

But I believe it is a responsible allocation in light of our other important needs.

Last year school doors in Oregon were closed by local residents in four school districts.

It hurt me to see those doors slammed shut on our young people. As a parent I know that every day of learning that is lost . . . is a lost opportunity.

Compassion and prudence—not panic—must be the means by which we address this crisis.

I am recommending a two-step approach to meet the educational demands on our time.

First—I urge legislation which would provide a safety net for our school districts. This would insure an adequate operating budget to keep our school doors open.

Once we have provided this safety net, we can tackle the important task of developing a school finance proposal that will be acceptable . . . understandable . . . and approved at the polls.

I believe such a proposal must move more of the cost of schools from the “strangling” property tax onto the more equitable income tax.

We have labored long and hard to find the answer to the school finance dilemma.

During the past decade, the people of Oregon have voted on seven school finance proposals.

Each time they have said *No!*

This time we must succeed.

NATURAL RESOURCES

Providing for people is the most important commitment of my Administration. But there is another area that must also receive high priority . . . Oregon's *natural resources*.

Our recommendation is for an added emphasis on both forestry and land use planning. We are asking for an increase of more than \$13 million in these areas.

The Department of Forestry will benefit from a 27 percent increase in their budget to intensify our management of state and private timber lands.

Our commitment is to high yield forestry in Oregon.

The result of that commitment will be a doubling of harvest levels on small private holdings over the next 30 years . . .

And more than \$1.2 billion in state revenues by the year 2000 . . . as a result of harvesting on state lands.

The citizens of Oregon will receive the benefit from these increased revenues through the state common school fund and aid to our counties.

We will also profit from the completion of our comprehensive land-use planning process.

My goal is to have the entire State of Oregon planned and zoned by 1980.

To help achieve that goal—at the local level, where it belongs—I am committing more than *two-thirds* of the proposed budget of the Land Conservation and Development Commission to local jurisdictions.

Those grant funds—for planning aid to cities and counties—would be increased by more than 100 percent over the last biennium to \$7.6 million.

Successful implementation of Senate Bill 100 is a goal which we must reach to maintain our quality of life in Oregon.

JOBS

An important part of that quality of life is jobs for our citizens.

Forest products is our major industry in Oregon. But without high yield forestry on our commercial forest lands . . . we could face a 22 percent decline in the timber cut by the year 2000.

Our major source of employment in Oregon *now* rests on a declining base.

That makes it absolutely necessary that we redouble our efforts to diversify our economy.

During the past two years we have made some encouraging progress.

We have brought three new industries to Oregon. When all three of these industries are in operation, we will have 2,000 new jobs in such cities as Aloha . . . Astoria . . . and Klamath Falls.

Our budget for the Department of Economic Development reflects our commitment to do more.

We have requested an increase of more than 60 percent—from \$1 million in this biennium—to \$1.6 million in the coming biennium.

We are presenting companion legislation which will improve pollution control credits . . .

. . . enhance our one-stop permit coordination efforts

... provide a revolving fund for loans to Port Districts for economic development projects

... and stimulate additional home construction.

I also ask for your speedy approval of the Port of Portland drydock enabling legislation.

ENERGY

An important ingredient in both successful economic development and in our personal lives is energy.

During the past two years, we haven't faced long lines at the gas pump or electrical brownouts.

But we can not be lulled into a false sense of security.

The fact is we are living in an energy-short environment with increasing costs.

And there is no relief in sight.

I am recommending action on two fronts.

First—I am proposing three conservation bills designed to cut state energy demand by five percent over the next 10 years.

And second, I am recommending a Domestic and Rural Power Authority to extend low cost Bonneville Power to all of our residential and rural customers.

This Power Authority would reduce the average utility bill of Oregon's rural and residential ratepayers by \$136 per year by the end of 1979.

John Kennedy said "The agenda is long and the time is short."

The Oregon agenda is long and there is much to do.

Today, I have not touched upon some of the other important issues facing Oregon.

I have spoken to these concerns on numerous occasions. In the coming weeks I will submit issue reports to the Legislature covering my recommendations in these other important areas.

GOVERNOR'S POSITION ON KEY ISSUES

Part of our Oregon tradition has been the individual willingness of our elected leaders to speak their minds on issues of our time.

From Oswald West to Wayne Morse, we have supported the concept that one person—with the courage of his or her convictions—is a majority.

Today, I want to speak directly to you about my convictions on certain key issues facing this Legislature.

SENATE BILL 100

First—the conservation and development of our land.

Last November, our commitment to sound, sensible land use planning received overwhelming approval.

The message was clear—the people of Oregon want us to get the job done.

I believe it can be done under the existing law.

Some fine-tuning is needed . . . but the key principles of SB 100 must not be eroded or destroyed:

—the right of citizens to appeal

—the requirement that planning be done at the local level closest to the people

—and citizen involvement in the planning process.

TRANSPORTATION

The second important issue is the maintenance of Oregon's transportation lifelines.

I must report that our highway fund is in critical condition. It began with the energy crisis in 1973.

Our traditional reliance on a moderate, static gas tax to finance the bulk of our highway needs is threatening to place Oregon's lifelines on the list of endangered species.

There are those who still think the gas tax provides our highway fund with a bottomless pot of gold.

They are wrong.

Unless we act decisively in this Legislature, our enormous investment in thousands of miles of good roads will go down the drain.

The choice is between politics—or statesmanship . . . between the next election and the next generation.

WORKMEN'S COMPENSATION

The next issue is workmen's compensation.

Oregon's workmen's compensation system is a good system . . . and we know it.

But it can be improved . . . and we know that also.

I believe abuses in the system should be eliminated. But, eligible working men and women—with legitimate claims—must not lose one penny of their just benefits.

AID TO CITIES AND COUNTIES

The fourth issue is revenue sharing with Oregon cities and counties.

I believe this is the right time to take a new look at the relationships between the state and our cities and counties.

Oregon's cities and counties must rely heavily on property taxes to finance needed services.

The demand for those services is increasing . . . but the cost of providing those services is increasing at a much faster rate.

Inflation is taking a bigger and bigger bite out of city and county revenues.

The State could say that it is not our problem . . . but that just isn't true.

Meeting the needs of *our* citizens is a *shared obligation*.

We simply cannot ignore the financial crisis facing our cities and counties.

I believe revenue sharing is a wise investment that will:

—put state dollars to work where people live

—help to build a strong . . . stable . . . and diverse economy

—protect the equity already at the local level through public and private investments

—insure that decision-making remains close to the people where it belongs

—and provide some relief for overburdened property taxpayers.

CORRECTIONS

Finally, there is the issue of Corrections.

I am opposed to building another concrete fortress with 20 foot walls at a cost of \$50 million.

I favor a policy which makes better use of our available resources—a policy that insures that those who can be helped . . . are helped . . .

. . . and those who should be locked up . . . are locked up.

Some wish to go beyond the “lock up.”

They favor a return to capital punishment.

Although I don't make a habit of threatening a veto, I believe I must be direct on this issue:

I do not believe society should deliberately take a human life.

If this Legislature passes a bill restoring capital punishment

I will veto it.

If it goes to the people for a vote . . .

I will lead the fight to defeat it.

We have come too far in Oregon to move back into the dark ages.

VISION OF THE FUTURE

I have had the honor today to speak to you of the values which are inherent in all of the citizens of this state.

We all recognize that a budget is only for two years.

We also know that we must look not two years away . . . but have a vision of Oregon five . . . ten . . . twenty years from now.

Let me tell you of my vision . . . and the things I want for my children . . . and my children's children.

I want them to be able to share Pat's and my joy of backpacking in Oregon's magnificent wilderness areas.

I want them to be able to float Oregon's wild rivers and experience their beauty . . . as we have done.

I want them to enjoy Oregon's unique communities which have protected and preserved their special heritage in both their buildings and their environment.

I want them to be able to visit our metropolitan areas and enjoy the excitement of these vibrant cultural . . . commercial . . . and human centers of Oregon.

I want them to breathe clean air . . . have clean water . . . and a clean land.

I want them to have equal opportunities to jobs in an economically strong Oregon.

I want them to enjoy the same values in the Oregon of tomorrow that brought Pat and me to this State 30 years ago.

And, finally, I want them—and us—to remember that Oregon was not built on fear . . .

But on courage, on imagination, and the unbeatable determination to do the job at hand.

That job can be done—must be done—and it will be done.



Inaugural Address
of the
Honorable Robert W. Straub
Governor of the State of Oregon
to the
Fifty-eighth
Legislative Assembly
January 13, 1975

Each of us this morning shares an extraordinary sense of responsibility and purpose.

Our will, our energy and our skills are needed to make these institutions thrive.

We have been granted a rare privilege . . . the privilege of writing the next chapters in "The Oregon Story". And I need not remind you that the words, the phrases and the themes we choose eventually must bear the scrutiny of more than two million editors.

My administration is heir to a legacy enriched by the talents and dedication of the unique man I succeed. I have never made a secret of my admiration and respect for and my friendship with Tom McCall.

I am indebted — as are all the people of Oregon — to Governor McCall and his staff for the smoothest and most effective executive transition in memory.

I'm sure his wit and wisdom will continue to be one of Oregon's most valued natural resources.

The torch has been passed. And no fingers were burned.

Thank you, Tom.

I want to say to the members of the Legislature that the Governor's latch key will always be out. My door will be open and my welcome is extended to each of you.

And that goes for every Oregonian. We will continue the policy of an open administration. Good government is the studied process of sharing problems and solutions.

During my campaign I talked with Oregonians in every corner of this state . . . big city and small . . . farmer and factory worker.

The message I heard was unmistakably clear.

Sixth, I will recommend a state program for stream bank erosion control projects to create 1,100 short-term jobs throughout Oregon. I will ask the Legislature to appropriate \$1,300,000 from the General Fund to underwrite 30 per cent of project costs.

Benefiting landowners will pay 20 per cent and federal dollars will comprise the balance.

This is my plan for attacking the immediate economic problems that beset us. I ask that these proposals receive your careful attention and prompt approval.

Rampant inflation has left heavy bootmarks on every segment of our economy. The shrinking value of the dollar has taken the heaviest toll among those least able to fight back.

Therefore, I am submitting to the Legislature a proposal to adjust the personal exemption on state income tax filings from \$675 per dependent to \$1,000. I am asking for early implementation.

This tax cut, when applied to a family of four, with a gross income of \$10,000, will mean a \$91 tax cut, based on the average tax return.

Revenue losses will be offset by keeping the \$3,000 federal tax deduction limitation.

The State Department of Revenue, at my request, will speed the processing of income tax and property tax refunds to put \$140 million back into Oregon's economy on a vastly accelerated basis.

State and local government must develop better ways to use the federal dollars that are available to help solve the unemployment crisis.

The Federal Concentrated Employment and Training Act has made more than \$1 million available to state manpower sponsors to put people back to work. And more CETA funds are forthcoming.

For a variety of reasons, many agencies have been unable to clear channels so that CETA funds can be turned into paychecks.

I have assigned this channel-clearing responsibility to a person who will be directly answerable to me and who will act with the full authority of the Governor's Office.

At the outset of budget deliberations, we faced requests that exceeded General Fund estimated revenues by \$377 million.

Our budget is not only balanced. It is a "hold the line" budget. We have been frugal. If any state agency is happy, we have not heard about it.

Agencies subject to my budget control asked for 8,811 additional full-time equivalent employees. We approved only 1,567 ongoing FTE positions. Instead of the 8.4 per cent increase in ongoing state positions experienced in the last two bienniums, we approved an increase of 4.3 per cent.

As you know, the Executive Department and various state employe groups are now in collective bargaining for salary and benefit adjustments.

I am convinced that reasonable salary adjustments are in order. In July, 1974, state employes received an across-the-board salary increase of 4.85 per cent. But during the prior year, the consumer price index in Portland increased 14 per cent.

The net decrease in purchasing power of state employes was a minus 9 per cent.

At the same time, surveys by the State Executive Department show that salaries paid by the State of Oregon consistently have lagged behind salaries paid by private industry for comparable work.

That lag today is about 14 per cent.

I am recommending that the Legislature approve our budget requests for a 5 per cent salary increase on February 1, 1975; an additional 10 per cent increase on July 1, 1975; and an 8 per cent increase on July 1, 1976.

I believe a 23 per cent salary and fringe benefit adjustment for state employes over the next two years is justified and reasonable, and can be supported by our proposed budget.

In the areas of Basic School Support, I will propose that we appropriate 27 per cent of all General Fund resources. This will increase the state's appropriation by nearly 25 per cent and will reflect a slight increase in the state's share of total school costs.

It is impossible, at this point, to calculate what total school costs will be. They are increasing at an appalling rate and the state has no mechanisms to control those costs.

I have, however, instructed a member of my staff to prepare an analysis of the disturbing increase in numbers of non-teaching school personnel and to provide me with appropriate recommendations.

I fully expect Oregon to continue to lead this nation in pioneering enlightened ways to limit man's excesses in his environment.

Oregon's new Land Conservation and Development Commission is turning a new furrow in unplowed ground. In striding toward our goals of statewide land use planning, we will make some mistakes. There will be controversial decisions.

Our goals are reachable and I urge that we work for full citizen involvement and strong legislative support for LCDC. And I strongly urge the Legislature to approve my recommendation for a sharp increase in the LCDC budget to \$6.1 million.

More than 70 percent of this money will go to local governments to assist their efforts in land use planning.

The energy shortage will be with us for the rest of our lives. We are obliged — for our own sake and for future generations — to develop new and effective ways to ease the critical imbalance of energy supply and demand.

To that end, I will recommend, in a separate message to the Legislature, a reorganization of state energy efforts in conservation, allocation, and site planning and development.

I will, in a forthcoming series of special messages, present a number of recommendations in other important areas: Human resources, transportation, natural resources and the environment, education, and housing.

In the vital area of human resources, we ask for Legislative approval of sizeable increases in aid to dependent children welfare funding to increase payments up to 90 per cent of need standards in July, 1975. That will be a substantial increase over the inflation-riddled 80 per cent or less of need standards that we anticipate next June.

I will have a special message that will offer suggestions to improve our delivery of quality health care at reasonable costs. And we will recommend systems of cost review in health care services.

Today, more and more Oregonians are being priced out of needed health care. More than one out of six Oregon families simply can't afford adequate care. The average wage earner has to work twice as long as he did in 1950 to earn the cost of one day in the hospital.

Taxpayers, who pay 40 per cent of all health care expenditures, are bearing an intolerable burden of ever-increasing costs.

We can — and we must meet this problem head on.

We need to reaffirm our commitments that every public employer in Oregon — and that includes us — take affirmative action to hire qualified applicants regardless of race, sex or disability.

Any kind of discrimination is not only unfair, it's also a waste of a lot of talent. And in these times, we can't afford waste.

Changes are needed in our Willamette Greenway Plan to bring us back to the original intent of the program: To preserve this magnificent resource now and in the future. In the next few weeks I will forward to you my recommendations on proposed changes in the plan.

There is an old saying: "Justice delayed is justice denied."

In the sense that every citizen has legitimate expectations from his government, "Service delayed is service denied".

I'm sympathetic with the letter writer who asks me why one state agency has not issued a building permit for a project approved by another state agency last June.

Or why a businessman's invoice must be signed off by so many different people when he sells goods or services to a state university.

I sense a growing and, in many cases, a justified frustration among Oregonians with delays in state service, delays in decisions, delays in rulings.

When the mechanisms of government falter, it matters not whether the blame falls on a big wheel or a little wheel. Each of us — administrators, clerks, executives, laborers and secretaries — must never forget the role of the public servant and the identity of our employers.

Our responses to public needs should be prompt, crisp, clear and effective. Let us measure the quality of our performance by taking the part of the person on the receiving end: Was the service fair? Was it prompt? Or were we stamped, computerized, filed and forgotten?

By our own examples, this administration will instill a new sense of urgency and visibility in delivering our one product: Service.

In closing, let me say that I look to the future with confidence and enthusiasm. The new pages of "The Oregon Story" will record the ways in which a dynamic, independent people again proved they cannot be overmatched.

Let these next chapters reflect not only our determination to prevail but that we did, indeed, prevail.



GOVERNOR'S
MESSAGE TO
THE FIFTY-FIFTH
LEGISLATURE

OFFICE OF THE GOVERNOR

Tom McCall
GOVERNOR

**GOVERNOR'S
MESSAGE TO
THE FIFTY-FIFTH
LEGISLATURE**

**By the
Honorable**

**TOM McCALL
Governor of Oregon**

to the

**FIFTY-FIFTH BIENNIAL
LEGISLATIVE ASSEMBLY**

Salem, Oregon January 13, 1969

*Mr. President, Mr. Speaker,
Members of the Fifty-Fifth
Legislative Assembly, and
Fellow Citizens:*



We meet today in the face of great challenge and unrivaled opportunity. If we choose the right tools to meet the challenge, then we can seize the opportunity, and the progressive course of our cherished state will be ensured.

With the moon feats of our astronauts to give us new reach and inspiration, this is the year of choosing. This session of the 55th Legislative Assembly is the occasion. And you, the members, are the instruments of destiny.

This is true because we, all of us, stand this morning in the anteroom of a new decade. It will be a period of enormous obstacles. John Gardner says of what lies ahead, *"While we pursue old feuds and shiver before old ghosts, new and terrifying troubles await us--and we cannot face those new troubles with any clarity of mind or unity of purpose while we are caught in old definitions of the problem."*

Months before the former secretary of Health, Education and Welfare wrote those words last September, my administration was pursuing the new definitions and mapping new pathways into Oregon's future.

Now, thousands of man-hours later, we are proposing what we are convinced is a perceptive response to the need to prepare in this last year of the old decade for the ten years of the new.

The response consists of many elements, most of which have already been made known to you.

In recent weeks, the Project 70 s Task Force has published its study on reorganization and we have presented our office's reorganization proposals and programs of major tax reform and beach and greenway acquisition.

Meanwhile, the legislature, too, has responded with the interim contributions of a number of its committees working in major problem areas.

Both the Project 70 s Task Force and a legislative interim study group have dwelt on procedures for strengthening the state's lawmaking branch. While this administration favors many of their specific recommendations, we open today by endorsing an attitude which is stressed in the Project 70 s report.

The Task Force emphasized that the executive and legislative branches must identify much more closely in dealing with the broad and complex problems of the 1970 s. In particular, it noted too much of a "we" and "they" orientation of the two branches--an outlook that fosters separateness instead of sorely-needed cooperation.

It is my pledge today to work with you to break down such artificial and superficial barriers as there are to a more productive relationship.

Now to the substantive.



he Project 70 s Task Force recommendations on executive reorganization require both statutory and constitutional implementation. We trust you will make revision of the Oregon Constitution one of your top orders of business again this session.

It is respectfully suggested that the legislature offer the voters those Task Force recommendations which require constitutional sanction as part of the revision referral process.

It goes without saying that the same serious attention needs to be accorded those Task Force and gubernatorial organizational proposals--unrelated to the constitution--that can be effected by legislative action.

These courses are complementary, not conflictory.

Implementation of constitutional reorganization of the executive branch might at best take place over a period of as long as four years.

In the meantime, amalgamation of the sprawling complex of 285 state agencies, boards, commissions and committees should be pushed as far as possible by legislative and executive action in 1969 and 1971.

Reorganization includes not only strengthening the state's legislative and executive branches but structuring highly useful state-local and state-federal partnerships as well.

Elimination of the Board of Control, which does not involve a constitutional question, is a likely early objective of any meaningful reorganization effort. The Board's perpetuation far beyond its era of usefulness blocks the most significant consolidation move of all: creation of the unified Department of Social Services.

Only through such a comprehensive entity can we effectively respond to the grinding problems of the economically, physically and educationally handicapped, regardless of whether you see them in the city or rural slum or whether they are invisible marchers in the army of the poverty-stricken.

In this connection, our administration is preparing legislative recommendations focused on these areas of challenge. But more than anything else, all of us are benefited by those thrusts that protect Oregon's basic environment.

It is crucial to the enhancement of Oregon's livability that the proposed Department of Environmental Quality include air and water pollution, solid waste disposal, and environmental controls such as those enforced by the Columbia Gorge Commission and Scenic Area Board.

We further noted in our early December statement, "if other environmental controls are initiated by the next legislature, such as land use planning and zoning or noise abatement, this will be the logical department to assume the responsibility."

The time to promulgate state-wide land use planning and zoning is now. The Interim Committee on Agriculture has so recommended, as have our natural resource and local government officials.

The physical evidence on all sides of us speaks even louder than words.

Although you will shortly receive a special message on this subject, suffice it to say today that in one area alone--the protection of our beaches, scenic riverbanks and recreation lands in general--zoning will be of incalculable benefit.

Every effort is being made today to avoid imposing on your time and indulgence with a long list of specifics, but here is the place to urge you to ensure financing of necessary beach, Willamette riverbank and other special acquisitions.

As an early order of business, I ask you to amend the 1951 Bonding Act of Highways so as to authorize the Highway Commission to sell bonds at the effective interest rate in the market at the time the bonds are offered. The Highway Commission has provided assurance that \$15,000,000 in bond proceeds can be used for these special acquisition purposes between now and 1974 without risking the Commission's existing commitments.

In discussing the 1969-71 budget last month, this administration underlined the importance of giving the new Department of Environmental Quality bonding authority to help localities with water pollution projects, including reservoirs.

Since then the Hardy committee of the State Sanitary Authority has recommended broader use of the bond proceeds to cover air pollution and solid wastes, as well as water pollution. The committee's advocacy of a bonding capacity of 1 per cent of the state's true cash value, equal to \$165,000,000, has my support.

Your attention is respectfully directed to essentials of a variety of other relevant and authoritative reports by committees inside and outside the legislature.

This administration's recommendation for creation of a Department of Transportation also is the lead recommendation of the Legislative Interim Committee on Business Climate. The concept draws additional support from the Legislative Interim Committee on Agriculture.

There is not total agreement on every detail. Nevertheless, there is substantial agreement that the department's several divisions should include one to coordinate and promote port activities.

In its report to the 55th Legislature, the Oregon Port Authorities Commission recommends establishment of a state port agency "to coordinate the development and financing of Oregon's 23 port districts and Portland's Commission of Public Docks." I support this concept.

The terms of five members of the state-appointed Port of Portland governing body are up. I have asked the five, and they have consented, to continue to serve without certificates of appointment until the Legislature decides what the size, shape and powers of a state-wide or regional port authority ought to be.

The study groups just mentioned all have exhibited timely concern with developing export markets and expanding international commerce. Experiences of the recently returned Oregon Trade Mission to the Orient amply confirm the rightness of this emphasis.

I ask that the legislature move to strengthen Oregon's foreign trade hand by gearing up port capabilities, creating a world trade unit in the Division of Economic Development and giving encouragement to government and private interests to invigorate the process of overseas contact.

A husky, well-rounded Oregon economy is tied to our ability to diversify, expand international and domestic trade and tourism, upgrade agriculture, compete hard for new payrolls and assist existing Oregon plants and offices.

All of these economic foundation stones would be furthered by establishment of a State of Oregon office in Washington, D. C., to work with the various agencies and our Congressional delegation in the closest kind of rapport. A number of governors report consistently good economic results for their states from such an enterprise.

Actually, the next four years could, if exploited wisely, bring Oregon closer to Washington than ever before. Coming on the heels of the Johnson administration's better communications with the statehouses, the Nixon-Agnew dedication to a viable state-federal relationship may give rich meaning to the word "federalism" in this Jet Age.

Through memorials to Congress, through these new direct contacts, and an attentive Congressional delegation, we have an unparalleled opportunity to make our causes more visible to the federal establishment.

The most significant point we can get across is the Interim Committee on Public Land's finding that public forest management be given a share of public forest revenues. One is intrigued by the committee's thesis that application of more public forest revenues to timber management can enrich Oregon's economy by tens of millions of dollars per year.

We must impress on the legislative and executive branches in Washington our concern over stratospheric interest rates that tend to paralyze Oregon's economy, our anxiety over future thermal pollution, our annoyance over the red tape of the federal gun control act and our desire for a revised Columbia River Fisheries compact and accelerated sea grant and oceanography programs.

We must help make a case to the national government for the setting of nationwide welfare standards and for Washington's assumption of the financing of the total welfare program. Despite a 30 per cent increase in the new state budget for welfare, I still feel, as governor, like the principal accomplice in a plot to degrade, malnurture and poorly clothe and house thousands of the crippled, the elderly and the innocent young.

Among other changes to emphasize to Washington is the essentiality of setting up education appropriations in a timely fashion—letting the states know in March or April what will be available so that local budgets can be fashioned accordingly with certainty instead of confusion.

Education as much as anything except taxes—and they are scarcely separable—is a paramount concern in the 47 states where legislatures meet this month.

This administration has suggested that we take off where we left off in the 1967 special session, using the same proposals for establishing current school district tax bases, applying and financing a limitation and raising state support of local school operations to 50 per cent.

It is now apparent, however, that we must seek a more equitable limitation formula than that contained in the special session legislation.

I am confident all of us can work out these problems in the context that Oregonians will continue to meet the costs of educational quality.

I am confident you will move a program of substantial tax relief and tax reform on to the people for an early vote.

I am confident of your earnest endeavors also to evolve the soundest possible legislation on reorganization, institutions, commerce, law enforcement, environmental cleanliness and wise use of resources.

Resources mean people, as well as the water and earth and their products. Whether they be the residents of a farm labor camp or racial ghetto or dwellers in affluence, all should stand equal before the law, regardless of age, color or gender.

However, hundreds of thousands of Oregonians have suffered needless dental disease because they were children without fluoride in their water supply.

Women are discriminated against by abortion laws that are callous tools of shame instead of useful social instruments.

Injured workmen receive pitifully inadequate payments during the period of temporary total disability.

Sharply qualified, keenly concerned Oregonians are barred from the voting booth because, at 18, 19 and 20, they are "too young."

And they must be appalled at the striking evidence that Oregon election laws are lacking in other areas as well.

Then there is the other and greater continuing injustice we inflict on other young adults: our men in uniform to whom a confused society says by implication, "Go die in Viet Nam or go to prison--and, in either case, many of your fellow Americans will curse you."

The power of redress of many wrongs reposes in our legislative chambers. There can even be a cheer for those far-away warriors in the form of new and higher standards for veterans farm and home loans.

But whatever action we take--sweeping or compact--the important thing is that it point in the right direction, that it be designed to help us traverse, whole and healthily, the tunnel of the 1970 s.

The daylight at the other end is a long way into the future, but the historic voyagers to the moon dwarfed distance and cowed ancient dogma, giving us earthlings a fresh sense of the worthiness of our planet.

May it ever reign, as Astronaut James A. Lovell, Jr., called it, "A grand oasis in the vastness of space."

There is no more felicitous part of the "grand oasis" than our Oregon. And keeping Oregon a quality part is what being legislators and governor is all about.

So to the work of the session, each of us hopefully determined to avoid overt partisanship.

So to the work of the session, each of us hopefully aware that too often the citizen has heard issues torn to tatters on the basis of who thought of them first--on the basis of who will get the credit and who will get the blame.

So to the work of the session, each of us hopefully realizing that youth, nor resources, nor time are given us in unlimited quantities.

There is just so much of each allotted to us to use as we may. Then the contract is dissolved.

When past generations faced crises, however, they did not live in an age of international simultaneity or an age of the instant replay. They had the lazy afternoon luxury of slowness on their side. They could "wait and see." They could fail in spectacular depth with the dubious comfort of knowing that the "future generations" which their actions had damaged were far enough in the future that a confrontation would never happen.

It's easy to step aside--ignore the call--shirk a duty--take the selfish route--when that day of assessment is comfortably beyond the time of all living men.

Well, we've lost that luxury, too--lost it in the telescoping of time.

We don't live in separate generations anymore, well-insulated from each other by pages and pages of history. There are several generations of us here at once. It is hard to face the questioning stare of one's contemporaries.

Destiny has suddenly become a thing of more and shorter growing seasons. No harvest can be bequeathed. We reap together, for better or for worse, in sickness and in health, so help us God.

Tom McCaig

S T A T E O F O R E G O N

LEGISLATIVE MESSAGE

To the Fifty-Third Biennial Legislature



MARK O. HATFIELD
Governor

Salem, Oregon

January 11, 1965



VICTOR G. ATIYEH

WASHINGTON COUNTY

Mr. President, Mr. Speaker, Members of the Fifty-third Legislative Assembly:

Christmas Week, 1964, will live in Oregon's memory. In that week, we demonstrated anew—for all the world to see—the self-reliance and selflessness that have carried Oregonians successfully through the crises of the past.

We joined hands that week and the two short weeks since in a cooperative effort that has placed us far along the road to recovery from devastation of epic proportions. This response to nature's cataclysm has reminded us again of our progress of the past and of the Greater Progress still to come, if we but find the common need and respond for the benefit of our commonwealth.

When I assumed the office of Governor in 1959, I referred to the political fact-of-life that the executive branch of our state government included three elected Republicans and two Democrats, while the legislative branch was made up of a majority of Democrats. Today, we take note of a Legislative Assembly in which the Rotunda separates different majorities and the executive branch includes three elected Democrats and two Republicans. We are fortunate that Oregon's history and progress have been wrought through the efforts of outstanding public servants from both parties.

In this hour we are again met to respond to the needs of the citizens whom we serve. Our deliberations will naturally be exposed to the glare of public scrutiny. We must be determined to be equal to the task of working harmoniously toward our common goal of further advancement for Oregon. I pledge you my cooperation to that end.

A Blueprint for Action

At the outset, we must agree that Oregon cannot remain economically strong, nor can it advance, through actions which deal only with the needs or frustrations of the moment. We must provide for the next decade and beyond, and not merely for the next day or the next biennium.

The spirit which has characterized our advancement into the dynamic sixties must be undergirded with new initiative and a renewed resolve that our future growth will be even more spectacular. It is within our power to forge a firm foundation for the Greater Progress. History will view the structure which we erect. Let us make certain its architecture is sound.

STATE EXPENDITURES AND REVENUES

The outline of such a constructive program has been presented in the budget to which you were oriented four weeks ago. Since then, nature has unleashed destructive forces, the impact of which is still not fully known. It will be necessary to reappraise the revenue expectations for the next 30 months and the expenditure requirements as well.

Because of the timing of the recent crisis, the process of recasting the budget will necessarily be a cooperative one but I know you will find in the printed budget a sound document on which we may build with confidence.

The budget document deals with a variety of imponderables, including matters yet to be resolved by court action. Despite this, and despite the costs of the December flood, it is my expectation that expenditures for general government purposes can be accomplished with no increase in General Fund taxes.

It is, moreover, appropriate to renew suggestions that we seek reforms in our tax structure, particularly those which would remove inequities.

Tax Reform

Six years ago I endorsed the general outlines of the recommendations presented at the request of my predecessor by a nationally recognized tax expert (John F. Sly). The Sly report has been repeatedly endorsed by legislative committees. The report insisted on at least two fundamental requirements: the broadening of our general revenue base, and the repeal of the inventory tax.

The General Fund now derives more than 60 percent of current revenues from the personal income tax. Some believe our fiscal structure could be improved and the state's revenue base broadened through adoption of a sales tax. I have repeatedly recommended a more equitable alternative: the net receipts tax.

I renew my recommendation that the inventory tax be repealed or that it be phased out over a five- or ten-year period.

I also urge attention to a revision of the capital gains tax to permit increased investment in job-producing business and industry.

Congress has restricted the state's freedom to tax interstate commerce. The prospect of additional federal legislation in this field makes it imperative that we take action to establish equitable ground rules for the taxation of multi-state corporations. I recommend enactment of model legislation to this end which has been commended by the National Conference of Commissioners on Uniform State Laws and the American Bar Association.

Tax Court Jurisdiction

To facilitate disposition of matters coming before it, I recommend that the Oregon Tax Court's jurisdiction be clarified and that this court be given status and authority fully comparable to that of the Circuit Courts.

THE STATE'S ECONOMY

A major component of our present favorable economic situation is the spectacular industrial and commercial growth which has resulted from efforts to improve Oregon's business climate. Almost every month during the past year, new records of employment and per capita income have

been established. Our advancement has become the bellwether of Pacific Coast states, and stands high in nation-wide comparisons. This rate of economic progress is a tribute to the efforts of many individuals and organizations, including the legislative as well as executive branch of state government. We must maintain the momentum and seek the tools of the Greater Progress.

Assistance in Industrial Development

Increasingly high standards of performance are demanded in providing useful information to firms seeking to expand in Oregon. Research, technical aid and guidance, economic development programing to assist local communities, and investment opportunity studies are some of the methods whereby our Department of Commerce can assist. By comparison with our neighboring states, Oregon's small staff has done an outstanding job. This program must be sustained.

Oregon's industrial development program has been marked by many outstanding successes. To insure the Greater Progress in this field, we are developing a program which will afford significant advantages to local development corporations in overcoming financial problems which have been encountered in connection with establishment or expansion of small business firms. This program contemplates no enticements such as those which have been offered in other sections of our nation. Within a short time appropriate legislation will be presented for your approval.

Agriculture

Oregon's Greater Progress demands continuing and increasing attention in the important role which agriculture plays in our economy. A leading factor in this industry in the future, as in the past, is a vigorous, imaginative growth research program. Oregon will more and more become the "bread basket" of the West, and will be called upon to supply the demands of expanding populations here and abroad. Research to increase the productivity of our farms, to assure increased marketing opportunities, and to provide agriculturists with more equitable compensation for their efforts is important to the urban as well as rural community.

Forestry

Our forest products industry is undergoing an almost unprecedented period of diversification. It is meeting the challenge of competition, both from other materials and other sources of supply. Timber tax reforms are proving their validity through increased conservation activities. There is need for further analysis of the apportionment of the costs of protecting valuable watersheds and rangelands from the ravages of fire.

Oil and Gas Exploration

The wisdom of our offshore oil and gas program has been emphasized in recent months. In October, 11 major oil companies bid \$27.8 million for rights to lease federal offshore lands. In December, bonus bids on

only a small portion of state offshore lands netted \$42,600 to the Common School Fund. Rental fees will add \$13,600 annually.

During the next two years, as much as \$30 million is estimated to flow into our economic bloodstream from offshore oil activity, and this amount could double with discovery of oil in commercial quantities.

We are proud of the efforts through which approximately \$12 million has been expended by private explorers to date in Oregon. This has benefited the state at large, and the coastal area in particular.

Highways

Highway transportation is so related to the over-all economy that growth of each is dependent upon the other. Spectacular accomplishments in our Interstate highway program should not obscure the necessity for action toward improvement of our secondary road system. Those who live in communities served primarily by the Interstate system must recognize the desperate need of other areas and for further means whereby the products of our farms and forests, the commerce of Oregon's growing industry, and the increase in recreation-bound travelers may be safely and adequately accommodated.

The Highway Department estimates in excess of \$1.2 billion would be required to improve all non-interstate roads to modern standards, including \$500 million for state highways, \$600 million for county road networks, and \$175 million for city street systems. With an income for these purposes of only \$20 million annually, the task might appear hopeless. However, at least half of the existing deficiencies can be tolerated for a time, since many of these roads carry only nominal amounts of traffic and render reasonably satisfactory service.

I have recommended that a start be made on correction of major highway deficiencies through provision of additional revenue approximating \$118 million during the next three biennia. In your consideration of this proposal, it is important to note that any change in the distribution formulae between the state and subordinate units of government will not result in additional total revenues. The plain facts are that more money is needed at all levels. User fee increases to support this expanded program are in such minimum amounts that the individual vehicle owner will still benefit through costs which are comparatively lower than most other states.

Port Legislation

In 1963 I pointed to the valuable contribution to our economy made by ports, waterways and related transportation facilities. The economic trade mission to Japan provided further insight into the necessity for correlating the development of these facilities. I would remind you that seven of the top ten customers of the Port of Portland alone are in the Far East. I again recommend a comprehensive study of present and potential relationships between these facilities and the Greater Economic Progress of our state.

NATURAL RESOURCES

Our natural resource wealth undergirds the entire economy and contributes to the well-being of each citizen. Oregon's scenic and recreation resources enhance the out-of-doors experience of each resident and visitor. Wise use of these resources and planning for the future must continue as we seek even Greater Progress for our state.

Ultimate Water Needs

Vitally essential to continued development is an assured supply of equitably distributed water for all beneficial purposes. Suggested diversions to meet needs of other states make it imperative that Oregon provide realistic forecasts for the next century. In a world of many choices, we have no choice about water. It is a necessity of the hour and of all the years to come. The budget provides for accelerated studies, and I urge its speedy approval.

We must provide answers to the questions: How much is surplus, and where is such surplus to be found? We must be able to positively identify: lands which need irrigation; requirements for fish, wildlife and recreation; needs of our urban and industrial expansion; for water quality control; and all other beneficial uses.

Our basic water code and the developmental work already accomplished place Oregon far ahead of other Northwest states in establishing basic criteria for the immediate planning task ahead.

Flood Plain Zoning

Oregon now knows the necessity of controls which have long been established in other areas of this nation. Much of the personal suffering and physical loss which occurred during the Christmas, 1964, floods might have been mitigated or avoided had the State Water Resources Board possessed the authority to control the zoning of the flood plains of rivers and reservoir sites.

A responsibility of this magnitude cannot be left to local governments alone. The increasing encroachment of real estate developments, business establishments, agriculture, and transportation, demands that future citizens be protected and future damage curtailed through state implementation of flood plain and reservoir site zoning. Legislation to accomplish this will be submitted again for action.

Water Conservancy District Law

In a revised form to provide for more equitable application, I am resubmitting legislation to overcome some of the deficiencies of limited or single-purpose water districts. It is important that we apply the multiple-purpose water use concept locally as well as state-wide. With effective state coordination, a Water Conservancy District Law can be of great benefit in the use and control of our most important natural resource.

Small Watershed Planning

Accrued savings in operation of projects already constructed afford graphic evidence of the value of the locally-sponsored, federal-cooperative Small Watershed Program. Acceleration of this program through supplemental state planning funds will help assure additional benefits at an earlier date than otherwise possible.

Air and Water Pollution

The carrying out of state policy governing air and water pollution has been handicapped by lack of sufficient funds. A strong state program, adequately financed, is the best assurance that local communities and industry will accept their responsibilities and that there will be no unnecessary and relatively expensive federal intervention.

Outdoor Recreation

Oregon's leadership in development of outdoor recreation opportunities is challenged by ever-increasing demands upon our land and water base, a fixed quantity upon which we must accommodate vastly accelerated future needs.

Recreation programs must be encouraged and expanded at all levels, in accordance with the comprehensive state plan cooperatively developed during this Administration. Particular attention must be given to the potential of federal public lands and state forests. A broadened state outdoor recreation policy will be presented for your approval.

EDUCATION

While our state's economy rests in part on our natural resources, in part on our physical facilities, and in part on our governmental policies, it rests most fundamentally on the skills and capacity of our people. The skills and capacities of our work force depends, in turn, on the adequacy of our educational system.

The ever-increasing complexities of tomorrow's world demand that Oregon's young people receive the best education possible today. Education has been a vital key to our social progress and economic growth. It has also been the bulwark of self-government. Public expenditures for education are, therefore, properly an investment in our future. The budget recommendations reflect this concept.

We have anticipated increased enrollments in community colleges and in the institutions of higher learning. We have provided for increased state support of local schools. We have proposed commencement of a new program of graduate study in the Portland area, and increased funds for loans and scholarships.

Graduate Research Center

Two years ago your support was requested for a broadly based graduate study program in the Portland area that would enlist both public and private support and would be organized so as to qualify for participation in related federal programs. The 1963 legislature, recognizing that

such an institution would be "not a substitute but should be complementary to the fullest development of the State System of Higher Education," directed the State Board of Higher Education to prepare plans for a quality program of graduate education in the arts and sciences. I have included in my budget recommendations an appropriation which would permit the creation of the graduate research center. The program envisioned would place great reliance on non-state sources of revenue and would afford the flexibility of action such as is found in the Medical Research Foundation and its relation with the University of Oregon Medical School.

Community Colleges

The statewide Community College system—established and burgeoning during this Administration—is a desirable means of widening the post-high school educational opportunities for the more than 30,000 high school graduates each year. We must make thorough preparation for our future needs so that we may provide the educational opportunity for each Oregon child that is adequate to his needs, his interests, and his abilities. In doing so, we must take steps to assure that these goals are achieved with efficiency as well as adequacy. Without analysis and planning for our educational needs, we will not gain the Greater Educational Progress we require. Half-way measures have proved inadequate. Therefore, to provide the coordination that is needed, nothing less than a unified department and governing board will serve the purpose.

The Oregon Program

As the result of a Ford Foundation grant, during this biennium, there has been broad experimentation with programs designed to cope with the growth both of knowledge and of student numbers in our elementary and secondary schools. It is essential that we welcome the opportunities to devise and test new methods of coping with these twin challenges.

There is debate about the most effective type of school district organization. We need a pattern for the administration of schools which will bring both local and regional ideas to bear on the solution of educational problems. We need to encourage cooperative efforts among school districts, facilitate the exchange of ideas, encourage local and regional identification and solution of educational problems, and provide for systematic study of curricular and instructional problems and the development and testing of possible solutions.

In this regard, I recommend amendment of current statutes to permit regional mechanisms to assist in these activities, and that the State Department of Education be requested to formulate a plan of continuing action to these ends for presentation to the 1967 Assembly.

SOCIAL CONCERNS

Weaknesses in our social structure frequently are reflected in maladjustments that require our compassionate attention. You have at hand

an interim committee report that focuses on the impact of the increasing versatility of machines in the processes of industry.

Each generation of at least the past two hundred years has seen the labor of man replaced by that of machines at a rate which has seemed to threaten economic disaster. The rate of change in our generation seems to pose a new kind of problem, but we dare not duplicate the error of the past in viewing the machine as an enemy. Although automation is a source of substantial labor-management friction, we must recognize its greater value in raising the standard of living by reducing costs of production. Our challenge consists of sharing the abundance that now is possible.

I suggest that our responsibility consists of two essential and complementary actions. In addition to an adequate educational system, we must provide adequate and realistic opportunities for the training and retraining of those displaced by automation. But, more important, we must provide an economic climate that will encourage the discovery and development of the new markets that are the prerequisite of expanded employment.

With successful programs to these ends, there will still be individual cases of dislocation and hardship for which the state must stand ready to provide the hand up to regained self respect and self-reliance.

War on Poverty

A part of this effort must be our full cooperation with the federal Economic Opportunity programs. Pending enabling legislation by this body, Oregon is in the first group of states receiving grants under the federal legislation adopted in 1964. We need this addition to our over-all effort to achieve fully productive citizenship for each individual.

Oregon's accomplishments in working with the program have been numerous. One of the first job training centers has been established at Tongue Point. Six job camps have been approved with more likely in the immediate future. A proposal for Women's Training Center in Portland has been accepted and a contract is now being negotiated. The possible use of job camp enrollees for conservation and development work on state lands is being explored. Work study programs have been approved for a number of Oregon colleges and universities. A neighborhood youth corps program has been approved for Portland. The Department of Education has received a grant to promote a voluntary assistance program for needy children. The University of Oregon has been notified that it will receive a contract to train VISTA volunteers.

Civil Rights

Although Oregon's statutes relating to the civil rights of our citizens afford more comprehensive protection than that provided by federal law, I know you share my concern for deepening the spirit of brotherhood that transcends differences of race, religion and nationality. Without such a spirit, the legal language loses its meaning and purpose.

While we enforce the law, we must also involve our communities in a substantial effort at self-appraisal and community-education aimed toward the ultimate eradication of discrimination, whatever the form it takes. A number of Mayor's Commissions on Human Rights and voluntary citizens commissions have been established for this purpose. I am urging every major community to consider whether such an organization would not be helpful in dealing with present problems and in planning for action that will preclude the development of others.

We need a cooperative state and local effort, if equal rights and equal opportunity are to be a reality in Oregon.

Consumer Counsel

The State has long regulated commercial activities. The purpose of such regulation has always been to assist the flow of commerce by such devices as regulating the use of scales and establishing minimum standards of sanitation. In recent years, however, the development of deceptive commercial practices has suggested the need for an office in state government whose focus would be on identifying such practices and developing appropriate means for dealing with them. The budget for the Department of Commerce includes funds for a Consumer Counsel.

Workmen's Compensation

An unresolved social concern continues to mitigate against truly harmonious labor-management relations. One-third of Oregon's work force still lacks adequate protection against the losses from industrial accidents. Necessary benefit increases have not been made, even though there has been general agreement on the need for such increases.

Through the disposition of the initiative measure, the public can be considered to have expressed its desire that employers be permitted a choice in providing coverage. This can be accomplished while at the same time providing adequate protection for the workmen. Any action to permit diversification in coverage must carry with it the authority and responsibility for the state to review claims in order to assure uniform protection whatever the source of coverage.

The Industrial Accident Commission has worked with labor and management in developing necessary remedial legislation. I urge your favorable consideration of these joint recommendations.

Public Assistance

In our public assistance programs, major emphasis has been directed in support of four concepts aimed at the replacement of dependence with independence. These have taken the form of job training, case classification, enforcement of support laws and a tight rein on eligibility determinations. Additionally, we have attempted to arrive at an acceptable definition of essential medical services, with the payment of reasonable compensation to medical vendors for such services.

In line with these goals, I have recommended an increased budget for medical care and will present legislation to extend community work

and training programs into state and federal agencies and give employable recipients increased work incentive through allowing them to keep a larger share of their earnings. Such action will foster the Greater Progress in a program which has already demonstrated its relative effectiveness in the face of nationwide trends toward caseload increases.

Medical Assistance to the Aged

There is extensive speculation that Congress may soon adopt a program of medical care for the aged through the Social Security System. In the meantime, Oregon may be justifiably proud of action taken here under the stimulus of Kerr-Mills legislation. Three years ago, some 4,200 Oregonians applied and qualified for such assistance. By the end of the next biennium, it is expected that 19,200 of our citizens will be eligible under the expanded state program. We cannot relax these efforts while the national program is still in the speculative stage.

Council on Aging

Although the average age of our population is falling, the length of the average life is increasing. We are facing a new group of social needs as a result of this lengthened life-span. The role of government in service to our senior citizens is a new challenge to which we still have not found an entirely satisfactory response.

I cannot share in the opinion that there need be no further planning or study in relation to this challenge. It is my earnest recommendation that we continue the existence of the Council on Aging and that we strengthen its capacity to meet its responsibilities constructively.

Juvenile Lawlessness and Crime

As was pointed out in my message in 1963, juvenile lawlessness and crime are increasing continuously and relentlessly. Too many of our youth—with increased mobility, material resources, broken homes—fail to understand their responsibilities and duty to their community and country and, in fact, to themselves. They are well-informed about their privileges and rights and how to make excuses, but know precious little about ideals, obligations, law and order. In order to protect this free society, we need strong, effective law enforcement and court procedures and decisions in juvenile cases as well as adult cases. This calls for strong, effective and realistic laws. A law violator young or old should know that the inevitable consequence of his criminal acts will be identification, arrest and punishment.

Our juvenile code must be strengthened so it reflects the responsibilities of a youthful offender as well as his rights and liberties. The code should reflect a firm, positive attitude in support of the law and order that is fundamental to a free society. We owe this to the vast majority of our fine, responsible young people as much as to the tarnished teenagers whose patterns of misbehavior require our official attention.

Traffic Safety

Our highway dead provide tragic testimony to the need for legislation which I have urged on two previous occasions and again recommend today. Oregon's traffic toll in the last year alone was 576 lives, plus an economic loss of over \$103 million.

It is a sad commentary that nearly 50 per cent of the accidents resulting in fatalities involved alcohol to varying degrees; that excessive speed was also a factor in 35 per cent of such accidents; and that over one-quarter of *all* highway accidents were directly or indirectly caused by mechanical imperfections.

I call for speedy enactment of laws granting implied consent for submission to appropriate tests; for establishment of maximum speed limits in addition to the basic rule; and for compulsory periodic motor vehicle inspections.

I also call for consideration of reflectorized license plates as an additional safety measure.

The State as Employer

As one of Oregon's largest employers, state government itself has great interest in the economic welfare of thousands of workers. It is appropriate that public acknowledgment be made of valued services performed, while recognizing existing inequities in this employer-employee relationship.

Salary Adjustment

Recruiting and retention of able state employes has been difficult during this biennium because of the substantial discrepancy between state pay levels and those of other government and private employers. Recently instituted changes in the pay of classified state employes make it an urgent order of business for this Legislature to correct the inequities of omission. I am confident you will wish to adjust retroactively the salary schedules of other state employes, such as the State Police, academic personnel, and other unclassified employes.

Non-Salary Benefits

While the state has been remiss in meeting competitive salary schedules, it has been even more negligent in keeping pace with non-salary employe benefits.

Legislation authorizing the Civil Service Commission to enter into group insurance contracts is urgently needed. This is the same authority already available to local governments.

The budget includes recommendations for the beginning of a program for state participation in payment of premiums on such insurance. Although the proposed initial contribution is small, it is a beginning. Your concurrence in this recommendation will establish an important principle.

GOVERNMENTAL STRUCTURE

Six years ago, I spoke of the need for a more manageable state government. In 1961 I submitted a specific blueprint for reorganization of the Executive Branch. Only one of the specifics—the creation of a Mental Health Division (and that in a modified form)—was adopted by the Fifty-first Legislative Assembly. The 1963 Legislature created the Department of Commerce, substantially as I had proposed it.

The need for continued effort is clear both with respect to organizational arrangements and the substance of state programs.

Reorganization of State Agencies

While the 1961 guidelines for thorough-going reorganization are available and equally valid today, I would urge your especial attention to the creation of a Department of Public Safety, combining the police, military, civil defense and motor vehicle functions in a single agency. The inter-relationships of these agencies are significant and continuing. Their unification will contribute to increased effectiveness in the performance of their responsibilities.

The creation of the Mental Health Division in 1961 augmented the intensified treatment of mental illness initiated with such dramatic results in 1959. The community Mental Health Clinics which are steadily expanding to permit early diagnosis and treatment in the home rather than in an institutional environment would have been impractical without the organizational change.

A reorganization of similar scope and major program change in the administration of our corrections responsibilities are indicated.

To assist in carrying out rehabilitation, the ultimate goal of Oregon's penal and correctional institutions, I urge your favorable consideration of legislation sponsored by the Board of Control to create a Corrections Division within that agency. This new division will be responsible for over-all administration and direction of the total corrections program within the state, including the parole and probation activity, much in the same manner as the Board's Mental Health Division now successfully directs the mental health programs.

Additionally, the Board of Control has proposed a new system of work release within the proposed Corrections Division, whereby qualified inmates would be permitted to obtain private employment privileges while serving their sentences. Properly constituted, such a program can be of great value both in reducing welfare and other costs and in providing assistance toward ultimate self-sufficiency without prejudicing opportunities for others in the labor market.

You have before you a number of worthwhile suggestions relative to the state's important fish and game resources. One proposes the combining of our two present agencies, a recommendation I have previously made. We can no longer afford the luxury of divided and duplicating responsibilities in this field, and the public has grown weary of the con-

tinuing conflict between supporters of the Game Commission and Fish Commission. A combined fish and game department is a must.

In still another respect, we need to be taking the steps that will prepare us for the organizational needs of the future. The data processing revolution in which we are already engaged poses a special challenge. It is already affecting working relationships between agencies and between governments and we have not yet begun to tap the full capacity of equipment already available. Your support of an intensified and long-range approach will permit Oregon to achieve the benefits implicit in these technical developments and help assure that our continuing reorganization is in keeping with the best of the options the future will hold for us.

Constitutional Revision

In 1960 Oregon citizens favored an amendment authorizing Legislative submission of broad Constitutional revisions. The 1961 Constitutional Revision Commission produced a notable document which was subjected to extensive hearings by the Fifty-second Legislative Assembly. While this action did not result in the hoped-for referral, it does provide a basis for further consideration and completion of an essential project.

One of the needed changes is amendment of the constitutional provision for a temporary Governor during the absence from the state of the elected Chief Executive. It has been indicated previously that there is no reason for such an anachronism in this era of almost instantaneous communication and rapid transportation. I also urge again referral to the people of a constitutional amendment to designate the Secretary of State, an official who like the Governor is chosen by statewide election, as the next in line of succession.

So that it may be placed beyond the context of personality or incumbency, I recommend that this proposal be placed on the ballot in 1966 with an effective date of January, 1969.

It should be a matter of note that the wisdom of our statutory provisions relating to succession in cases of the incapacity of a governor have been applauded by other states and students of government.

Congressional Reapportionment

Although the apportionment of seats in this Assembly is in nearly precise accord with provisions of recent Supreme Court decisions, the apportionment of our representation in Congress is far from this standard. I would urge your action to reduce the imbalance that now exists. It is to be preferred that this be your action than to face the possibility of judicial action that might place all candidates for the national House of Representatives on a statewide ballot.

Political Party Organization

In the year just closed there was considerable discussion of the election process and of organization of our major political parties. One of the issues is the length of our political campaigns. When the primary

election is in May and the general election in November—as you well know—the campaign is arduous and exhausting both physically and financially. I suggest that, except for the Presidential preference primary and the election of delegates to the national party conventions, our primary elections be held in mid-September rather than in May. With present means of transportation and communication, the shorter campaign should bring the issues into sharper focus.

You will also wish to clarify the statute relating to the selection of alternate delegates to the national party conventions.

Crisis in Local Government

Increasingly, Oregon is becoming an urban state. Increasingly, too, we are finding that governmental entities which served us well in days of yore are almost irrelevant in these days of the urban sprawl.

In 1963, the Legislative Assembly established a Metropolitan Study Commission for the Portland area and authorized such commissions for the Salem and Eugene areas. These were clear affirmations of legislative concern about the adequacy of the means of local government.

The pressures for the services of our multiple layers of local government have resulted in property tax loads that concern all of us. We hear the call for palliatives of many kinds—for a greater share of the state gasoline tax, of liquor revenues, of a cigarette tax, or for specific added powers for one layer of government or another, and even for added units of local government.

I suggest to you that because we have too many local governments we do not have enough local government. Within 50 miles of this Capitol there are seven county seats, dozens of cities and school districts, and literally hundreds of special-purpose districts. Each of these has limited resources and a geographical and legal jurisdiction that is not fully matched with the basic need for local government. The artificial and often arbitrary boundaries contribute to a lack of needed coordination in treatment of common problems—as in zoning and law enforcement and fiscal planning.

In a few places there are the beginnings of an effort at finding the path toward Greater Progress in local government. Here in the mid-Willamette Valley, in the Eugene-Springfield area, and elsewhere the need is clearly felt.

If there is to be the possibility of preventing the further erosion of local responsibility for local government it must begin here with the steps that will result in the reduction of the number of counties, the consolidation of city and county government where this is appropriate, the simplification of the pattern of special districts, and the expansion of the taxing authority of the local governments so they may be equal to the needs of this day.

This is no simple prescription. This is a call to a fundamental revision of the whole fabric of local government. It cannot be done at this legislative session but you can set the wheels in motion that will bring

us to a program of action leading to local governments equal to the challenge of our time.

THE THINGS OF THE SPIRIT

While this message has focused on many of the material needs of the people of Oregon and on the administrative requirements of the government, it is essential that we maintain a concern for the things of the spirit. Our cultural heritage, the preservation of the ethical and moral standards to which we owe more than lip service, the encouragement of the creative and performing arts, the simple acts that beautify our homes and our communities—these, too, are essential to the Greater Progress of Oregon.

Oregon's natural beauty is a powerful incentive to those planning a vacation or seeking to establish or expand business enterprises. It is a source of spiritual sustenance and contributes to the well-being of all our citizens. Each has a right to expect state leadership in the conservation and protection of this heritage, and to insist that man's activities in both rural and urban areas do not detract from or deface it.

I do not propose a State Theatre or a Beautification Commission, or even an Official Custodian for our morals. Rather, I suggest that while we tend to the affairs of this government we join with all of the people of this state in renewed support of those endeavors that strengthen the spirit and enhance the beauty of Oregon.

May we resolve that our undertakings will serve us well for tomorrow and for the tomorrows beyond tomorrow. Let us seek the wisdom and guidance of Him in Whose sight we would be worthy of the stewardship we hold. Then we may have confidence that our actions have achieved the Greater Progress that must be our goal.

A Biennial Report of the Executive Department 1963-1964

(SOME NOTES ON STEWARDSHIP)

To Members of the Fifty-third Legislative Assembly:

On two previous occasions, as part of the Legislative Message document, I have made available a brief report of Executive Branch agency accomplishments. The following is in no sense a detailed accounting, and additional information may be found in biennial reports of the agencies concerned.

Because of printing deadlines most of the following was prepared prior to the Christmas, 1964, flood disaster.

GENERAL

Appointments

With recently announced appointments, I have during the past six years named 100 individuals to judiciary and district attorney positions, including 26 Circuit Court judges, one Supreme Court Justice, two Tax Court judges, 14 district judges, six county judges, 34 justices of the peace and 17 district attorneys. Twenty-three such appointments have occurred during the past two years.

Additionally, during 1963 and 1964, more than 300 individuals were appointed to other positions of trust in state government.

Coordination and Reorganization

Creation of the Department of Commerce by the 1963 Legislature was a forward step toward a more manageable and responsive state government. The efficacy of this new arrangement is seen in the relative ease with which the public can now conduct its business with a group of inter-related entities. Plans for centralization of necessary unit services, common utilization of specialized office equipment, plus establishment of a Consumer Counsel division within the Department will further public convenience and provide for the greatest possible return on expenditures.

The broad blueprint for reorganization of the Executive Branch which I submitted to the 1961 Legislature retains its validity today. Pending resolution of the myriad problems inherent in our present structure, I have continued the practice of monthly meetings with the heads of state executive departments.

Capital Construction

The Capital Construction document outlines projects of this biennium. Further comment is in order.

Higher education facilities completed include the William Jasper Kerr Library and Radiation Center

at Oregon State University and the Oceanography Building on the same campus; Prince Lucien Campbell Hall, housing the departments of English, History and Sociology at the University of Oregon; a classroom building at Oregon College of Education, to replace a part of Campbell Hall destroyed by the October 12, 1962 windstorm; and a new campus for Oregon Technical Institute.

New Board of Control facilities have provided improved services for those in state care. These include: Steel Cottage at Oregon Fairview Home; May Building at Columbia Park State Home; the new Women's Prison unit at Oregon State Penitentiary; two additional cottages at MacLaren School for Boys; cell and dormitory units at the Correctional Institution; and multi-purpose buildings at the School for the Deaf and Dammasch State Hospital.

The second of four new armories in the Portland metropolitan area was placed under contract. Completion in 1966 will allow the National Guard to vacate a number of temporary buildings at Portland International Airport, with a reduction in departmental operating costs.

Contracts were recently awarded for construction of the first unit of a natural resource complex on the Capitol Mall, this to house the Department of Agriculture.

Total capital construction completed, contracted or planned during the 1963-65 biennium involves expenditures of approximately \$46 million in state and other funds, including some \$12 million in self-liquidating Higher Education bonds.

TRANSPORTATION AND PUBLIC SAFETY

Highways

During fiscal 1963 and 1964, the State Highway Department awarded a record number of contracts, totaling over \$142 million. Oregon's interstate freeway program is on schedule, and Federal-aid apportionments are being used as rapidly as they become available. We presently lead the nation in miles of interstate highway completed and adequate for present traffic.

Four hundred twenty-five miles of the Interstate highways have been completed at the end of 1964. Additionally, much work has been performed on non-interstate highways. During 1963 and 1964, the Department graded 217 miles and paved 350 miles and completed 83 structures on these highways.

The Highway Department is also engaged in a

program of general improvement of highway conditions, the main objective being increased safety. One such program includes an exhaustive study of all highway sections in the state to determine the most accident-prone areas.

An extensive betterment program designed to improve the condition of the State's older highways has been carried out, including widening 675 miles of highway shoulders, paving 250 miles of highway shoulders, construction of 1,025 mailbox and other turnouts, improvement of 290 hazardous road approaches, improvement of 260 sharp curves, and the cutting of brush on 300 miles of highway to improve sight distance. The Department has widened and modernized 61 obsolete and narrow highway bridges.

Oregon's economy continued to benefit greatly from tourism. New income records were set in each of the past two years in the amount of revenue provided by out-of-state visitors. This income in 1963 was estimated at \$220 million. In 1964, it increased to \$244 million.

Motor Vehicles

Streamlining of manual production systems through utilization of work simplification and management improvement programs has enabled the Motor Vehicle Department to cope with an increasing volume of activity. 1963 figures show an increase of 6.1 per cent in motor vehicle registrations and a 12.3 per cent increase in the number of new driver licenses issued. Fuels tax collections have increased by 8.7 per cent.

Improved procedures have brought an estimated saving in excess of \$60,000. In accident prevention, emphasis has been directed toward greater assistance to community officials and citizens in establishing and improving traffic safety programs.

Major accomplishments have also included: reissuance of new passenger car license plates to extend over a five-year period at a saving of \$200,000 compared with a one-year reissue; establishment of community traffic safety improvement schools; and adoption of brake fluid and seat belt standards.

Oregon's driver licensing program again received an award as one of the three top-ranked programs in the nation. The Department also was recognized for outstanding management improvement program for state agencies.

National Guard

Management improvement continues to be a principal objective of the Military Department, and a savings of \$7,000 has been realized during the current biennium. As a means of promoting further savings, three studies are currently under way involving administrative procedures in facilities utilization. Due to Federal participation in these programs, results are

not expected to materialize until late 1966 or early 1967.

The new proposal concerning military support for civil authorities in the event of a nuclear attack on this country would place all military forces committed to this mission under the command of the Adjutant General of the State of Oregon. This plan would give needed command channels for a recovery mission utilizing military forces. Army National Guard troops were again utilized in the support of the Oregon State Police during the Labor Day week-end disturbances at Seaside, Oregon, and performed valiantly during the December floods.

Emergency Command Post

To protect life and property and provide for emergency public safety and health measures, I established an emergency command post in the basement of the Capitol early in the biennium. This center provides facilities for state government in times of natural or man-caused disaster, and was operated on a 24-hour basis during the six-day 1964 Christmas flood. Prior to that time it was utilized on several occasions for training purposes following practice emergency alerts.

The command post includes operational communications with two-way radio facilities for the State Police, Highway Department, Forestry Department, State Fire Marshal, Military Department and the Board of Aeronautics. Also included are radios on various amateur frequencies for use of Civil Defense.

Teletype and telephone services, complete with a full state emergency switchboard, are also available. Three rooms are provided with auxiliary power.

In the absence of this center with its trained personnel furnished by the several operating departments, it would have been virtually impossible to cope with the needs for state action which arose during the flood.

Civil Defense

With a staff reduced to three by the last Legislature, the Civil Defense Agency performed well during the biennium and the flood crisis. In the absence of the central command post, however, it would have been relatively impotent. The command center should not be viewed as a substitute for Civil Defense.

That Agency must be properly funded and staffed to permit the carrying out of its assigned role.

During the biennium further progress has been made in marking and stocking of public fallout shelters. Shelter spaces have been located for approximately 1,154,000 people.

Oregon Nuclear Emergency Organization

The Christmas floods also made more familiar the relief role of the federal Office of Emergency Planning. OEP has another and more sobering responsibility,

that of coordinating federal-state activities in the event of nuclear attack.

In response to a federal request, I took action in August of 1963 to create in Oregon a state organization which would mobilize all resources following an atomic explosion, including those relating to health, food, water, construction, housing, transportation, communications, fuels, refugee control, manpower and over-all production. Under the direction of the Public Utility Commissioner, the plans of 11 work groups of the Oregon Nuclear Emergency Organization are nearing completion.

ONEO was not activated during the floods, but many of its people were of assistance. I pray that their services will never be needed in war, but as long as America is a leader of nations, we must live with the possibility that some day an attack may come. Oregon will be prepared.

Fire Marshal

A program to standardize hose couplings used by public fire protection agencies is nearly completed. An improved plan-examining service to promote uniformity and coordination of state and local regulations governing construction, use and occupancy of buildings has been initiated.

A streamlining of inspection procedures has provided economies of operation; and more detailed investigation, reporting and classification of fire causes and contributing factors has been initiated to provide a better basis for fire prevention and protection programs.

Tax Commission

With the massive state-wide property reappraisal program virtually completed, the State Tax Commission is encouraging a vigorous maintenance program and additional assessment improvements. Area offices have been established to better assist local assessors. Local budget practices are being modernized and standardized through provisions of the new Local Budget Law.

In carrying out requirements of the 1963 monthly withholding law, the Commission is maintaining separate collection records. In a few years, when an adequate historical base is built up, these receipts will produce a quickly available measure of Oregon's economic activity.

Numerous comparative tax cost studies made at the request of industrial prospects showed the Oregon tax structure to be highly competitive when compared to the tax systems of neighboring states.

In terms of both unit costs and production, the Tax Commission is achieving favorable results from using part-time student help in off-hours at the height of the return filing period. This work is also beneficial to students involved as it gives them experience and

an opportunity to accumulate funds for helping pay for their educational expenses. By acquiring mechanical file equipment, the agency is handling an increasing volume of correspondence with fewer employees. Despite operating on a reduced budget for a part of the year, the Commission's audit program was able to generate an additional \$4.5 millions of revenue in 1963.

Liquor Control

Sales to minors continue to be the primary problem of enforcement, even though the identification card has been useful. Local enforcement agencies are giving good cooperation to combat this problem.

Management improvements have resulted in considerable savings and more efficient business practices. Stores and agencies have been relocated to meet shifts in population and during the past year two outlets have been discontinued.

Veterans' Affairs

The Department of Veterans' Affairs took over administration of the Boardman Space Age Industrial Park, under terms of a 77-year lease signed with the Boeing Company of Seattle on December 13, 1963.

As directed by the 1963 Legislature, the Department transferred \$5½ million of its farm and home loan earnings to the General Fund. This in effect discharged an obligation of veterans to the State for tax funds provided in the late 1940's to establish the farm and home loan program.

In the past two years, more than 7,300 veterans borrowed in excess of \$80 million to acquire their own homes and farms. Since the loan program started in 1945, veterans have borrowed \$416 million and have repaid \$254 million. The record of veterans' delinquent accounts continues at the low rate of less than 100 out of more than 29,000 loans outstanding. Of 48,700 loans to Oregon veterans, only 330 have been foreclosed. This is less than one foreclosure for every 1,000 loans.

Racing

Pari-mutuel wagering at Oregon race meets has continued to increase. In dollars the increase during 1963-1964 amounted to \$8 million. State revenues from racing rose from \$2.9 million to over \$3.4 million for this two-year period.

Security controls and other safeguards in effect at the various race tracks have encouraged greater public confidence.

PUBLIC HEALTH

Mental Retardation

Oregon has pioneered in the detection of phenylketonuria and thus has helped point the way toward

elimination of mental retardation due to this condition. A colored movie was produced by the Board of Health which has won acclaim throughout the world as the finest educational movie yet produced on this subject.

Mental Health

Since establishment of the Mental Health Division in the Board of Control, significant strides have been taken toward development of community-oriented psychiatric programs and in the reduction of mental hospital populations.

State institutions have achieved improved coordination. For the first time, long-term chronic patients in such institutions are being exposed to effective rehabilitation programs. The decline of inpatient mental hospital populations has resulted in an 18 per cent reduction, in contrast to a national average reduction in this area of only 2.1 per cent. Oregon's present bed occupancy rate in mental hospitals is 1.64 per 100,000, one of the lowest in the nation.

Similar advancements are evident at Oregon Fairview Home, where a new outpatient department and pre-commitment screening have been established.

Chronic Diseases

The Lane County "Stroke Rehabilitation" project completed its 3-year demonstration phase and has now been set up as an expanded community program to assist with all kinds of rehabilitation activities in the Eugene area. The project was a good example of state and local cooperation.

A program for training lay volunteers to work in care facilities and homes for the aged and handicapped was initiated, and groups were organized in a number of communities. These volunteers do not replace staff members but supplement their work and bring to the handicapped residents contacts with the outside community.

Migrant Labor

A migrant health project for intensive services in sanitation and health services in three counties produced these results:

Project sanitarians made 1,245 camp inspections; corrected 1,266 defects in 146 labor camps with a population of 8,000 workers.

Public Health Nurses screened 6,000 workers and their families. Eight hundred of these were referred for medical care.

Driver Safety

In a continuing effort to promote safety on our highways by eliminating drivers whose driving ability may be impaired by physical or mental conditions,

the medical reports of 3,381 drivers have been screened and evaluated at the request of the Department of Motor Vehicles. About 10 per cent of those cases reviewed have been restricted to some degree by the Department of Motor Vehicles.

Tuberculosis

Since January 1, 1963, Tuberculosis Control activities have continued in high gear. 782 new active cases of tuberculosis have been registered. Although 90 persons died of tuberculosis in Oregon during this same period, this was less than half the number dying in the corresponding 23 month period in 1953-1954.

Hospital Planning and Construction

A new federal law was passed to replace the Hill-Burton Act which expired on June 30, 1964. During 1963-64, hospital projects in seven communities have received grants totaling \$3,376,915 to assist in an estimated \$10,160,249 worth of hospital and other health-care facilities construction. In addition to services, modernization and remodeling, 312 hospital beds are being added.

Nursing home grants totaled \$548,000, to be applied to \$1,729,329 worth of construction, including 150 additional beds. Projects are under way in four different communities. A diagnostic and treatment center project received an \$80,000 grant toward a \$240,000 addition to a large general hospital. Altogether, the Hill-Burton program has provided \$4,270,817 to assist in projects approximating \$12,927,284.

Medical Investigation

The office of the Chief Medical Investigator conducted extensive training programs for those involved in medical investigation. A state-wide Medical-Legal Workshop held May 2, 1964 at the University of Oregon Medical School was attended by some 120 doctors, lawyers, and police officers.

SOCIAL SERVICES

Public Welfare

The program of job training for able-bodied but unskilled recipients has more than paid for itself as families return to self-support. The work program has been broadened to include on-the-job training in a variety of public agencies for men and women.

Case classification is now the practice in the 11 counties that account for nearly three-fourths of the state's welfare caseload. In all counties, Oregon now qualifies for extra federal funds on the basis of rehabilitative services provided for those who need them.

Two new units are helping assure that public assistance goes only to those who are genuinely in need and eligible under the law. The Case Review Unit carries

on a continuous "quality control" sampling of cases to make sure eligibility has been correctly determined. A unit of experienced investigators looks into cases where fraud is suspected.

Medical Assistance for the Aged, expanded to include chronic nursing home care and with simplified administration, now aids a growing number of the state's elderly citizens.

Management improvements have resulted in significant savings of state funds.

Parole and Probation

During 1963-64, the number of Oregon cases under parole supervision increased from 2,848 to 3,251. Correspondingly, services to the courts increased tremendously. Approximately 52 per cent of the persons originally convicted of felonies were granted probation.

The Board of Parole has continued weekly meetings and has granted paroles to individuals who would profit by parole supervision. Crime has been increasing over the country at a rate that has brought continuing pressure on the department and its staff to meet the increasing needs. However, the quality of the Board's work is reflected in the fact that revocations of parole have been held at a reasonable level.

Penal and Correctional Institutions

As of November 30, 1964, inmate population at Oregon State Penitentiary and the Correctional Institution totaled 2,050. The completion of two new units at the latter now under way will add 181 beds. However, the growth rate indicates a substantial number of additional cells will be needed during 1965-67. The Women's Prison Unit opened in December provides modern facilities for housing 76 female inmates.

Treatment staff personnel have worked closely with the Portland Council of Churches in establishing a privately endowed Halfway House. The ultimate goal is a similar facility in major cities throughout the state.

Through the cooperation of the Division of Continuing Education, nearly one-half the inmates at Oregon State Penitentiary are engaged in academic studies. During the past two years, 77 received elementary education certificates, 161 were certified as high school graduates, and 330 completed college courses.

The Oregon State Correctional Institution, with a capacity of 279, has had a population continuously in excess of 370, requiring that some inmates be housed in corridors. Despite crowded conditions, an effective program has been carried on, including that of education. During the past two years, 380 certificates of high school completion have been issued.

Nearly 1,000 boys are now under the supervision of MacLaren School, with over 450 in the campus and camps program, the remainder either under parole

supervision or in supervised foster homes. In addition to work camps at Necarney and Tillamook, a new facility has been established near Florence. The vocational program at Hillcrest School for Girls has been strengthened through establishment of a Beauty School, in cooperation with the State Board of Cosmetology.

Oregon became one of the first states in the nation to establish an Industrial Accident Insurance program for penal inmates, financing this worker benefit plan through earnings from prison industries.

EDUCATION

With the growth of education at all levels, it is increasingly important that effective coordination be vigorously pursued. The Educational Coordinating Council, comprising representatives of the public, higher education, community colleges, independent colleges and the business community, has been given the responsibility for seeking coordination and planning for the future.

Higher Education

In 1964, Oregon's higher education system became the first in the nation to undertake an analysis of its total management information requirements. The first phase of the study, now almost complete, will identify areas where use of data processing equipment will be most effective, and provide guidelines for immediate and long-range development of educational data processing systems. An early area of interest will be class scheduling and space utilization.

A system of curricular allocations has been developed to decrease or prevent expenditures resulting from unnecessary and undesirable duplication of major institutional function; to improve the quality of specialized programs of study; and to prevent unnecessary and undesirable proliferation of courses, services, and programs.

Master campus plans were completed and adopted for Southern Oregon College, University of Oregon, Portland State College, Oregon Technical Institute, and Oregon State University.

The Chancellor's Office has been reorganized to augment its ability to provide modern management resources and services, on a centralized basis, for institutions of the Higher Education System. The Teaching Research Division was made a part of this office.

Gifts and grants to higher education during the biennium will total more than \$32,720,000. This money contributes both to the instructional programs of the institutions and the economic welfare of the state.

The past several months have seen two significant dedications: the Oregon State University Marine Science Laboratory and research vessel Yaquina, and

the new Oregon Technical Institute campus at Klamath Falls.

Construction has begun on a \$2,000,000 U. S. Public Health Service Pacific Northwest Water Laboratory on the Oregon State University campus. The laboratory will have a staff of 150 scientists and will further amplify Oregon's reputation as one of the nation's leading water resources research centers.

A five-year grant of \$2,500,000 to the University of Oregon, the largest single grant in the institution's history, will establish a Center for the Advanced Study of Educational Administration on the Eugene campus.

ASTOUNDING new techniques in reaming out arteries to save limbs that otherwise would have to be amputated and successful multiple heart valve implantations are among the milestones achieved by the University of Oregon Medical School in the clinical care of patients. A new \$500,000 Cardiovascular Research Laboratory, made possible by a grant from the U. S. Public Health Service, provides added testament of the national stature of the Medical School.

Student enrollment in State System of Higher Education institutions as of November 12, 1964, was 36,350.

Department of Education

Major activities of the biennium included improved teacher education programs through examinations by interdepartmental committees, reorganization of liberal arts and professional phases, and the acceptance by many school districts of responsibility for such teacher preparation. Teacher intern programs were established in nine colleges. Citizen assistance was intensified with the appointment of committees to advise on financial procedures and in the operation of small schools. Minimum school standards were revised.

Two community college districts were formed, in Douglas and Lane counties, and new campuses opened at Central Oregon College, Bend, and Southwestern Oregon College, North Bend. Enrollment increases of 43 per cent in the community college system encouraged passage of a \$5 million bond issue to help provide capital facilities.

Classes for mentally retarded children at Dammasch and Eastern Oregon State Hospitals were established. The department organized and participated in conferences and workshops involving more than 3,000 teachers and administrators throughout the state.

School for the Blind

A special federal grant was received to augment activities of the State School for the Blind in providing special emphasis on the return of handicapped children to regular classrooms. A move in the direction of year-around programing has been undertaken in

cooperation with the Oregon State Elks Association, the Lions Auxiliary, Western Michigan University and other public and private groups.

School for the Deaf

Action has been taken to add grades 11 and 12 at the School for the Deaf, and the class graduating this Spring will be the first to receive full high school instruction at this institution. In cooperation with Oregon College of Education, a training program for counselors has been established.

The vocational training program has been substantially strengthened by additional supervisors.

The number of students has increased at a significant rate, and means are being explored whereby additional student population may be accommodated, either through expansion of campus facilities or the development of additional services.

State Library

Federal assistance to public libraries was substantially increased during 1964. As a result, a three-year Eastern Oregon library demonstration was completed with the establishment of new county library systems in Baker and Wallowa counties.

The State Library will administer grants for library construction, and the first such project in the United States was started in Corvallis last September.

THE STATE'S ECONOMY

General

The Oregon economy is operating at a high level. Two of the very best measures of economic activity and strength are employment and income.

Oregon personal income totaled \$4,935 million in 1964 (preliminary McGraw-Hill estimates), up 8.1 per cent from 1963, compared to a 5.5 per cent for the U. S. Oregon ranked fifth highest among the states in the year-to-year percentage gain in personal income. Employment is running at a record level.

Employment in Oregon has been higher every month in 1964 than for the corresponding months of the past. In November, employment totaled 723,700, up 16,900 from November, 1963.

The seasonally-adjusted non-agricultural wage and salary workers index reached 119.0 in November 1964—an all-time high. This represents a gain of nearly 92,000 non-manufacturing jobs over the employment level of the 1957-1959 base period.

Manufacturing employment has averaged 2.9 per cent higher during the first 11 months of 1964 than in the corresponding period of 1963. Lumber and wood products, with particular strength showing in plywood, had the largest absolute employment gain, 2,500 or 3.6 per cent. The combined metal-working

group, composed of primary and fabricated metals, machinery and transportation equipment, which employed 22,500 in November, 1964, had the largest percentage gain—9.3 per cent.

Most of the additional jobs developed in the non-manufacturing industries. Continuing on a monthly average basis, employment in services increased 3,700, government 3,400 (mostly in state and local education), and retail trade 2,000 for the first 11 months of 1964 compared to 1963.

Cash farm receipts for Oregon are up 4.7 per cent for the first nine months of 1964 compared to the same period of 1963.

On a seasonally-adjusted basis Oregon's unemployment rates have consistently been below those of the U. S. in 1964.

Many feel Oregon could stand a bigger share of federal defense and aero-space spending. Indeed, such expenditures have been responsible for major growth in some other parts of the U. S. However, Oregon has been outperforming the national economy without benefit of significant federal spending in these areas.

A long-time goal in Oregon's economic development, greater diversification of industry, has been achieved, even within the state's job-producing giant—forest products.

An accelerated rate of industrial expansion has contributed substantially to the high level of economic activity in Oregon during the past two years. In this period, a total of 240 new plants and plant expansions, involving an investment of some \$225 million, has been reported. This growth has included facilities for service industries, food products, primary metals and metal-working, electronics, chemicals, and a wide range of investments in new woods products and agricultural products processing.

Trade Mission to Japan

In November of 1964 I led a trade mission to Japan, Taiwan and Hong Kong. The party of 35 included various industrial, business and financial leaders of the state. The importance of trade with Japan is emphasized when we recognize that our exports to that nation in 1963 amounted to \$125 million. The mission unquestionably strengthened ties with various Japanese organizations and can be expected to enhance our trade and governmental relations.

Department of Employment

Twice during the biennium the rate of unemployment tax was reduced for a great majority of employers covered by the Department of Employment law. The first reduction was on January 1, 1964, when the minimum was reduced to 1.8 per cent from 2.7 per cent; the second occurred January 1, 1965, when the minimum rating was further reduced to 1.2 per cent.

The Department of Employment continued to take on added responsibilities in the field of training and referral to opportunities under both the Manpower Development and Training Act of 1962 and the Economic Opportunities Act of 1964. Its responsibilities under the former in the selection of trainees to date totaled some 690 persons trained; 414 employed upon completion of training with the continued program for 1964-65 referring 2,726 persons for training in 28 training courses about the state. The State Department of Education is responsible for training the persons selected by the Department of Employment.

The Department's new responsibilities under the EOA of 1964, are especially spelled out in the field of disadvantaged youth. A new Youth Opportunity Center in Portland has been established to offer services to all youth, but particularly disadvantaged youth. The new center will refer youths to jobs, to training centers, to the Job Corps camps and Neighborhood Service Corps jobs depending upon need and abilities.

Corporations

Oregon experienced a 13.6 per cent increase in the rate of new incorporations over the previous year. This rate of increase exceeded that of Washington, California and the United States as a whole. Presently there are 27,539 active corporations of record.

Assets of state-chartered savings and loan associations increased \$75,000,000; mortgage loans increased \$70,000,000; and savings, \$65,000,000.

The Assumed Business Name section, established by the 1963 Legislature, has processed 29,300 assumed business names since July 1, 1964. Over 2,000 conflicts have been noted and corrected because of this central register over the old system of separate registration by county.

Banking

Three new state banks and seven new branches were chartered over the state, with the majority located east of the Cascade Range. Also 19 new consumer finance offices were licensed; two industrial loan offices; and six new pawnbrokers.

Total assets of state-chartered banks are up by \$75,363,000, or 18.3 per cent, between December 31, 1962 and October 1, 1964.

Insurance

There has been an over-all increase of nine insurance companies licensed to engage in business in Oregon. Of these nine, four were domestic companies.

Legislation has been drafted to bring further protection to the insurance-buying public by upgrading licensing requirements for insurance agents.

Planning and Development

An expanded program of developmental planning, research and promotion was conducted during the last biennium, which included completion of a series of ten reports as a part of a state-wide development study and completion of regional development studies for the Northeast Oregon and Mid-Columbia areas. A major Willamette Basin study, involving some forty state and federal agencies, was started.

Promotional activities included distribution of some 25,000 pieces of literature and an increase in the circulation of the monthly publication, "Grow", to 7,500, all by request; emphasis on out-of-state showings of the motion picture, "Oregon Today", a promotional folder on community development corporations; and a number of specialized presentations, promotional meetings and conferences, both within and out of the state.

Real Estate

Under provisions of the Subdivision Control Law, over 765 subdivisions have filed, including out-of-state subdivisions in California, New Mexico, Arizona and Texas.

A television series on Public Education in Real Estate was programed through KOAC-TV and programs were presented on several radio stations.

Industrial Accident Commission

The State Industrial Accident Commission continued a trend of increased service to the public, with greater efficiency within the agency. Payrolls, employer contributions and workmen's contributions are increasing, while the Commission's claim costs in all categories continue substantially lower.

A new planning and research division program resulted in a total savings of approximately \$260,000.

SIAC provided employers with two workmen's compensation insurance rate reductions—a 7 per cent decrease July 1, 1964, and a 4.3 decrease January 1, 1965. Combined, the two reductions will mean an annual savings of \$3,880,000 to employers in Oregon. The continuing downward trend of claim costs, plus further increased yields from SIAC investments should allow consideration of further reductions effective July 1, 1965, or lower rates than otherwise required, if benefit increases are allowed for workmen.

Over-all effectiveness of the safety program is graphically illustrated by the reduction of fatal injuries. For the first time in the history of the Accident Prevention Department, the number of fatalities for the fiscal year was below 100, the figure of 97 representing 17 fewer deaths than the previous year.

The use of a new wide-area telephone service has speeded the authorization for surgery and the obtaining

of claims information, resulting in the all-time record of 9.2 days for processing claims.

NATURAL RESOURCES

Parks and Recreation

During the past biennium, the State Parks and Recreation Division of the Highway Department continued to acquire and develop new areas and expand existing facilities to meet the needs of park visitors. Attendance at state parks in 1963 maintained the upward trend it has experienced in the past 10 years. Day visitors reached an all-time high of 13,014,668, nearly 1,500,000 over 1962, while 877,658 campers utilized the 43 parks which offer overnight camping facilities. In 1964, a total of 14,400,000 day-use visitors were recorded, and overnight campers totaled one million.

The Oregon Non-Urban Parks and Recreation Study, published in June, 1962, recommended the acquisition of 15 new areas and additions to 22 existing parks. Following these recommendations, 2,746 acres were added during this biennium to 26 existing parks throughout the state, and six new areas totaling 131 acres were added to the system. Oregon now has 190 state parks and waysides totaling 66,143 acres.

New parks opened to the public include Tugman, Boardman, Illinois River, Valley of the Rogue, Fort Rock, Prineville Reservoir, Carl G. Washburne, Ellmaker, Bullards Beach, and Nehalem Bay. 280 campsites were added, making a total of 2,946 at 43 state parks. In order to better serve Oregon's growing number of recreational boaters, launching ramps with parking areas and sanitary facilities were constructed at eight parks throughout the state. In addition, a large number of improvements were made throughout the system, including increased parking space, hiking trails, water-ski traffic pattern signs, boat docks, picnic tables, etc.

In cooperation with the Travel Information Division, the Oregon Public Parks Guide was revised to show the major state, federal, and local recreation areas throughout the state. Brochures and information handouts have also been developed for many of the major parks, providing information on facilities and activities available in and near the park.

A park information program was instituted at 14 parks during the 1964 summer season, and proved to be extremely popular with park visitors. Included in the program were evening slide shows and talks at outdoor theatres, placement of over 1,000 plant identification markers along nature trails, information booths, etc.

The State Recreation Director continued to provide assistance to counties, communities, districts, and agencies on problems dealing with the development and

use of local recreation facilities, activities, and programs.

A study of the role of city, county, and private organizations in Oregon's recreational picture was initiated. This report will also update the 1962 Oregon Non-Urban Parks and Recreation Study.

Additional research was initiated by the Planning Section in the form of a Visitor Use Survey. This study will provide information on origin, length of stay, likes and dislikes, and monetary expenditures of park visitors. Results of the survey will enable the Parks Division to better provide the facilities and activities most desired by park users.

In cooperation with local county government units, the Parks and Recreation Division continued its practice of holding statewide County Park Conferences and workshops. The Oregon County Parks Association, established in 1960 at my invitation, now includes 26 of Oregon's 36 counties. Oregon has pioneered in the county park movement, and our efforts are being emulated in other states.

Boating

During the past two years, boat registration in Oregon increased from 58,000 to over 70,000. It is anticipated that the registration will exceed 80,000 by July of 1966. A program known as the Oregon Junior Boatman's Safety Course was initiated by the Marine Board to educate young boaters in safety on the waters. This course is sponsored by a number of schools, boating clubs and civic organizations.

A new Marine Law Enforcement Manual was published and distributed to all Sheriffs and State Police interested in the enforcement of the boating laws. Through the cooperation of several federal agencies and County Courts over two hundred Uniform Waterway Markers have been established on state waters. Plans and specifications for the markers were prepared by the board.

On January 1, 1964, the Marine Board commenced a simplified boat registration system. The system combined the Certificate of Number, which was issued on a three-year basis previously, and the Annual Boat License into one annual requirement. The new system has not only eliminated some confusion among the boat owners, but is expected to result in considerable savings in the cost of administration in the future.

Pollution Control

Thirty-two new sewage treatment plants were completed, and 15 existing plants were enlarged. At the end of the biennium an estimated 1,000,000 persons (96.5 per cent of the total sewered population of the state) were being served by 218 public and semi-public sewage treatment plants.

To restore and maintain an acceptable degree of purity in the waters of the Willamette River system, a policy was adopted requiring as a minimum, (a) primary sedimentation year round for all pulp and paper mill wastes, (b) 85 per cent BOD removal during the period of critical stream flow in the summer and fall months for all sulphite pulp and paper mill wastes, and (c) secondary treatment (85 per cent BOD and suspended solids removal) for all sewage and other waste effluents discharged into the main river or any of its tributaries, with the deadline for meeting such requirements being December 1966.

A comprehensive study and report was made by the Sanitary Authority staff of the air pollution problems in the Portland metropolitan area, and adoption of new air pollution control ordinances by the cities of Medford and Portland and inauguration by the latter of an active air pollution control program followed suggestions of this study.

A policy was adopted to promote research on air pollution caused by emissions from wigwam waste wood burners.

Agricultural Research

Oregon State University has broadened its research program on natural resources, and this activity has been matched by additional demands from the public for research findings, as well as requests for technical assistance.

Research has continued on improvement of pasteurized fish pellets in cooperation with the Fish Commission. All former fish wastes from processors in the Astoria area are being used in this new product. This pellet is reducing rearing costs substantially, as well as hatchery fish fatalities.

As a direct result of research activities at Oregon State University, increasing interest is being shown in the potential of a number of new agricultural crops. A "dry freezing" process developed through Agriculture Experiment Station activities has resulted in establishment of a new industry which has extensive possibilities in the modern handling of perishables.

A significant event was the acquisition of a forestry nursery and the establishment of a forestry genetics center.

Water resources research has been broadened in a number of areas, with coordination accomplished through the activities of the Water Resources Research Institute.

A number of departments are cooperating in studying the feasibility of irrigation on the more poorly drained soils of the Willamette Valley.

During the biennium a cooperative study on the economic importance of the salmon-steelhead sport fishery in Oregon was completed.

Mineral Resources

With a 19.4 per cent increase in the value of minerals produced compared to 1962, Oregon mineral production rocketed to an all-time high of \$62,700,000 in 1963. Employment and payrolls in the state's mineral industries showed impressive gains over last year. Payrolls were up 7.25 per cent over 1962, and employment increased 3.17 per cent for a total of 10,592.

Douglas County, largely through the efforts of Hanna Nickel Smelting at Riddle, pushed into first place in mining production for the first time in 1963. The county had been in second place for the preceding seven years, with either Lane or Clackamas county in the top spot. Twenty-five of the state's 36 counties reported increased mineral production over 1962.

The Department of Geology and Mineral Industries has been conducting intensive studies of volcanic features in central Oregon for a number of years, one of the main objectives being to acquire and publish information that might lead to the establishment of a lunar research center in the state. Both federal and private research groups have visited the Bend area on numerous occasions to conduct various tests, and teams of astronauts and astrogeologists have experimented with equipment designed for actual moon reconnaissance.

During the biennium the Department has been engaged in a long-range geochemical study of stream sediments and soil samples in hopes that, by pinpointing certain areas where the possibility of finding economic mineral deposits is much greater than normal, industry can be encouraged to investigate them.

The search for oil offshore in Oregon has intensified every year since passage of the Submerged Lands Act in May 1961. In June 1964, 13 major oil companies were engaged in the offshore studies. Several of the firms operated joint seismic and bottom sampling programs in order to hold costs down. An estimated \$12 million was expended in exploration.

Soil Conservation

During the biennium the State Soil and Water Conservation Committee reviewed and approved two Resource Conservation and Development Project Plan applications for submission to the Governor's office and transmittal by the USDA Soil Conservation Service to Washington, D. C. The Upper Willamette RC&D Project Plan application sponsored by five Soil and Water Conservation Districts was approved by Congress as one of the ten pilot undertakings in the United States.

SWCD's are also active in sponsoring small watershed programs under Public Law 566. There have been 43 watershed projects sponsored under this program in Oregon. Of these, six have been authorized for

installation and eight others authorized for planning. Installation cost on these projects is \$8,716,439, with \$4,927,059 furnished by the federal government and \$3,793,373 from local sources. To speed up this program additional funds are needed at the state level for watershed planning.

Agriculture

A headquarters building for the Department of Agriculture was placed under contract for construction in December as the first unit of a Natural Resources Complex on the Capitol Mall.

Economies accruing from the reorganization of the Department of Agriculture permitted it to meet its responsibilities, with only minor restriction in some services, under a budget reduced by the tax referendum. The department, through its Agricultural Development Division, has lent important aid to the Governor's Import-Export Committee and has helped to call attention of the American leaders of the international trade discussions to the needs of Oregon agriculture and allied industries.

Agreement was reached for the first joint action to gain lower freight rates on midwest feed grains shipped to the Pacific Slope. This move is of utmost importance to expansion of our livestock industries. Our Oregon department has enjoyed excellent cooperation from affected livestock segments, who are carrying the state's share of the cash outlays for this joint effort.

What is recognized as the first Consumer Advisory Committee in any state department of agriculture was created in the Oregon department last April.

Forestry

Of special significance is the satisfactory progress achieved in decentralization. Additional responsibilities have been assigned to field representatives throughout the state for efficiency's sake and public convenience. Noteworthy, too, is the extension and strengthening of communications lines between the agency and the public. Through local advisory boards scrutinizing fire district operation and costs, the public has gained a stronger voice in the management of district affairs.

Mutual-aid pacts were effected between various of the Department's 14 fire districts to provide a strong force in times of heavy fire stress. Study of the entire fire protection system, along with its financing, was continued into this period. Still apparent is the need for greater public participation in financing forest fire protection.

The Department watched carefully during the past two years for indication of any start of a Douglas fir bark beetle epidemic. The potential still remains. Meanwhile, clean-up through log salvage operations was pushed as rapidly as the construction of new and expensive access roads would permit, not only for the

benefit of insect control but to help meet the fire problem as well.

Fish and Wildlife

The 1961 Legislature appropriated to the Fish Commission \$120,000 from the General Fund for rehabilitating and improving anadromous fish runs on the coastal streams south of the Columbia River, but only if 40 per cent of the cost of each project is provided from other funds. Although a variety of difficulties were encountered, practically all of the money was committed.

During the biennium a major step was taken toward eventual solution to the long-standing problem of upstream fish passage over Willamette Falls. The existing fishways at Willamette Falls on the Willamette River near Oregon City are inoperative or inefficient during parts of the year when spring chinook, fall chinook, and silver salmon and steelhead trout are present. New facilities will provide year-round passage, and permit extensive enhancement of fall chinook and silver salmon runs which heretofore encountered extreme difficulty in migration. However, existing pollution in the lower Willamette is a very definite and serious threat to realizing this potential.

In the past two years Oregon has maintained its position among the leaders in the nation in the variety of angling and hunting opportunities available to its citizens, and in the success which they and our visitors enjoy in these recreational pursuits. At no time in history have the opportunities been so diversified, and still others are soon to be realized with the successful establishment of such species as the mountain sheep and wild turkey.

A classic example in the sport fishing field is Diamond Lake. In the past two seasons the yield from this one lake alone has totaled in excess of one-half million fish. Those anglers who prefer warm-water species such as bass and perch can look forward to more opportunities with activation of the pond rearing facilities at St. Paul in 1964.

Our sport fish and wildlife resources provided a total of more than 20 million man-days of recreation in 1963 and 1964.

Oregon's hunter safety training program received recognition as the top such program in the nation in 1963. Since inception of this program, more than 75,000 young people have received training in safe gun handling and sportsmanship.

Water Resources

A major event of the biennium was the statewide water resources conference which I called in Salem December 10-11, 1964. The meeting was attended by more than 400 citizens and government officials interested in learning about Oregon's problems and seek-

ing means of augmenting efforts to determine our ultimate water needs. Program presentations graphically portrayed the need for a vastly accelerated study in the face of suggested diversions to other areas.

During the past biennium the State Water Resources Board conducted basin investigations in the Lower Willamette, Sandy, Hood, and Mid Coast basins. The board staff provided the chairman and implemented coordination for the Columbia Basin Inter-Agency Committee Task Force in its important review report of the Willamette River Basin. The coordinated agency team approach to basin planning developed in Oregon, is producing noteworthy results.

Of particular interest has been the Data Availability and Status Catalog developed by the Task Force Data Storage and Retrieval Team under board chairmanship. The catalog lists data pertinent to water and related land resources development, the state or federal agency storing the data, the availability of such data, the method of storage, the classification as to scope and whether the data is existing, currently being gathered or proposed to be gathered.

Perhaps the best way we can protect our valuable water resources is to put these needed resources to beneficial use. To this task the Water Resources Board has stimulated and facilitated water development by working with local people in the Grande Ronde, Umatilla, Willamette, John Day, Hood (Fifteenmile Creek), Deschutes, Rogue, Umpqua, and coastal areas of Oregon. There never has been more local and federal activity in water development in Oregon. The state, however, must soon appraise its role in water development in filling the gap between local and federal financing of water developments.

State Engineer

Probably the most significant accomplishment in the efficiency field was the reassignment of duties and expanded use of the watermasters following authorization for payment of expenses by the 1961 Legislature. Savings estimated at \$15,000 were obtained during the period July 1, 1963 to date through this method and partially reduced the effect of the tax rejection cutback. Constituting 14 field offices, they have reduced travel from Salem and increased stream gaging and station maintenance during the off distribution season.

Two new hydroelectric projects licensed by the State Engineer have been placed on the line producing power for our growth and a boost to the economy in the construction jobs. The \$25,000,000 Carmen-Smith project of the Eugene Water and Electric Board on the McKenzie-Smith River complex was dedicated in September, 1963, and adds 90,000 kw. to our installed generating capacity. It is an orderly step in providing for the development of the Eugene area without detract-

ing from the recreation value of the scenic McKenzie River. The project includes an annual license fee to the state of \$12,840.

Portland General Electric's \$60,000,000 Round Butte project on the Deschutes River placed its third unit on the line in November, 1964, adding 300,000 kw. installed capacity. The 440 feet high rock-fill dam is one of the largest in Oregon and provides a unique three-pronged lake with backwater up the Crooked, Deschutes and Metolius Rivers. The reconstructed Cove Palisades State Park scheduled for completion next year lies between the Crooked and Deschutes River arms and will be a major addition to the recreation facilities of the Central Oregon area. Tax payments to county, state and federal governments include \$74,190 annual license fee to the state.

Construction was started this summer on the \$2,500,000 Middle Fork Irrigation District project to rehabilitate and improve their irrigation system. The project includes a peaking reservoir and 130,000 feet of pipeline to provide gravity pressure for sprinkler systems. Prime function is to eliminate the destructive glacial silt that occurs in Coe and Elliot Creeks, the prime source of water during certain summer melt conditions. A \$1,100,000 FHA loan finances the portion of the project to be repaid by the local district and

is the largest to be made west of the Mississippi for a project of this type. Planning for the project, which is being constructed under the Watershed Protection and Flood Prevention Act (small watershed Act), was aided by state planning funds appropriated during the 1961-63 biennium.

Basic data collected from the state-wide well net of 750 wells is now being summarized and published in an annual series of Ground Water Levels beginning in 1963. Data obtained from these observations provides the first and best index of general ground water conditions. Careful analysis will aid in pinpointing future ground water problems and critical water areas prior to their full development.

In concluding this report I would take note of the death of Walter Norblad, a former member of the Oregon Legislature, who served the First Congressional District for nearly two decades.

Respectfully submitted,



Governor

MAJOR APPOINTMENTS OF THE BIENNIUM

Department Heads and Other Executives Appointed by the Governor From January 1, 1963:

Brig. Gen. Donald N. Anderson, The Adjutant General; W. A. Jordan, Charles B. Gill, Jr., State Industrial Accident Commission; C. Walter Stickney, Fire Marshal; Hillman Lueddemann, Director of Commerce.

Department Heads Reappointed by the Governor During This Period:

H. G. Maison, Superintendent of State Police; Jonel C. Hill, Public Utility Commissioner; F. H. W. Hoefke, State Tax Commission; Glenn L. Jackson, Kenneth Fridley, State Highway Commission; William A. Callahan, State Industrial Accident Commission.

Executives Appointed by Board, Commission, or Department Head:

Frank J. Healy, Corporation Commissioner; Walter G. Korlann, Insurance Commissioner; Robert J. Jensen, Real Estate Commissioner; Samuel H. Mallicoat, Planning and Development Director.

Executives Appointed by Board of Control and Land Board:

R. J. Williard, Superintendent, Oregon State Correctional Institution; Dale Mallicoat, Clerk, State Land Board.

Judicial Appointments by the Governor Have Included:

Circuit Judges Edwin E. Allen, J. R. Campbell, Loren D. Hicks, Robert E. Jones, Richard Mengler, Albert R. Musick, and James A. Norman; Tax Court Judge Edward H. Howell; District Court Judge Gerald O. Kabler; County Judges Augustus S. Ramsey and Charles N. Teegarden; Justices of the Peace Carl T. Bechtold, Lawrence F. Cook, Sr., Oliver Creswick, William Marshall, Harry M. McCabe, E. Otis Smith, Woodrow Woodbridge; District Attorneys William A. Bennett, John W. Hathaway, Gary W. Hermann, Elbert L. Mikesell, and Douglas A. Shepard.

LEGISLATIVE MESSAGES 1959-1963

For the convenience of legislators, particularly those who did not serve in the past three sessions; for guidance of members of the Executive branch of state government, and for the media upon whom many of the general citizenry depend for interpretation of state affairs, this reprint of recent basic legislative messages is provided. In addition to the following there have been a number of special messages to the legislature from the Governor. An accounting of stewardship of the previous two years appears in the original documents in 1961 and 1963. The 1959 and 1963 presentations were First and Second Inaugural Addresses.

(Photo offset process from the original printing)

1959

Mr. President, Mr. Speaker, Members of the Fiftieth Legislative Assembly:

We stand at the threshold of the second century of statehood in Oregon.

If we look forward with the same dedication to destiny as did our pioneer predecessors ten decades ago near this spot, those who look back from the year 2059 will be proud of their heritage.

To our plateau of time, with its social and technological enlightenment, let us bring an achievement worthy of the Oregon pioneer. His trail was long and hazardous and he had to travel light. He learned quickly to economize, to abandon the frills for the sake of the materials and tools he needed to build a new country. The question he continually asked himself as he necessarily lightened his wagon was: "Is this essential or merely desirable; and, if it is only desirable, can I afford it?" The West from the Mississippi to the Columbia was bedecked with items which brought the answer, no.

The pioneer in those lean decades learned something else. He learned that in clearing his land and providing for his family he needed the skills and knowledge of others. His mind was open to new ideas and he and his compatriots pooled not only energy but talents.

Let us, too, be willing enough, keen enough, frank enough to project our imagination ahead toward future needs. Let us be tolerant enough to bow to our colleagues' ideas, and humble enough to change our solutions when they fail to serve. May we ever be mindful there is a distinct difference between appeasement and constructive compromise.

Let us be remembered for our wisdom, not our wilfulness; our determination not our defiance, and our proud spirit of duty rising above personal interests and party alliance.

I propose no moratorium on party achievement. But I urge that the first test of any proposal be the pioneer's test. If a material or service is not truly necessary, but only desirable, can we afford it? If all proposals which fail this test are left beside the trail of the second century, then we truly will have rededicated ourselves to destiny—to a bountiful destiny for all.

A MORE MANAGEABLE GOVERNMENT

Our state government seems to have developed through sheer growth rather than design. As we enter Oregon's centennial year, the remarkable thing is that our government functions as well as it does, despite the ambiguities, the obsolete and inappropriate provisions of our state constitution. More than once I have urged the Oregon legislature to pave the way for a constitutional convention.

Once again I urge such action. It is the only feasible way in which we can achieve the comprehensive revision that will give us the framework for a more manageable government.

One of the prime goals of constitutional revision would be to create a framework in which coordination and cooperation between state agencies would not only be possible but inevitable. In the meantime, many of the benefits of the cabinet form of government can be achieved by executive action. The heads of key state agencies will be called together for consultation on the major decisions that confront the Executive Department. One member of my staff—a career public servant with experience in four state departments—will be in constant touch with agency problems and opportunities. This should help us achieve a more manageable government.

Your interim committee on governmental reorganization has recommended that the governor be given authority to reorganize state agencies, subject to legislative veto. I concur in that recommendation. It places the primary responsibility for administrative organization precisely where it belongs—with the state's chief executive. It would be a long step forward toward a more manageable government.

A MORE EFFICIENT GOVERNMENT

If we make our government more manageable, we make it possible for that government to be more efficient. But efficiency is more than reorganization, desirable though that may be.

Efficiency is the product of leadership, competence and teamwork that creates a climate in which economy can grow and flourish. The foremost function of a Governor is to devote himself to active, personal administrative leadership of the executive branch. It is important that a Governor visit every corner of the state; to listen as well as speak to those who are concerned with what our government does. But the Governor's travels and his speaking and listening are useful only when they assist in strengthening his leadership in achieving a more efficient government.

We can strengthen the competence of our government by reinforcing the merit system in the selection and retention of state employes, and by improving where we can the conditions of employment. The state should encourage and assist employes in improving their individual skills by a carefully designed training program. This will contribute to a more efficient government.

America's expanding economic life is based on the increasing productivity of our workers. Much of state administration is paper work and paper work is in the midst of a revolution of staggering proportions. It shall be my purpose to see that the state shares fully in the more efficient use of our manpower. We shall keep abreast of the possibilities of the electronic marvels that are at our fingertips. And we will take advantage of every other opportunity to increase the productivity of each payroll dollar.

A MORE ECONOMICAL GOVERNMENT

Within the past few days, like you, I received the detailed outline of the budget recommended by the outgoing administration. Although it fails to provide for increased social security and unemployment compensation premiums that will be assessed against each state department and fails to account for some price increases that are already well known, it is a stern reminder that reorganization and efficiency alone will not suffice.

For too long we have budgeted for "the existing level of services, plus—." For too long we have tailored our budgets to fit available revenue. For too long we have ignored the clear evidence that state and local government in Oregon are taking a larger proportion of our income than is true of the states with which we compete for business and industry. The result is a proposed expenditures budget that includes the gloomy forecast that by 1961 we will face a deficit of more than \$76 million.

I am fully mindful of the so-called fixed expenses, with built-in expansion factors. But we face a grim reality. I expect to submit, at a later date, specific recommendations with respect to the expenditures budget and building program. These will reflect our determina-

tion to restrain the growth of state expenditures.

To meet our current and urgent needs, I commend for your attention revision of our income tax to increase participation in sharing the costs of government. Income remains the best measure of ability to pay and every income earner owes at least a small fraction for the services he receives from his government. This suggestion seems to me to be in accord with the philosophy of the Sly report as are my further recommendations that investments in Oregon jobs should be encouraged by enactment of a capital gains provision and that the inequities of the inventories tax should be eliminated.

BOARDS AND COMMISSIONS

Much lip-service has been given to the unwieldiness of Oregon's 100 plus boards and commissions. I propose that the Hydroelectric Commission be abolished and its duties absorbed by the Water Resources Board; that the State Engineer's office be amalgamated with the Water Resources Board; that the Governor no longer be chairman or a member of the State Board of Forestry but that the Board instead select its own chairman from those especially suited for the position; that the State Forester be empowered to proclaim emergency closure of forests for the deer hunting season; that the State Board of Forestry assume the duties of the Forest Protection and Conservation Committee and the Forest Products Research Advisory Committee; that the Inheritance Tax and Gift Tax administration be transferred from the Treasurer to the Tax Commission; that the administration of the weight mile tax be transferred from the Public Utility Commissioner to the Department of Motor Vehicles; that the duties of the State Boxing Commission be transferred from the Governor and the Secretary of State and vested solely in the Attorney General; that regulations for parking in the Capitol area be drawn up and administered by the State Police department rather than the Secretary of State; that Capitol guide functions, now under the Secretary of State, be assumed by the Travel Information Division of the State Highway Department; that the position of State Fire Marshal be made separate from and independent of the State Insurance Commissioner; that the Livestock Auction Markets Committee and the Livestock Advisory Committee be combined; that the Sanitary Authority, Air Pollution Authority and Radiation Advisory Committee be combined into a single agency and given broader powers; that the Commission on Uniform State Laws be combined with the Legislative Counsel Committee; that the Labor Elections Division be abolished; that the Collection Agency Advisory Board be abolished and its duties transferred to the Corporation Commissioner; that the Rogue River Coordination Board be abolished; that the McLoughlin Home Board of Trustees be abolished and duties transferred to the Oregon Historical Society; that the Flax and Linen Board be abolished; that the Americanization Commission be abolished; and that a complete review be conducted on the remuneration of all lay boards and commissions to bring about equity in per diem payment among those citizens who lend their time and talents to state service.

CIVIL SERVICE

We must constantly strive to improve and expand the merit system in order to build a stronger and more respected career service. I recommend, for example, that all the administrative division heads in the Motor Vehicle Department be included in the classified service.

Referring to appointments by the Governor, I would publicly recognize that choosing the right individual for the right job at the right time constitutes one of the most important functions of your Governor, whether it is a full-time department headship or a lay board or commission membership. I earnestly ask that you encourage able people to make themselves available for government service.

EDUCATION

Less than two years ago as the Forty-ninth Legislative Assembly was convened in special session, the Soviet sputnik was newly aloft and there was prevalent a spirit of anxiousness among our people. Today, although there still is an air of anxiety about areas of inter-

national tension, we have regained much of our scientific confidence and, indeed, are applauding an American accomplishment of spatial ventriloquism.

Within even more recent days the U.S.S.R. has again challenged world imagination with a new cosmic rocket. The implications for this game of universal leapfrog are clear. In order to afford the costly scientific and ideological competition without fiscal catastrophe at the national level, states must be ever more prudent in expenditures. We have only to look to our neighboring states, north and south, to find the long-range significance of deficit finance.

Here then is our paradox: we need education equal to the times, yet our means are not without limit.

Few services a government can provide are as important as education. Oregon traditionally has done an excellent job in this field. The number one problem in education is how to finance our programs. We can no longer afford a patchwork system and geographic rivalry, but must obtain the facts from a comprehensive study of the entire problem of school financing, both from all sources of revenue available and formulas of distribution. I therefore propose such a study be made.

I shall call upon the Board of Education to coordinate a study on school construction. New developments in design offer many possibilities for economy which might enable the smaller school districts without great resources to avail themselves of good counsel in this area.

To assure continued professional administration, I urge that the superintendent of public instruction be appointed rather than be elected. The Board of Education and the Board of Higher Education are lay boards requiring the stimulus of the finest of ideas. In order to approach that objective and relieve somewhat the overburden of time now devoted by members, I recommend enlarging the State Board of Higher Education from nine to twelve members and the State Board of Education from seven to nine members. I also favor transferring the authority for Oregon Technical Institute to the state system of higher education from which it receives many policy guides at the present time. It should remain in Klamath Falls but we should begin planning now for a similar 13th and 14th grade technical institution in Multnomah County.

The rural school district law has proved to be inequitable in sufficient instances that it needs revision. It is an irony in today's society that finds opposition, however well intended, to lengthening of the school year when there abounds so much more knowledge to stretch the capacity of the human mind. Our costly physical plants are idle more days than they are in use.

All encouragement should be given local school districts which seek to strengthen their curriculum through enrichment programs for the gifted student.

We should also take notice of new programs of selective admissions at the collegiate level. We should not place college out of financial reach. The new selective admissions policies placed into effect in our institutions of higher education are not only a matter of necessity, they are desirable. Academic ability does not go hand in hand with economic station. The fee remission program of the state system of higher education, whereby a percentage of students each year at each institution has tuition waived, should be changed to become a State Scholarship Fund. Deserving students, selected on the basis of need and examination, would be given the stipend directly and be permitted to select the institution of their choice, either public or private within the state.

YOUTH

The well-being and the development of our entire state is in direct proportion to the well-being and development of its youth and we must not err in providing for them a framework wherein the maximum capabilities of each will be developed and utilized.

Oregon's adoption laws should be strengthened by giving the State Public Welfare Commission authority to lawfully accept permanent commitments and relinquish children for adoption. Children who now have inadequate legal protection when relinquished by private individuals for adoption could in this way be protected, and hundreds of

children now receiving assistance from the Public Welfare Commission, many in foster homes, could be placed in families they could call their own. Adoption rather than foster homes should be our goal.

Oregon law has many conflicting sections relating to children and youth. These laws are also scattered throughout the several chapters of Oregon Statutes. Recodification and rewriting of these laws would be a significant contribution to the welfare of Oregon's children.

The availability of skilled personnel to provide services to children is severely limited. Oregon should give careful consideration to establishing a graduate program of social work, in connection with our System of Higher Education, in order that the critical and costly shortage of graduate trained social workers in Oregon can be alleviated.

SENIOR CITIZENS

Times of inflation are especially difficult for our senior citizens whose incomes have been halted or greatly reduced. I believe it would keep many from requiring public assistance and would contribute to their morale as well as their economic well-being if property taxes were waived for those over 65 years of age having a gross income of less than \$2500 and whose true cash value on their residence does not exceed \$7500.

It is a demonstrable fact that physical and mental inactivity frequently contributes to senility. Thus we have those who are prematurely terminated from occupational pursuits becoming wards of the state, if not in terms of welfare then in terms of institutional care. Therefore, I urge passage of a law which includes prohibition of job discrimination because of age.

I commend to you the New York State statute on this subject as a point of departure for your thinking.

UNINSURED MOTORIST

Protection against the financial hardships resulting from injuries inflicted by the irresponsible, uninsured motorist should be provided by requiring the inclusion of the uninsured motorist clause in every automobile insurance policy. For too long the industry has failed to provide leadership to deal with this vital problem. This plan avoids many of the disadvantages of compulsory insurance.

JUDICIAL REFORM AND ADMINISTRATION

Of the many recommendations made by the Legislative Interim Committee on Judicial Administration I particularly urge consideration of these changes as essential to a judicial system of the highest order:

First is the selection of judges. The so-called Missouri Plan of selecting Supreme Court Justices and lower court judges deserves careful study.

Second, that the position of Chief Justice of the Supreme Court be filled on a permanent rather than rotating basis. We should start on the drawing boards plans and specifications for a Supreme Court building to provide facilities to meet the needs of this branch of government.

Third, the system of district courts should be broadened to assure that offenders, no matter how petty, shall have their cases handled by men knowledgeable in the law and aware of the purposes of our judicial system.

Fourth, all matters pertaining to juvenile offenders should be handled in a court of law.

Enabling legislation should be promptly passed to implement the constitutional authority granted by the people for circuit judges to be moved up to the Supreme Court bench on a pro tem basis. Moreover, this system should be tried for practicality for at least a biennium before considering further the proposal for two additional full-time justices.

In order to provide the legislature with a personal report from the judicial branch of government, may I suggest that you invite the Chief Justice of the Supreme Court to address you in joint assembly on the status of judicial administration in Oregon. I am concerned that an early trial with prompt review is not now possible in many instances.

I would advocate, further, you consider adoption of a maximum sentence law and thus many inequities may be erased.

NATURAL RESOURCES

Oregon's largest industry is its timber industry. It directly supports one in seven Oregonians, and indirectly adds to the security and well-being of almost every one of us. This vital asset must not only be properly utilized by this generation, it must also be conserved for our citizens of the future. Non-utilization of our timber resources may amount merely to wastage—not conservation. We must, through efficient management of our forest lands, set the example for the federal government to follow. We must then exert all of our influence to assure that the agencies of our federal government permit the harvesting of ripe timber—timber which will be lost forever if it is not harvested.

Our state policy and administration should include adequate and far-sighted administration of our timber tax laws. These laws and policies must be both stabilized and standardized to insure the growth of forest crops for the equal and guaranteed use of the future.

AGRICULTURE

I respectfully recommend that the Board of Agriculture be reorganized to provide that the seven member board serve six year staggered terms, that there be a near-balance of political affiliation on the board and that no two members come from the same commodity interest. I would urge also that an emergency fund be provided so that prompt action could be taken in unforeseen agricultural circumstances short of measures requiring a convening of the state emergency board. Finally, I believe the State Fair Commission should be abolished and its duties and responsibilities returned to the Department of Agriculture.

LABOR

The trade union movement has been one process through which many gains have been achieved for labor and for management and for our economy as a whole. In general, we have enjoyed good labor-management relations in this state and such a condition is a credit to the leadership of both.

Whether the state need take any legislative action to assure the individual union member maintains a free voice in the activities of his union is a subject I believe you should discuss frankly. Encouragement should be given to national or state insistence on a broadening of requirements for secret ballots in elections and strict accounting of union funds. The Anti-Picketing law of 1953 should be repealed.

UNEMPLOYMENT COMPENSATION

Unemployment Compensation after twenty years of operation as a Federal-State system has demonstrated considerable value in economic stabilization as well as in employe protection. In Oregon, neglect in dealing with recent employment trends has resulted in critical depreciation of our reserves. Consequently, it is necessary that we immediately start rebuilding. Employers already have been forced to adjust their taxes to the new situation and still further sacrifices by affected parties may be temporarily necessary. Wide seasonal job swings in basic industries make Oregon's problem somewhat unique but not insoluble. By way of administration, it is my intention to provide additional protection to the fund through tightening benefit payments by more adequately determining if individuals are actually in the labor market and by placing greater emphasis on using the statewide system of employment offices in making more placements of persons drawing benefits. The recommendations of the Experience Rating and Advisory Council merit your consideration. In my opinion, however, not all of these proposals would be in the best interests of the state. For example, I do not concur with the recommendation that the present experience rating system be abandoned for the payroll decline experience rating system. Rather, I would urge the adoption

of legislation that would provide for elimination of the extremes in experience rating and the establishment of a surtax which could be imposed in the event of future emergencies.

STATE INSTITUTIONS

Care for mental and tubercular patients should be improved by increased use of new developments which make it possible to treat many patients without institutional residence. The outpatient programs at Oregon institutions should be strengthened to take full advantage of these developments. Not only is such care more effective but it can also help avert further costly expansion of our state institutions.

The problem of mental retardation is of deep concern to every citizen of Oregon. The cooperation of the state, local communities, and individual citizens is essential if progress is to be made in this field. The chief needs at present are increased research, early and adequate diagnosis and treatment, and increased public understanding. We need to expand our out-patient facilities, eliminate the long waiting list at the Oregon Fairview Home, and increase our professional staff to improve rehabilitation. Many more mentally retarded persons could be gainfully employed if treatment of complicating physical, emotional, and social factors were started earlier. Rather than starting another public institution, which would necessarily have an extremely high operating cost, we should use available funds to try to reduce the number of patients needing institutional care.

Local agencies of government and private groups should be encouraged by the state to develop care and educational programs for the mentally retarded.

HIGHWAYS

The development of our highway system is important to our economy, to our recreation potential, to our tourist trade and to traffic safety. Either we increase our state gasoline tax one cent a gallon—an amount equal to \$6.66 per year for the average driver of 10,000 miles—or we forego some of the opportunities that exist in the federal matching program now underway. If we want superhighways and freeways, improved and new routes, and the added features they bring, there is a price tag to be considered.

Specific target dates should be set for such projects as Winnetucca-to-the-Sea and the Oregon-Washington bridge at Astoria.

NATIONAL GUARD—CIVIL DEFENSE

Two operations of government make tremendous demands for time and training, and these public servants frequently are required to perform thankless tasks. I refer to the National Guard and those who serve with Civil Defense. In the units of the Guard are found the Minute Men of this century, trained for battle or civil emergency. Those in Civil Defense are prepared to guide us should an enemy's action involve our homeland, and they are likewise standing by in readiness to aid in fire, flood or other disaster.

ELECTION REFORM

The election law reform of two years ago has done much to improve Oregon's elections. Some adjustments, however, are needed. I urge that pre-election reports of campaign expenditures and contributions be required so that voters will have a better idea of the political forces involved. Supplementary financial reports should be required quarterly until all campaign deficits have been accounted for. Consideration should also be given to permit new residents of Oregon, who have all the voting qualifications besides the minimum residence requirement, to vote for president and vice president of the United States.

I have earlier recommended that the superintendent of public instruction be removed from elective status. I would urge that you give consideration to making the Attorney General and Labor Commissioner appointive also.

CITY-COUNTY REFORM

One of the areas most in need of a fresh appraisal for the decades ahead is that of local governments. It has seemed to me that the efficiency of our City Fire Department personnel would be advanced by assuring to them the professional status of civil service procedures in their selection, promotion, and retention. Oregon's most significant social change has been that of urbanization which has put old governmental forms to impossible tests. I urge that in implementing the county home rule measure approved by the electorate in November you allow the greatest flexibility possible for those who will adapt their county government to the needs of the future. I also call to your attention a new study now beginning in the Marion-Polk County area which involves the cooperation of a school district, a city government, two counties, and the executive branch of state government. The goal is to discover new ways of achieving cooperation, economy and efficiency among overlapping jurisdictions. Popularly termed the "massive cooperation" study, it may provide practical solutions to problems and previously unrealized opportunities in our coming century.

LEGISLATIVE PROCEDURES

I am disheartened that the people at the November election turned down a proposal for an increase in legislative pay. But, in abiding by their decision, there may be ways in which your loss of time from occupational responsibilities might be reduced without impairing your efficiency, through improved procedures in the legislative process. For example, the introduction of electronic voting equipment, elimination of the use of memorials, increased use of joint committee meetings for hearings and consideration of bills, and evening sessions would contribute much to the goal of an accelerated session.

You may wish to give consideration to continuing your minority-majority leaders from session-to-session as in the Congress. Oregon can no longer afford the luxury of leadership-by-rotation in its legislative branch of government.

SUCCESSION AND RETIREMENT OF GOVERNORS

In view of the rapid changes in the governorship in the past dozen years wherein three chief executives were succeeded by individuals who were not elected by statewide ballot, may I respectfully suggest you consider returning to the line of succession whereby the Secretary of State acts for the Governor in his absence or succeeds him upon death or disability. Thereafter the State Treasurer, the President of the Senate, and the Speaker of the House, in that order, would form the line of succession. I would suggest that such a proposal, if adopted by a vote of the people, take effect in January of 1963.

Turning to a matter which history does not indicate has been a major problem in Oregon, but one which should be faced squarely in the event of an unpleasant development, may I make a suggestion for dealing with the problem of disability as it applies to the position of Governor. We know that at the national level the determination of disability as it applies to the Presidency has been the subject of both discussion and study. Out of this has come no uniform agreement. This, however, is no reason for us not to have a solution ready should this problem arise in Oregon with respect to the governorship. As at least a starting point for your thinking on the matter, may I respectfully indicate to you a suggested procedure for the day, should it occur, when the Governor is unable physically or mentally to fulfill his responsibilities. My proposal would be that the Chief Justice of the Supreme Court be empowered to call a conference consisting of himself as chairman and including the Superintendent of the State Hospital at Salem and the Dean of the University of Oregon Medical School. These three individuals could, by secret and unanimous ballot, declare a disability to exist at which time succession would proceed in the established constitutional manner. I submit such a proposal for your earnest consideration as a safeguard against the day that the State of Oregon might be faced with a rare but tremendously difficult situation for which there now appears to be inadequate protection.

Several years ago, while serving in the senate, my predecessor sponsored a bill that would have placed former governors in the Senate.

I renew his suggestion now, that the past chief executives be extended non-voting floor and speaking privileges in order that we might have available in the senate the experience of these individuals.

CENTENNIAL EXPOSITION AND TRADE FAIR

I have noted the spirit of the Centennial Year and the beginning of our second century of statehood. May I discuss frankly the matter of the Centennial Exposition and Trade Fair, its planning progress, its status, its potential. By this time in our preparedness program—with but a month before our birthday anniversary as a state and less than six months before we host the nation and the world—we should be aware among our people of an air of enthusiasm and excitement. I am not sure we yet realize what a tremendous impetus such an event, properly conducted, could be to bring Oregon to the forefront of the nation, to accelerate our economy, and to leave lasting benefits of immeasurable proportions. Many citizens have already invested long hours and much labor toward its success. Complacency still exists in some quarters. Some three-quarters of a million dollars have been allocated, much of which went into construction projects. May I recommend you make an early order of business, a complete inquiry into Centennial organization and planning—perhaps personally headed by the presiding officers of the House and Senate—so that you might be satisfied we are on the right track. You in turn, with the confidence you enjoy with thousands of constituents throughout the state, can then do much to further undergird this all-important undertaking. The basic patterns of activity are set, having been formed during the period served by the retiring administration. If you find them equal to the occasion, I shall join in approbation for what has been accomplished.

CONCLUSION

I believe we are willing enough, keen enough, talented enough to accomplish these things and many more in this first year of our second century of statehood. I am confident there will be found a cooperative coalition in this body—a coalition which thinks first in terms of programs and the people we serve. You will hear from those—and there are many—who insist on economy at any price; you will hear from those—and there are many—who plea for advanced appropriations at any cost. It is not the easy trail we are traveling. It is the trail of sacrifice and service. If we are to choose new services and expanded programs, we must be prepared to sacrifice. May we discover the way to meet the problems of progress with solvency.

Let us ask again and again the pioneer's question: "Is this essential or merely desirable; and, if it is only desirable, can I afford it?"

For those of us who make government policy, our good and bad alike live after us. The mistakes carry all the urgency of the bright successes. The omissions and failures drag their way through the decades, crippling the efforts of our successors. The seeds we sow, our children reap. Let us prepare for them a good harvest, so that Oregon may have a bountiful second century.

1961

Mr. President, Mr. Speaker, Members of the Fifty-First Legislative Assembly:

Two years ago I presented to the Legislative Assembly and the people of Oregon, a program designed to meet the needs of our state. This program was set forth in harmony with the pioneering attitude which has dominated our state's history. Today I have a second opportunity to lay before the Legislature and the citizens of Oregon a program directed toward an even greater growth and progress.

During the Legislative Session of 1959 an air of pessimism existed in many quarters. There were those who predicted that it was not likely that Oregon would prosper during the 1959-61 biennium. This sentiment evaporated as it became apparent that the economic climate was changing.

The excess of state revenues over state expenditures, reported in my budget message, is symbolic of the change in business climate and is the

result of two developments. First, a healthy increase in economic activity. And, second, a concentrated effort on the part of the executive branch to hold in check the cost of government while maintaining the level of services authorized by the Legislature.

Our budget for the coming biennium reflects specific examples of the savings effected in the executive branch. Also, I am sure that you can observe the long-term confidence which exists as a result of the economic growth of the past two years.

My budget seeks maximum benefit from the financial resources we expect in 1961-63. The principles underlying these budget recommendations should be restated on this occasion.

Our primary budgetary consideration is that of holding the tax line. Economic productivity results primarily from individual enterprise and individual expenditure. Government stimulates and, in significant measure, guides economic endeavor. By holding the tax line we will be doing our part in promoting a balanced and growing economy.

A second commitment is that of affording tax relief, where possible. I do not advocate tax relief at any cost. Rather, adjustment of the tax burden must increase the equity of its distribution and come after careful consideration of the needs of our citizens for state services.

Our third aim in presenting a fiscal program is that of maintaining the adequate standards of service our state now provides for its citizens.

A fourth goal of our financial recommendations is to expand or intensify those programs for which the need is clear and compelling.

Finally, we offer essential new programs designed to enhance the well-being of our citizens and assist in the development of Oregon.

It is with firm faith in the future of our state that I present these recommendations for action.

ECONOMIC DEVELOPMENT

Repeatedly I have said that the number one job facing us is the building of a diversified economy. We have unique advantages to foster this development—a high level of education, abundant recreation opportunities, excellent transportation facilities, land, water, power, markets and a skilled labor supply. These assets must be increasingly utilized to achieve new jobs and greater job opportunities.

In the matter of new jobs and greater job opportunities, there are certain statistics which are encouraging. Recent personal income figures show that Oregon's percentage gain was above the national average for the first time since 1953. Another sign is that Oregon had a percentage gain in new corporations which exceeded California and Washington and was above the national average. Our Planning and Development Department reports that during the past year 93 new or expanded corporations added 5,700 new jobs. These and other figures indicate that our attempts to diversify Oregon's economy are producing results. The seasonal nature of our three main economic activities—timber, agriculture and tourism—still present a challenge we must meet. The effects of seasonality can be reduced only as we continue to attract industries which will bring us year-around payrolls.

In addition to capitalizing on our natural advantages, state government must assume its rightful role. This does not mean offering financial "gimmicks" or enticing industries to pick up a tax tab. Our goal must be that of an equitable and competitive tax structure and the maintenance of a strong fiscal position.

We must be aware that virtually every activity of state government will affect our economic progress. Public activity in education, recreation, mental health and natural resource development relates directly to the picture we present to those making the business decisions regarding economic expansion. If we demonstrate, both through legislation and administration, that we are forward-looking and ready to assume our responsibilities, we will have contributed positively to the future development of our economy.

TAXATION PROGRAM

Net Receipts Tax

The voters of Oregon have repeatedly indicated their support of the personal income tax as the base of our tax system. A need for widening the tax base is recognized, however. Dr. Sly emphasized this position in his report submitted to the 1959 Legislature. At that time I recommended

the adoption of the net receipts tax. The need for greater equity which such a tax would provide is as real today as it was then. Once again I urge your adoption of this proposal.

Inventory and Personal Property Tax

Our inventory and personal property taxes have long been criticized as being inequitable and discriminatory.

The disadvantage of these taxes has been emphasized to us during the past two years in our efforts to attract new industry to the State of Oregon. A net business income tax would be far more equitable in its application. It should be adopted in lieu of the inventory and personal property taxes.

Timber Taxation

All of us are conscious of the importance of our forest resources. By our action today we must assure future generations that they too may inherit this resource in abundance. Intensive sustained yield management of Oregon forests, both public and private, is of fundamental importance to our economy both now and in the future. The method by which we tax our timber will play either a positive or negative role in our conservation program.

One of the major tax problems which you will consider is that of timber taxation. Legislation relating to it should seek to encourage sound forest management and extended cutting practices while at the same time providing that forests share their fair proportion of the tax burden.

SOCIAL LEGISLATION

In the field of social legislation there are a number of matters to which you will devote your energy and attention.

Labor

Good labor-management relations are necessary for economic stability and growth. Oregon has an enviable record, but legislative action is needed to fill the void where the Federal Labor-Management Relations Act does not apply.

Foremost is the need for an effective and practical procedure for secret elections conducted under state administration—a procedure that will permit employes to choose whether they desire to be represented by a collective bargaining organization, and, if so, which one. Jurisdictional disputes between unions and coercive practices by either union or management thus can be minimized.

With good laws, enlightened management, alert union members and responsible union leadership, Oregon labor-management relations can advance our industrial and social climate.

Workmen's Compensation

Oregon has one of the nation's best workmen's compensation laws. There are a number of revisions which would strengthen the law and prove beneficial to both employer and employe groups.

Employers subject to the Workmen's Compensation Law now pay at rates based on the accident experience of their industry. Employers who can demonstrate financial ability to pay their actual claim costs should be permitted to self insure through the Industrial Accident Commission. All claims against these employers would be administered by the Commission but the employer would pay only the actual cost. Such a program would provide strong incentives for improvement in accident prevention while providing proper protection to both employers and employes.

The hiring of persons with prior disabilities is limited because of the fear of employers that their costs for insuring against injuries to these people will be excessive. The Workmen's Compensation Law should be amended to eliminate this barrier to the hiring of the handicapped. If handicapped persons are denied employment a great resource is lost.

The Workmen's Compensation Act originally was directed at hazardous occupations. Serious injuries occur in all occupations. The problem of the injured workman is not related to whether the law has labeled his job as hazardous. With minor exceptions the law should require coverage for all occupations.

Migratory Labor

Migratory workers play a significant role in the harvesting of Oregon's farm produce. We have made real improvement in state regulation and private provision for sanitation, housing, working conditions and education. There is now available a study by the Department of Education which points toward needed further improvement in our services to these

workers. Funds for this program were not included in the budget since the study had not been completed prior to the budgetary deadlines. This should not preclude passage of the appropriation requested by the Department of Education for the training of migrant children.

Children and Youth

In my message of two years ago the need for recodification and re-writing of the laws relating to children and youth was pointed out. These laws are often conflicting and are scattered throughout the many chapters of the statutes. Each passing year accentuates the need for action on this vital matter.

Our public health program is another area of concern that relates to children and youth. In the past decade maternal and infant deaths and venereal disease rates have actually shown an increase. One reason for this is the lack of clear definition in law of the authority and necessity for local health departments. You should consider establishing legal status for local health departments.

Senior Citizens

There is a growing concern throughout the nation for the welfare of the aging. The high percentage of senior citizens in our state reflects two encouraging facts. First, people are living longer. Second, many Oregonians who retire are remaining within our borders and others are coming to us from throughout the country.

It is up to us to institute state programs which will aid them in preserving their independence and the fruits of their labor. I urge you to consider three basic programs.

First, the Legislature should promptly take advantage of the "medicare" program established by the Congress. The state budget for 1961-63 includes funds for participation in this program. There are those who expect that the social security laws will be amended to provide care. If this be the case, the money budgeted should revert to the general fund.

The second program is one I commend to you once again. Homestead retention is fundamental to the preservation of personal independence. We would do well to encourage such retention by granting a reasonable exemption from taxes on the homes of our older citizens. I would stress that the encouragement should be by exemption and not merely by deferral. A deferral would create significant administrative and fiscal problems and would reduce materially the psychological goals of the program. I would suggest that the relief take the form of a percentage reduction of the tax and afford the broadest possible coverage.

The third recommendation is that recreation facilities be designed with specific attention to the needs and interests of older citizens. Such facilities would contribute to more vital interests and to more vigorous health.

But beyond this we need to take special care to assure that we do not discard or segregate from the mainstream of our economic, social and political life this precious reservoir of experience and wisdom.

Welfare

Developments in the public welfare field during this biennium deserve special mention. The work program for general assistance recipients has demonstrated anew that idle hands can be used in productive enterprises which are of immeasurable benefit to both the recipient and the community. We can take greater satisfaction in what a work program does for the self-respect of the individual than in the visible results of the project. Administration of the work relief projects has indicated that added legislation will permit wider utilization of the benefits to be realized through this program. Legislation should be adopted which will make it possible for recipients of general assistance to engage in work relief projects in the municipalities as well as in the counties.

The budget includes funds for a graduate school of social work. The establishment of this school is viewed with great expectation, for through it we will meet the ever-increasing demands for trained personnel in our social welfare programs. This new school can be expected to alleviate our present loss of personnel, while providing the stimulus to creative approaches to our public welfare problems.

Mental Health Clinics

We should strengthen mental health services in accord with the recommendations of my Mental Health Advisory Committee. There should be established in connection with the over-all reorganization proposals a

statewide pattern of community mental health clinics and programs. This advance in essential services would be jointly undertaken by the state and the counties as local interest and resources are forthcoming.

REGULATION AND PROTECTION OF PERSONS AND PROPERTY

The original—and still major—function of government is the protection of persons and property. It is the performance of this function that determines whether a government will expand or contract the limits of our individual freedoms. In many instances the very continuation of freedom is dependent upon government's preservation of the balance among the competing forces in a society such as ours.

Consumer Protection

For many years the national and state governments have carried on programs designed to protect the consumer from deceptive and harmful practices and products. The consumer is no longer the victim of the practices of fraud and adulteration that were widespread at the turn of the century. Yet, there is a further need to insure that the consumer is able to make the most of his dollar on credit purchases, that he has a reliable source of data regarding items which affect his economic well-being, that he is not victimized by false advertising, and that he has a central point to which he can make complaints known.

It is for these reasons that I urge you to authorize the proposed Department of Commerce to develop a program for more adequate consumer protection.

I should also like to direct your attention to the Commercial Code which will come before you. If adopted it will provide further protection for the consumer.

Traffic Safety

There is no more tragic commentary on our civilization than the horrible self-destruction and property damage which occurs on our streets and highways through automobile accidents. I refer to Oregon's nearly 1,000 deaths, more than 40,000 injuries and an economic loss of nearly \$150,000,000 in the past two years. Unless strong, firm, forward-looking measures are taken by this Legislative Assembly, we will see the continuance of this carnage which can only become bloodier as we experience increases in population, motor vehicle registration and annual motor vehicle mileage.

Measures which would give Oregon a maximum speed limit, implied consent for chemical tests for intoxication, and police authority to arrest on probable cause at the scene of accidents must be passed.

To do less through inaction is an invitation to human slaughter.

Billboards

Few measures in recent years have stimulated the expense and the intensity of feeling as did the billboard control proposal in the November election.

It is heartening that the billboard industry has been meeting with the committee which supported the proposal in an attempt to develop acceptable legislation. My desire is that legislation be adopted which meets the federal standards. By so doing we become eligible for significant additional federal funds for highway construction. More important, we will provide the means of assuring preservation of Oregon's scenic vistas and roadside beauty.

Liquor Regulation

Liquor control and regulation require our continuing attention.

One problem is still pending in the courts. The constitutional amendment permitting sale of liquor-by-the-drink requires that such beverages be sold only in connection with a food service. This requirement has been permitted to deteriorate to the point that some establishments serve practically no food and we find ourselves returning to the days of the saloon. This administration was the first to order through liquor commission regulation that these establishments derive a specific minimum of their gross income from the sale of food. Unfortunately, while recognizing the principle the courts ruled that the Commission did not have the necessary statutory authority. I urge you to provide the Commission with such authority.

It is recommended that you adopt legislation requiring a tamper-proof identification card for persons between 21 and 25 years of age. Such an identification card would serve to eliminate many of the illegal liquor purchases by minors and would protect the seller.

In my budget recommendations, I have suggested that the cities share in the revenues of liquor administration by an increase from ten to fifteen

percent. Our counties have suggested that they too should receive a percentage of these revenues as an offset for their costs in the enforcement of liquor laws. You will wish to give this request your careful consideration.

Public Convenience and Necessity

The legislature should provide statutory protection against future duplication of utility facilities. Such duplication has become common, particularly in the electric industry, and about 100,000 rate payers are in areas of present or prospective duplication. This means they pay for more investment in facilities than is needed to give adequate service. Most states have statutes authorizing the issuance of certificates of public convenience and necessity to preclude wasteful duplication.

The Legislature also should provide for the issuance of certificates of public convenience and necessity to log truckers. Such a certification procedure is essential in order to assure the adequacy of truck service and to avoid cut-throat competition that can be harmful to loggers, truckers and the general public.

Atomic Energy

The Committee on Federal-State Relations appointed by President Eisenhower recognized that the states have a vital interest in the control and regulation of peaceful uses of atomic energy. Congress has enacted legislation which permits the Atomic Energy Commission to enter into agreement with states whereby the Commission may discontinue and the state may assume regulatory authority over by-product materials, source materials and special nuclear materials in quantities not sufficient to constitute a "critical mass."

Regulation by the state will greatly enhance research and use of nuclear materials. Our Public Utilities Commissioner and State Health Officer have devised a program for state regulation and legislation permitting state participation. The adoption of such legislation is vital to our continued growth in the field of atomic energy.

Military

For some time it has been recognized that our Military code needed revising. A revision will be submitted for your consideration. This proposal is based upon a comprehensive study, and I urge its adoption.

Civil Defense

A number of communities have done an excellent job in planning for civil defense and are worthy of your approbation. I am concerned that so-called target areas have emphasized planning for evacuation to the virtual exclusion of a program of protection against fallout. Building codes in some communities do not encourage the construction of fallout shelters. I recommend that tax allowances be made for civil defense construction by individual citizens and by those who construct residence and office dwellings. This may encourage greater civil preparedness in these days when the alternative to annihilation may lie in our own efforts for self-preservation.

Racing

By administrative order I have directed that members of the Racing Commission and its employes shall not have a financial interest in racing horses or dogs in Oregon nor shall they be permitted to wager on races under their jurisdiction. These safeguards should be made a part of the racing law.

EDUCATION

Basic School Support

We have every right to be proud of our outstanding school system. In virtually every national ranking that attempts to measure quality, Oregon is listed in the top five. The preservation of this quality in terms of the expanding school population is becoming increasingly difficult for our local school districts. Many citizens are feeling the press of a burdensome property tax. To afford an opportunity for local tax relief I have recommended in my budget an increase in state basic school support.

This increase will permit some communities to be in the position of lowering property taxes, while others will find themselves in the position of not having to raise property taxes to meet existing needs.

Scholarships

In 1955 as a State Senator, I authored a proposal for establishment of an enlarged program of state scholarships on a new basis.

The last Legislature provided a State Scholarship Commission but no appropriation was granted. I hope you will appropriate funds to

administer these responsibilities, underwrite some of the costs of those who, on the basis of need and competitive examination merit help, and authorize use of such stipends at either public or private higher education campuses within Oregon.

This program is offered in the certain knowledge that we cannot afford the erosion of our brain power now taking place for lack of individual financial resources.

CIVIL RIGHTS

Our state has an enviable record in the field of civil rights. There is a continuing need to keep our civil rights statutes progressive, strong and adequate. Of particular concern is that of extending the Public Accommodations Act to cover those areas commonly called "personal services." I know that you will want to give this your most serious consideration. We cannot rest easy in the enjoyment of our freedoms until we have eliminated all vestiges of second-class citizenship.

NATURAL RESOURCES

In my message on government reorganization specific proposals were made, which will assure more adequate conservation of our great natural resources. Beyond the context of reorganization there are several items you should consider.

Proper management and orderly development of recreational and scenic resources should receive high priority. An inventory of existing facilities and planning for the accommodation of present and future citizens in the field of outdoor recreation is imperative, not only to maintain the general health and well-being, but as an important adjunct to industrial and economic development.

Modern construction demands huge quantities of sand and gravel, but we must assure that the dredging of these materials is done in a manner compatible with the conservation and use of other resources.

We must strengthen the means of combating air and water pollution by providing simplified methods for the financing of municipal sewage treatment plants.

During the past year we have noted an appalling increase in the numbers of man-caused forest and range fires. I recommend enactment of laws which will provide more stringent punitive measures as a deterrent to those who thoughtlessly endanger our lands.

In carrying out the mandate of the 1959 Legislature, the Department of Agriculture is making numerous changes in its organizational structure which should promote its services to farmers and consumers. Greater emphasis has been placed upon promotion and marketing of crops and livestock. There are other improvements to be made to enhance this reorganization. I cite you two examples: (1) The Milk Audit Law, which needs revamping to be of greatest service to producers, processors and consumers; and (2) the Grain Warehouse Act, which needs substantial change to assure that the farmer who stores his grain in a public warehouse is fully protected.

Soil conservation districts have done much to conserve natural resources. I strongly urge your favorable consideration of measures which will allow more adequate state participation in the Small Watershed Program.

The proof of competence in the handling of firearms should be demanded as a prerequisite for first-time licensees if the annual toll of hunting accidents, fatalities, and vandalism is to be reduced.

In view of recent rulings by the Attorney General, it is necessary for this Legislature to consider clarification of the laws relating to the authority of the Land Board and other public agencies to lease and sell public lands. The full development of the industrial and economic potential of state lands in coordination with the preservation of their scenic and recreational values is of primary importance.

Your support of these and other measures designed to augment the present activities of our natural resource agencies is vital.

LOCAL GOVERNMENT

In local government there are signs of increasing strength. The appointment of home-rule committees in nine counties, the progress of school district reorganization, and continued efforts in intergovernmental cooperation are among the evidences of interest and action.

I hope that in the course of your deliberations you will review the laws governing annexation, which is the key to orderly city development.

In view of the increasing scope and complexity of metropolitan problems, this Legislature will help assure further progress by authorizing an

executive assistant in the Governor's office with special responsibility for matters of intergovernmental coordination.

SALARY INCREASES

One of the most critical problems in state government is the lack of adequate salaries for classified and unclassified personnel, including those in higher education and state police. There has long been concern expressed over our failure to gain and retain the most competent employees for various state agencies. Private employers, the federal government and some local governments are paying salaries in excess of those currently paid by the state. This gap must be narrowed if we are to provide the services our citizens expect from their government. No program, regardless of how sound it may be, can function without qualified people.

I suggest that the Legislature adopt the salary recommendations contained in the budget. I further advocate the replacement of the statutory method of setting salaries for key administrators and to permit their establishment in essentially the same manner as for the classified service.

HOLIDAYS

Washington's and Lincoln's birthdays need no longer be considered as legal holidays but may be set aside as special days of commemoration. In lieu of these two legal holidays, it would be fitting to establish February 14, Oregon Statehood Day, as a legal holiday.

I also urge that primary and general election days be considered as regular working days for public employees. In making this suggestion, it should be clearly established that public employees be permitted the time off to vote in instances where the need is demonstrated.

ELECTION LAWS

There is much that can be done, along the lines suggested by a bipartisan committee, to improve our election laws, particularly in the corrupt practices act and reporting procedures. Moreover, it is my hope that a procedure be established to permit prompt investigation and action when defamatory and inflammatory campaign materials threaten the proper conduct of elections. The procedure should be completely non-partisan, and can only be effective if it is conducted in the white light of publicity. The state cannot afford to leave to the combatants the correction of blatant efforts to swing an election by smear and fear or by the alternate use of the whisper and the big lie.

JUDICIARY

Since you last met, two circuit judges were appointed and elected as required by ORS 3.160. The status of the docket in that jurisdiction did not justify the addition of two judges. Yet two positions were put on the ballot to comply with the requirements of law. I hope you will take corrective measures so that the automatic factor that ignores the question of need is eliminated.

I should like to pay tribute to the record of improvement which has been achieved by the Supreme Court in reducing its backlog of cases during this biennium. In my remarks before the Fiftieth Legislative Assembly I urged a test for practicality of the pro tem system before considering further the proposal for two additional full-time justices. The wisdom of your decision to concur in that recommendation is borne out by the fact that nearly \$55,000 was saved when salary, secretarial staff and other considerations are totaled. Moreover, the objectives were achieved earlier than predicted.

LEGISLATION WITHOUT APPROPRIATION

In all of your deliberations which involve programs not envisioned by the budget presented to you, it is my hope you will avoid sending to my desk legislation which requires expenditures for which no appropriations are provided.

CONSTITUTIONAL CONCERNS

Executive Succession

In these days of modern communication and transportation, there is no more need for a temporary Governor than there is for a temporary President.

In the last session, realistic steps were taken in the event of the Governor's physical or mental incapacitation. We were thus one of the

first in the nation to deal with that possibility. I urge that we take a similar forward step and refer to the people a constitutional amendment eliminating from Article V, Section 8 the words, "absence from the state."

Moreover, I recommend that another referendum amend the Constitution to provide that the Secretary of State succeed to the governorship upon death or incapacitation. This would give the people a chief executive they themselves had elected on a statewide basis. His service, should the absence provision not be eliminated, would be at no additional cost to the taxpayers. The proposed effective date should be January, 1965, beyond the present terms of the occupants of the offices involved.

23rd Amendment

Another matter of constitutional concern is that of prompt approval of the 23rd Amendment to the U. S. Constitution. In the November election Oregonians supported the idea that people within our borders should not be disfranchised in presidential elections because they could not meet the residence requirements. It is only fitting that in this same spirit the franchise should be extended to residents of the District of Columbia.

Constitution Revision

During the 1951, 1953 and 1955 sessions of the Legislature, it was my privilege to work with others in attempting to call a constitutional convention. Unfortunately, those efforts were not successful. The need continues but the possibility of its occurring appears to be some years in the future.

Although your predecessors have been unwilling to approve the calling of a constitutional convention, the citizens of this state in the past general election did authorize the Legislature to submit extensive, coordinated revision of the document. I urge this session to begin the implementation of this mandate from the people.

BUILDING PROGRAM

The budget which has been submitted to you contains funds for a realistic building program for higher education and state institutions. There are a number of items which I suggest you consider in order that the long-range building needs of our state be adequately met.

A project which should be given high priority is the construction of a transportation building on the Capitol Mall. This administration inherited from the preceding administration a lease on the building in which the Motor Vehicle Department is presently housed. This lease expires in 1964. If we are to meet economically the space requirements of the Motor Vehicle Department, we need to begin immediate planning for a transportation building.

Another significant area in planning for future building requirements is that of enlarged facilities for the Supreme Court and the Department of Justice. The present building no longer meets their needs.

In order to facilitate legislative services to the people, we are requesting planning money to study the feasibility of the Capitol extension to provide the needed legislative offices and committee rooms.

In conformity with the directive of the Fiftieth Legislature, the Department of Finance and Administration has made an extensive study of the need for a state correctional facility for women and funds for its construction are included in the budget.

REORGANIZATION

You have received, in a special report, my recommendations for the reorganization of the executive branch. The establishment of a manageable and responsive executive organization is certainly one of the most significant proposals that will be before you. If government administration is to be as efficient and effective as it ought to be, we require a cabinet system.

The Fiftieth Legislative Assembly directed the submission of reorganization recommendations. I do so in the firm conviction that the proposed changes are urgently needed.

These recommendations are not the product of any one mind, any political party. They are an outgrowth of previous legislative study, departmental review and a citizens committee's suggestions. This committee was headed by former Governors Charles Sprague and Robert Holmes and to it I also named four members of this Assembly, along with representatives from business, labor and agriculture.

I think perhaps the most eloquent testimony in behalf of the reorganization proposals is the nature of the objections so far heard. The

voices of caution, the voices of resistance to change are always prompt and numerous. They appeal to instinctive fear of the unknown. They prefer the old, because it is familiar, to the new, because it is strange. Heed these objections and you shall have failed to take steps to meet the challenge of the sixties.

The Hoover Commission gave Congress a blueprint for betterment. James M. Landis has handed President-Elect Kennedy a chart for a new course of action as it applies to a number of federal agencies. We in Oregon now have an outline to eradicate obsolescence. Should you choose to do nothing, then the buck-passing which now characterizes some administrative procedures must rest at your door.

UNPRECEDENTED OPPORTUNITY

The length of the legislative sessions and the breadth of your endeavors have been of increasing concern in the light of the meager compensation accorded to you. There are factors in 1961 which could and should assure for the people of Oregon a session which will be remembered for its seriousness and for the dispatch with which business was conducted. You received the budget document 38 days ago; the reorganization plan was in your hands three weeks ago; last month you conducted a preliminary legislative conference embracing some one-third of your membership; you have created a fiscal committee which provides added staff services; the number of experienced legislators portends familiarity with procedures and problems; election of majority leadership with prior gavel experience and a continuance of minority leadership in the Senate along the lines suggested in this message two years ago—these are the factors which give you an unprecedented opportunity to get to the heart of the matter promptly and decisively.

1963

Mr. President, Mr. Speaker, Members of the Fifty-second Legislative Assembly:

My appearance before you today is one which I welcome. The reasons are not all personal in nature. In the past 16 years, changes in executive leadership have been numerous. There were seven governors in a period of less than twelve years. Even when the transfer of authority is within the same political party there is an interplay of personalities, philosophies, objectives and goals which cannot help but affect the navigation of the Ship of State.

A Responsibility

Oregon's electorate has again chosen a Republican Governor and a Democratic Legislature. In this circumstance, a word concerning party responsibilities is in order as we set the tone for our endeavors. President Herbert Hoover's Inaugural Address contained this thesis:

"In our form of democracy the expression of the popular will can be effected only through the instrumentality of political parties. We maintain party government not to promote intolerant partisanship, but because opportunity must be given for expression of the popular will, and organization provided for the execution of its mandates and for accountability of government to the people. It follows that government both in the executive and legislative branches must carry out in good faith the platforms upon which the party was intrusted with power. But the government is that of the whole people; the party is the instrument through which policies are determined and men chosen to bring them into being. The animosities of elections should have no place in our government, for government must concern itself alone with the common weal."

This thesis retains its validity today. It is in this spirit that I urge we undertake the task before us.

A Guiding Philosophy

In my first Inaugural Address I discussed at some length a guiding philosophy for both the Executive and Legislative branches of government as we entered Oregon's second century of statehood.

You will recall that I made recommendations which would lead to a more manageable and a more efficient government. I would hope the thoughts contained in that first address and those which I voice today may be reflected by actions in this Legislative Session.

A Challenge

Today, Oregon is at a crossroads. Either we progress through continued maintenance of high standards or we assume the mantle of mediocrity through failure to grasp the opportunities which are ours. As a result of your preliminary meetings and review of the budget, again presented more than a month in advance of the Legislative Session, you have now come together forewarned and, I trust, forearmed with full realization of the magnitude of our responsibilities.

The emerging nations of the world, many founded in the same spirit of freedom-seeking which motivated the early settlers of this country, are measuring the steps which are taken in our sovereign states toward meeting the challenges we face while maintaining our capitalistic society and our fiscal integrity.

An Opportunity

This is a day in which there is genuine concern not only in international relations but in matters at our very front door—the purity of the air we breathe, the cleanliness of our water for consumption and recreation, the traffic congestion contributing to both disorder and death, the deterioration of the core of some of our cities, the crowding of our schools, the broadened intellectual horizons, the care of our unfortunate, the burden of the property tax, the survival of small business, the effects of work stoppages which disrupt the economy both individually and collectively, the optimum productivity of the farm and the distribution of its produce, the apprehensions of automation, the alarming crime rates among our youth. Amid all this there is the psychological myth that we can do nothing about such concerns. The next phase is that of the individual's overdependence on the state which coincides with the state's dependence upon federal programs. While it has become commonplace to turn our backs on the problems and our palms to the federal government, we can do much in our day to swing the pendulum back to recognize not so much states' rights as states' obligations. We can make Oregon a proving ground for a new spirit of self-sufficiency if we but have the will.

BUDGET

Much has been said about the budget. In its final form, this document is the result of long and conscientious study. Its recommendations represent a total reduction of some \$90,000,000 from original requests of the agencies of state government. These original requests may be justified, defended, and advocated before you. The reductions which have been made in no way depreciate the usefulness of the requests which might be met were revenues available.

In your consideration of this budget, I would hope that increases to one program will not be proposed at the sacrifice of another, and that you will make evident the revenue effect of any revisions.

TAXATION

Net Receipts Tax

Previous Legislatures have had before them recommendations from outside tax authorities as well as their own interim committees which are similar to those which I now present. The erosion of our income tax base has been recognized and commented on by these expert observers. They have been in agreement that we must broaden the base of this tax—increasing the number of taxpayers and reducing the rates. This is the basic reason I have twice before urged the adoption of the net receipts amendment to our income tax law, and now do so for the third time.

In connection with this amendment I offer some basic statistics. Ninety per cent of our citizens have annual incomes of \$10,000 or less. A comparison between a net receipts tax plan which I have previously urged you to adopt and the State of Washington with its sales tax reveals the following figures for a family of four.

With an income of \$4250, this family's tax bill in Washington would be \$131; in Oregon \$43.

With an income of \$5250, Washington tax would be \$154; Oregon's \$57.

With an income of \$7250, Washington—\$201; Oregon—\$137.

With an income of \$9250, Washington—\$240; Oregon—\$235.

It is in the spirit of the greatest good for the greatest number that I call these factors to your attention and urge your favorable action on the net receipts income tax amendment.

(Departure from printed text in Second Inaugural Address)

In this comparison, part of the difference reflects the fact that Washington relies less on the property tax for the support of local government and more on state subsidy of local government. Although per capita taxes for both state and local government in Oregon are lower than those in Washington, we need in Oregon a major overhaul in the management

and finance of the activities of local government. The reliance of local government on the property tax, with all of its inequities, imposes a discouraging burden on home ownership and on industry and commercial development.

The costs of government—federal, state, and local—ultimately can be financed only by taxes. But taxes must be so designed and so administered as to free rather than fetter our economy. This lesson has resulted in the present chorus demanding revision of the federal income tax. We seem to be approaching a similar consensus about the property tax in Oregon.

I would urge this legislature to such action as will assure that the 53rd Legislative Assembly will have before it a program which will ultimately result in reform of the property tax and reduction of reliance by local government on this unreliable index of ability to pay. We have begun doing so, piecemeal, with state support of local schools, by sharing of liquor and highway revenues, and by state assistance to a wide variety of local functions.

We need a fresh approach to the whole complex problem of the financing of local government and of providing relief for the property taxpayers. Shared revenues, state collection of revenue for the benefit of local government, state grants, reservation of present or proposed taxes for local use, and other options, all must be reviewed in the process of producing a long-term answer to a problem that has too long defied solution.

This will be no easy assignment and the changes must take place over a period of time that will preclude windfall benefits. But change we must, if we are to preserve a dynamic local government, capable of meeting its challenges. We can point the way toward a fiscal system in which the responsibility for collection of revenues is in the same government that spends our money.

Such a program of reform and reduction of the property tax would be a landmark and a beacon on the path toward more effective local government and a more prosperous state.

Cigarette Tax

Oregon is the only state in the Union in which revenue is not derived from the sale of cigarettes. In two other states the sale of cigarettes is taxed, but not through a special state tax on cigarette sales. In one case it is a city tax; in the other it is a part of the general sales tax. In the light of the state's fiscal requirements, the adoption of this tax seems appropriate and timely.

Taxation of Financial Institutions

Six years ago, the taxation of financial institutions (under ORS Chapter 317) was significantly revised. That law has been challenged in the courts and the process of judicial review is nearing completion. Amendments to the 1957 Act were before the 1961 Legislative Assembly at the recommendation of the Tax Commission, but failed of enactment. The adoption of these amendments, even now, would clarify legislative intent and strengthen the position of the state in collecting the taxes due under the 1957 legislation. Since the amount involved in the present litigation is more than \$6 million, I urge your early review of and prompt action on the recommended legislation.

Homestead Exemption

I have previously urged a homestead retention provision whereby the aged, with modest housing and income, could qualify for property tax relief to assist them in retaining the independence and security of their homes. I renew my request today.

Timber Tax

The 1961 Legislature adopted far-sighted, conservation-oriented timber tax laws. They should be retained, but some adjustment may be desirable in the so-called "Small Tract" law to avoid unnecessary restrictions.

REORGANIZATION

Directly related to income and expenditure is economy in government. A month prior to the convening of the Fifty-first Legislative Assembly, I made available a series of studied recommendations for reorganization of the Executive Branch. Instead of reducing the number of semi-independent boards and commissions—one of the goals of these proposals—that session of the Legislature added seven.

We can no longer afford a system based upon the theory that limited special interests require special policy-making groups which can operate to the exclusion of the total public interest or the program of a Chief Executive elected by all the people.

My 1961 reorganization proposals, invited by law, are as valid today as when first presented. I recommend that you give priority to establishment of a Department of Natural Resources and a Department of Commerce. The former will be the subject of a special message.

Department of Commerce

You will have before you proposals to afford greater protection for the consuming public. If such protection is to be meaningful the public should have a central point in state government to which it may turn. In order to coordinate agency activity a Department of Commerce should be established to include the functions now performed by the following agencies: Planning and Development, Banking Department, Insurance Department, Real Estate Department, and the Corporation Department. In addition, the boards licensing and regulating the following professions and occupations should be included: architects, auctioneers, engineers, pilots, real estate brokers and salesmen, and watchmakers.

There are obviously other areas in which you can reduce the number of boards and commissions, improve coordination, and eliminate wasteful duplication.

CONSTITUTIONAL REVISION

A reorganization step of even greater proportions was envisioned by your predecessors when a Constitution Revision Commission was established.

Over a half century ago our state adopted the "Oregon System", a pattern of progressive action which others have followed. Our Constitution lives as an example of the genius of its framers, but many sections are now obsolete. The tools of government have become dulled with passage of time and thus inhibit real progress.

The Constitution Revision Commission has produced a notable document. This Legislature's greatest legacy can be the referral of a realistic, modern Constitution.

SALARY INCREASES

I suggest your approval of the state employe salary recommendations included in the budget, and reiterate that the public interest would be better served through replacement of the statutory method of setting salaries for key administrators to permit their establishment in essentially the same manner as for the classified civil service.

BUILDING PROGRAM

A solid foundation exists for consideration of the Capital Construction Program which I have recommended. In accordance with the law, this program contains plans designed to meet the needs of state government during the next six years. I urge that you give priority to the following:

Capitol Addition

The absence of adequate Legislative quarters is obvious. At the direction of the 1961 Assembly, preliminary plans for a Capitol addition have been prepared for your consideration. A consultant in this planning has been Francis Keally, the original designer of this nationally-renowned building. I recommend that you select from your membership a special committee to direct preparation of final plans for this addition.

Natural Resources Complex

To house the Salem-based natural resource agencies, I recommend construction of a group of buildings on the Capitol Mall. The first unit should be a building to house the Department of Agriculture.

Supreme Court Building

Twice I have recommended that you authorize plans for more adequate quarters for the Supreme Court. I now repeat that recommendation.

Transportation Building

I have recommended previously that first steps be taken toward providing a building to facilitate the coordination of agencies whose primary responsibilities relate to Oregon's transportation needs. I again urge you to eliminate the inefficient circumstances which find the Motor Vehicle Department located miles from the Public Utility Commissioner, the Highway Department, and the State Police.

NATURAL RESOURCES

Repeatedly I have urged increased attention to our great wealth of natural resources, scenic beauty, and outdoor recreation opportunities. These assets are vital to all our citizens, and our economy depends in large part on their wise use.

Public Lands

As provided in the budget, the public should assume a greater share of fire protection costs because of its growing use of forest and range lands for recreational purposes.

I hope for your unqualified approval of a measure to redesignate Oregon's publicly-owned beaches as a State Recreation Area.

The management of state lands has been studied by a Legislative interim committee, with particular attention to lands from which income accrues to the Common School Fund. Constitutional limitations must be recognized. Further, any action program must be preceded by a period of research and planning. Funds should be provided for this purpose.

Hazards to life and property are evident as a result of uncontrolled use of motor vehicles on certain public lands. Passage of a law to permit state courts to take jurisdiction over violators of federal regulations would be of material assistance.

Water Resources

Legislation will be proposed to provide a means of overcoming some of the deficiencies of single or limited-purpose water districts. Inherent in this proposal is the multiple-purpose water use concept as enunciated by the 1955 Legislature. With effective state coordination, the proposed Water Conservancy District Law can be of great benefit to the conservation of our most important natural resource.

I hope you will approve the revised Columbia Basin Interstate Compact so that Oregon will retain a voice in this aspect of Columbia Basin water resource planning and development, even though the compact presently envisions only an advisory function.

It would appear that state funds for planning of small watershed projects are of greater importance now than two years ago. Presently there are four such projects in operation or under construction. Thirty-seven applications have been received for which planning must be carried out. There is clear evidence of the need for continued state financial participation in this planning program.

Boating Facilities

Unclaimed taxes on marine fuels should be made available for further development of water-oriented recreation opportunities.

Milk Stabilization

The 1961 Milk Stabilization Law, which was of assistance to the dairy industry, has now expired. As you consider proposals for similar legislation, I hope you will recognize the advisability of price regulation at the producer level only.

Forecasts

The plight of the lumber market, work stoppages in the construction industry, and the Columbus Day storm have adversely affected the revenue estimates which you and I made two years ago. We must continue the quest for realistic forecasts and the effort to improve the opportunities for economic growth.

Growth

Our Department of Planning and Development reports that during the past two years a total of 196 new or expanded industrial organizations have come into being, with a total investment of \$124,851,000 and providing new job opportunities for 21,000 citizens. These and other figures indicate our attempts to diversify the economy and lessen dependence upon seasonally and geographically concentrated industry are producing results. This program continues to demand the cooperation, talent and enthusiasm of local as well as state-wide organizations.

Resisting Temptation

Our state government has thus far withstood the temptation to seek new industry through use of such lure as tax waivers, land gifts, public bonding for private industrial development. I am proud of industry which seeks full citizenship and is willing to meet its equitable obligations. I believe it to be a perversion of public credit and to be a weakening of

the free enterprise system when public capital is used to offset legitimate industrial costs. I trust you will continue to share this view.

Labor-Management Relations

We have recognized that profits and payrolls are inseparable, that labor cannot make gains except as business advances, that management cannot function without labor's productivity. There is, accordingly, a legitimate public concern that the tenure of this commission will expire upon completion of its assigned task and presentation of appropriate recommendations to the Fifty-fourth Legislative Assembly. I am not proposing another permanent agency of state government.

Port Legislation

We owe much of our growth to development of ports, waterways and related transportation facilities. I believe a comprehensive study of the present and potential contributions of these facilities should be conducted. I am hopeful that the State of Washington may join in such a study as it relates to the Columbia River.

I recommend that you create an Oregon Port Authorities Commission for the purpose of conducting this study. The enabling legislation should clearly indicate that the tenure of this commission will expire upon completion of its assigned task and presentation of appropriate recommendations to the Fifty-fourth Legislative Assembly. I am not proposing another permanent agency of state government.

Subdivision Law

During the past 18 months, land speculation has significantly increased. This activity can affect the economy either favorably or adversely. Certainly, legitimate real estate development should be encouraged. At the same time, we must assure that prospective purchasers, whether resident or nonresident, are adequately protected from the unscrupulous. In order to maintain Oregon's reputation for fair dealing and make certain that misleading or fraudulent business practices do not occur here, authority to regulate real estate subdivisions should be given the Real Estate Department.

Inmate Labor

There is general agreement among most citizens that rehabilitation programs are essential to prepare inmates of penal institutions for their eventual return to society. Yet the point at which their activities conflict with private enterprise and free labor has been the subject of disagreement. While the courts may decide a specific case or two, clarification of legislative intent is needed. I would reject the thesis that a new building on the Capitol Mall or a highway or a building for our state system of higher education should be constructed with inmate labor. But between that possibility on some future date and the intra-institution construction which now exists there is a line of demarcation which should and must be drawn.

SOCIAL LEGISLATION

The principal goal of publicly-financed social services should be the elimination or reduction of dependency. We should work constantly to this end through rehabilitation, counselling and assistance programs whose purpose and goal is the restoration of self-sufficiency wherever possible, with the attendant increase of self-respect and reduction of public expenditures. Public programs which become ends in themselves are not worthy of support. Public programs should be instruments through which individual initiative, talents, and skills can be directed toward independence and self-sufficiency.

Public Welfare

You will recall that there were objections to moving the headquarters of the Public Welfare Commission to the state capital. In the 18 months since the move, its purposes have been largely accomplished. There is improved coordination between the Commission and related agencies. There have been substantial savings in space and equipment rentals. These are estimated to be in excess of \$80,000 annually as compared to a one-time moving cost of less than \$60,000.

Many problems remain unsolved. As indicated in my budget message, we intend to attack the root of these problems, and that is why the budget recommends additional caseworkers, investigators, and funds for increased rehabilitation measures.

Our work relief programs have restored self-respect. I hope we may adopt similar public works and natural resource improvement programs in those areas where they are not presently in effect.

(Departure from printed text in Second Inaugural Address)

Within recent days the report of the interim committee on social problems has reached my desk. I should like to direct your special attention to it as it relates to the care, treatment and rehabilitation of sex offenders as well as recommended legislation concerning marriage and divorce. The bizarre and sordid histories of sex deviates make it imperative we concentrate on what we can do to confront this problem.

Medicare

Prior to my 1961 Legislative Message I was advised by some leaders of the Assembly that the Social Security method of providing for the medical needs of the aged would receive immediate favorable action in the Congress and that a recommendation for state-provided aid for the aged would be superfluous. There was doubt in my mind, however, that Congress would act so swiftly, and the Legislature shared this view through passage of a modest medicare program. As a result, more than 6000 Oregonians in need have benefited. Today, the situation is similar to that in 1961. We have no real assurance of federal action.

The special report of the Medicare Advisory Committee outlining suggested improvements in our present program has been made available to you. These recommendations, like those in other areas of social concern, are directed toward reducing dependency and making it unnecessary for many of our citizens to seek full public support when temporary and partial measures can meet the need.

Health Insurance

Continuing growth and improvement in the nature of private health insurance is desirable. The adequacy of voluntary health insurance programs governs the need for public programs. Ground rules governing individual policy issuance and conversion of group policies should be set forth to improve the quality and reduce the cost of health insurance to the retired worker.

Retirement Homes

The tremendous surge in the establishment of retirement housing has been the subject of study by the Small Business Interim Committee. This committee's report provides a good base for further legislative action to assure adequate protection of retired persons.

Welfare Recovery

The Welfare Recovery program, which is self-sustaining, now operates in only 12 counties of the state. Results indicate that it should be enlarged, and the budget so provides.

Workmen's Compensation

At the conclusion of the 51st Legislative Assembly I appointed a committee composed of representatives of labor, management and the public to study problems of workmen's compensation. That committee has recommended improvements which will provide for greater flexibility in securing workmen's compensation coverage and will, at the same time, provide the needed protection for the injured workman. Draft legislation based upon these recommendations will be presented for your consideration. Here once again, our focus must be on restoration of the individual whenever and wherever possible.

Unemployment Compensation

The unemployment insurance trust fund has increased 18.6% in the past two-year period, but it still does not permit reactivation of the experience rating program. We can work toward this desired goal through insisting upon greater adherence to the basic and original concept of unemployment compensation. I urge that you consider stricter eligibility requirements, particularly in those instances where individuals have voluntarily resigned or been discharged for cause. Individuals who have retired and are not in the labor market should be made ineligible. The unemployment compensation program should be realistically redesigned to provide insurance only for those who are actually in the labor market but unable to acquire employment through no fault of their own.

CIVIL RIGHTS

This year marks the 100th anniversary of the signing of the Emancipation Proclamation. Oregon has pioneered excellent laws in the field of civil and human rights as they apply to employment, housing, and personal services. But it remains for us to implement these in our hearts and in

our actions, with particular emphasis on job opportunities for minority youth.

Congress has referred to the states for ratification a constitutional amendment to abolish poll tax requirements: This encumbrance to free exercise of the right to vote should be eliminated, and Oregon's action should be taken with dispatch. I am submitting Senate Joint Resolution Number 29 of the 87th United States Congress on that question and recommend its immediate ratification.

TRANSPORTATION, PUBLIC SAFETY

Highway Financing

We have reached the point at which a critical and objective view must be taken of bonding for construction of highway projects. By its very nature this method of financing gives preference to a few favored areas of the state. Additionally, because of the interest charges involved, bond financed projects are disproportionately expensive. Principal and interest payments must be met from current revenues, with the result that normal construction programs suffer.

Additional bonding would deplete the flow of highway funds for regular federal and state aid programs. About 45% of the total cost of the Astoria Bridge, Highway 42 and Highway 197 projects authorized for construction through bonding will be in interest payments.

I recommend that no further highway bonding programs be authorized by this Legislative Session. If it is indeed the judgment of this body that our highway construction program should be accelerated beyond present levels, you should consider financing such an increased tempo through an increase in gasoline taxes.

Traffic Safety

Two years ago I strongly recommended adoption of laws providing for maximum speed limits, implied consent for chemical tests for intoxication, and authority for arrest on probable cause at the scene of accidents. I reiterate these recommendations with the prayerful hope that such enforcement measures can be combined with our engineering improvements and our educational campaigns to mitigate one of our civilization's most pressing and deplorable problems.

As the result of extensive studies and deliberations a Driver's License Compact and a Vehicle Equipment Compact have been developed and are being submitted to the states for adoption. These Compacts have the approval of numerous organizations including the Council of State Governments and the Governors' Conference. Their adoption is important as a progressive step in traffic safety and as a deterrent to federal intervention in these matters, which should be reserved to the states.

In addition, I request that you establish standards for seat belts, make seat belts mandatory in new cars, and provide strict penalties for those who attempt to elude police vehicles.

Evidence presented by the Oregon Traffic Safety Commission and the National Safety Council indicates that the tragic toll of traffic deaths and injuries can be sharply reduced through application of the measures which I request.

It is within your power to contribute to this reduction through forthright and aggressive action.

Liquor Control

The Seaside disturbance underscored the need for additional alcoholic beverage control. The Liquor Control Commission should clearly have the power upon order of the Governor, to immediately suspend licenses in emergency situations. Penalties should also be provided for persons who permit use of their identification cards by other individuals in the purchase of alcoholic beverages.

Juvenile Code

The increase in the rate of juvenile crime is several times that of the population growth rate.

Oregon's Juvenile Code should be reviewed and amended so as to demonstrate to youthful offenders that they will be held responsible for their acts. Such amendments should permit more efficient handling of juvenile matters by enforcement officials and the courts. A necessary revision should also include permissive court action in the area where the juvenile's offense took place rather than at the site of his residence.

Dangerous Drugs

Present laws are inadequate to control the sale, distribution and possession of dangerous drugs. The recently-adopted Federal Drug Control Act provides many necessary controls, but referral of violators for federal prosecution is cumbersome and ineffective. I recommend adoption of a state dangerous drug act to permit effective control at the local level.

Public Defender

We have public prosecutors in the office of the District Attorney. Those with means can employ legal defense counsel. Others must accept counsel assigned by the court. Yet, unless we wish a different standard of justice as between the wealthy and the poor, we should establish a realistic public defender system.

We can obtain equal justice under the law through a public defender system, and I strongly urge that you take steps to determine the best type program for Oregon.

LOCAL GOVERNMENT

The Initiative and Referendum guarantee to our people the final decision in government. Local government provides further assurance that government will truly serve the people's will. Local government must, however, be as effective and responsive as we can make it.

Budget Law

The Interim Committee on Local Government has given considerable study to the present local budget laws. These statutes have been amended only on a piecemeal basis since their adoption in 1913. A thorough overhauling is in order.

County Licensing of Business

The spread of commercial activities into non-urban areas has created need to provide public protection against unsanitary, unsightly and otherwise detrimental business practices. Such protection is presently available within city limits, and I recommend that county governments be afforded similar authority.

County Service Districts

Existing statutes which authorize county construction and maintenance of sewer districts should be amended to permit these bodies to provide water supply and distribution facilities where necessary and desirable, as a means of minimizing the numbers of overlapping, independent and relatively uneconomical special service districts.

Similar authority should be given to permit formation of metropolitan sewage treatment and disposal systems where such systems cross over political boundaries. Financing should be permitted through metropolitan area revenue bonds.

Air and Water Pollution Control

To augment local efforts to eliminate air and water pollution, the State Sanitary Authority should be given summary abatement power.

Subdivision laws should be amended to provide for state approval of domestic water supply and sewage disposal facilities before any proposed subdivision is platted or filed.

County government should be given authority to establish community air pollution control programs in unincorporated areas and to contract with cities and/or other counties.

EDUCATION

The problems of education have obviously not lessened nor has their solution become easier. Our basic educational programs have been discussed in detail in the Budget Message. We have provided for continuation of educational opportunity for the children of migratory laborers. We anticipate the expansion of enrollments in the community colleges and the institutions under the Board of Higher Education. We have provided for increased support of local schools and for the education of the mentally retarded both within and outside of our state institutions. We have provided for significant expansion of our vocational rehabilitation program.

School Financing

In my first Inaugural Message, I called for a comprehensive study of school financing. An interim committee made a start, but there remains a need for simplification of the basis of school support and a further equalization of the property tax burden as the foundation for elementary and secondary education. In that earlier message I asked that the Legislature give direction pointing toward year-round use of our costly physical plants. Generally they are idle more days than they are occupied. For most communities, we can no longer afford to be bound by schedules which were derived from an agrarian economy.

Coordinated Administration

Educational planning and administration have become increasingly complex. As a result, it is imperative that there be legislative review