

Inaugural Address of Governor Herman Guy Kump

March 4, 1933

GOVERNOR CORNWELL AND MY FELLOW CITIZENS: It is part of our American practice that an incoming Governor take the first opportunity to place himself and his party squarely on record with the people of his State; and, in times of emergency, this practice becomes a necessity, that public confidence may be sustained through faith in a clear-cut program, a united party, and a steady purpose. So, on this first official occasion, I shall speak to you bluntly of the problems that we face and of the plans that we have.

Behind every question that seeks an answer through legislation, there are broad points of view that form the background of public policy. On the one hand, they carry assurance that the principles upon which we are building are in accord With the traditions of our people and the values of our day; and, on the other, they serve as a guide to legislation which, in a practical way, will bring to the citizen the service that he seeks and the security that he requires.

First among such principles I would place this: Back of every policy and every law that has my indorsement must be the welfare of those thousands of my fellow citizens who live far from the splendor and elegance of this State Capitol and who have no special representatives here. As Governor I am their personal representative, and their righteous benefit will be the keynote of my administration. It is, moreover, my belief that normal business conditions are closely related to the welfare and prosperity of these people, and I pledge my utmost efforts to bring them the advantages they should have and the relief that they so desperately need. But, in doing this, business must be given no just cause for alarm.

Close beside this stands the financial integrity and efficiency of our Great Commonwealth. Our fiscal policy is simply stated: To balance the budget, to pay the deficit, and to equalize the burden of taxation. And, when this is done, to make permanent and effective fiscal control as much a part of our State and local government as are the lax and unbusinesslike methods that mar so much of it today. Whatever may be the problems of revenue that we face, the control of public expenditures is the only road to tax relief.

With the development of our more remote areas, and with increased efficiency and economy in the public service, there is a third principle behind the policies of this administration. It is to lay the basis for a long-time program that will encourage adjustments in the public service that changing conditions and new requirements have made necessary. This will mean, not only constitutional amendments further to develop the wise principles set out by the founders of our State; but it will mean, also, a new cooperation between State and local officers in the interest of a more effective local self-government; as well as the continuous study and analysis of our public questions, which become more and more complex as the years go on.

In giving effect to these principles, we are at the present moment faced With the most intricate fiscal problems within the history of this State. The "Tax Limitation Amendment" adopted at the last general election has revolutionized our revenue system. Not only has it set up a classification scheme without precedent in American public finance, but it has reduced the total income from

the general property tax for current expenses from more than forty million dollars in 1932 to an estimated gross yield of twenty-three million dollars in 1933. This has compelled us to seek new sources of revenue for State and local purposes in excess of fifteen million dollars, to propose an elaborate system of State aid for local schools, to plan for the relief of counties from their present road levies, and to establish administrative machinery to put the new plans into effect.

Time alone can tell the wisdom of all this. From the standpoint of the new administration, it is merely a condition to be met; and with all the resources at our disposal, we have worked diligently to meet it. When the Legislature convened some weeks ago there was not an official figure to estimate yields under the new classifications; there were neither official estimates, nor definite proposals looking toward new sources of revenue; and there was not an authoritative line interpreting the obscure phrases of this puzzling amendment.

But the Legislature acted quickly and decisively to meet the emergency, and through a joint committee on efficiency and economy, undertook the tremendous task of doing in two weeks that for which the extraordinary session of last August, with misgivings because of limited time, had allowed six months. Carefully prepared bills were withheld day after day pending the perfection of enabling legislation and the completion of revenue estimates upon which the entire program of the new administration, of necessity, had to be erected. Through the most untiring efforts, this task has been accomplished; and the plan is now ready for legislative action.

Tax Enabling Act

First in importance is the enabling act designed to place the "Tax Limitation Amendment" into effect. The most careful consideration that time has permitted has been given to this matter. Our leading lawyers, our public men, and our students of government have worked unceasingly to find an effective answer to this problem. Back of every decision has been the set and constant purpose to give the people that relief which the amendment was intended to secure. Every interpretation has been raided as the enabling act recites:

". . . to give full effect to the expressed and well understood purposes of the voters; namely, to secure

"(1) A fair classification of property that will promote and encourage home ownership, agriculture and business enterprise;

"(2) A limitation of direct levies that will relieve local property, stimulate the use of indirect sources of State revenue, and increase the benefits of State aid to essential local needs."

This administration will do everything within its power to carry out this mandate. After giving the matter many hours of thought, refined by many additional hours of conference, I am convinced that the enabling act and its companion measure now before the Legislature offer the best solutions of this problem that can be had at the present time; and for this reason, they carry my unqualified indorsement. As now drafted, this legislation should produce some twenty-three million dollars of gross revenue (exclusive of debt services) to be distributed among the taxing units of the State in substantially the following proportions - 66 per cent to the schools, 22 per cent to the counties, and 12 per cent to the municipalities.

Aid for Schools

Closely associated with this are two additional problems that hinge upon the enabling act for their solution - State aid for local schools and State relief for local roads. During the year 1932 our boards of education spent twenty-five million dollars for school purposes. Through economies that are now under way, it is estimated that a little over twenty-one million dollars will be sufficient for the coming fiscal year. The direct property levy should supply fifteen million dollars of this amount, and State aid must provide the additional six millions.

The proposed distribution of this sum, as provided in the State aid bill now before the Legislature, is briefly this: Following a revision of teachers' salaries, in line with reductions that are commonplace in both private industry and public service, the State will assume the salaries of both elementary and high school teachers for a period of four months. The local districts will thereupon pay the cost of maintenance for the same period and levy an amount sufficient to provide at least a seven months' school term, and a nine months' term if they so desire. Should the maximum levy under the "Tax Limitation Amendment" be insufficient to provide a seven months' term, the State will supply the additional amount necessary from an equalization fund created for that purpose. This in effect looks toward a seven months' term for every district in the State. I commend this plan to the Legislature as the best that is possible under present financial conditions.

Relief for Roads

State relief for local roads has likewise become a necessity under the new amendment. A secondary road system was a campaign pledge, and I stand squarely on that today. Careful statistical estimates made within the past few weeks, however, have shown it to be essential that my road program, designed to develop the more remote portions of the State, must be expanded to provide relief from local highway levies. During the fiscal year 1932, the counties levied some eleven million dollars, of which some five million was used for the construction and maintenance of local roads, the remaining six million being for general county purposes. The rates proposed under the enabling act of the "Tax Limitation Amendment" should provide the counties with some five million dollars of needed revenue, which, on the basis of a further ten per cent economy, should be sufficient for general county purposes. This means that the county-district road system (exclusive of debt services) must be taken over by the State and supported by indirect sources of revenue. It is this plan that makes possible the relief of county budgets and which permits the local school levy to be increased by the amount of the former road levy a sum that can properly be regarded as additional State aid to our local schools.

The Revenue Program

Paralleling these recommendations is the vital question of revenue. The encroachment of the Federal Government on sources that have for years been basic supports in State finance have made this matter increasingly difficult; but, by adjusting rates on special taxes already in operation, and by rigidly curtailing non-essential expenditures, there is reason to believe that the State budget can be balanced and the deficit taken care of. Due to the operation of the "Tax Limitation Amendment," there will remain some fifteen million dollars that must be raised for

State and local purposes from indirect sources of taxation. To effect this will require the forbearance, tolerance, and cooperation of every West Virginian. The farm, the home, and business enterprise have sought protection by a constitutional amendment. This, coupled with better government at less cost, will give many taxpayers substantial relief from direct levies. Again I pledge this administration to give effect, as far as possible, to this mandate from the people and to restore real property to its former position of value and dignity as a banking security. But I know that every West Virginian will bear with me when I say that revenue must be found to maintain the services of our government and to protect the credit of our State.

May I call attention to the fact that (excluding debt levies and the State levy) agriculture paid \$3,500,000 of the general property tax in 1931, and will pay only \$1,160,000 in 1933; that manufacturers paid \$2,950,000 in 1931, and will pay only \$1,870,000 in 1933; that trade yielded some \$2,830,000 in 1931, and will yield only \$1,860,000 in 1933; that public utilities paid \$12,400,000 in 1931, and will pay only \$8,860,000 in 1933; and that residential property contributed \$8,810,000 in 1931, and will contribute only \$3,880,000 in 1933. The tax base - land and personal property - has been relieved; but in spite of the most rigid economies, the revenue must be sustained in part. To do this I propose a program built around a general sales tax with a potential yield of \$16,000,000. A bill to this effect will be presented to the Legislature.

The Road Bill

In addition, there are two measures now pending that I hope to see added to the chaptered laws. The first calls for a "one man road commission." Since the establishment of our road program, this change has been discussed; and beat authorities have agreed that it should only await the time when the State highway system was brought to a point approaching completion. This time has come. Little additional mileage is contemplated. Projects under construction should be completed, and maintenance provided to protect the public investment. Both efficiency and economy require that this change be made and that this policy be followed.

The School Bill

The second measure concerns our elementary and secondary education. Rigid economies in the public school system are essential if such education is to continue as now provided through this period of depression. Three hundred and forty-six school districts and sixty-seven independent districts are luxuries that cannot be indulged in collectively during these times of stress. It is, moreover, right, expedient, and just that the wealthy portions of our State contribute in a modest way, through State aid, to other districts to permit the less fortunate parts to maintain minimum standards of instruction and maintenance; and while it may be desirable to permit independent districts the present advantages of separate organization, they cannot be permitted to isolate the opportunities of education merely because of the fortunate circumstances of taxable wealth within their limits.

A Conservation Plan

Another measure, yet to be presented if time affords, is a broad plan of development and conservation of nature's gifts to us. We must make of our mountains, streams, and forests the

beautiful and inviting resorts to which they are so wonderfully adapted. This will be a most valuable asset and source of revenue for us and future generations, if we are wise just now. To this end I believe the establishment of a conservation commission would best serve the people of the State.

Long-Time Program

As far as a long-time program is concerned, I would say this: In spite of the great forbearance of the Legislature and of the Democratic press, the embarrassment of an incoming administration, because of the delay in taking office until March 4th, are so serious as to be intolerable. A Legislature ready to proceed, but all administrative leadership in the hands of private citizens. This can be ended only by constitutional amendment providing that the Governor and his administration take office shortly after the Legislature convenes. To this I think we should add a short ballot and the executive budget to give the control necessary to every well-managed organization.

This in brief is my preliminary program. On the first official opportunity, it is presented to you with the assurance that I shall do all within my power to see it realized. There is nothing in it that was not a campaign promise, and my words of last summer are as sacred to me today as they were then. Many points need to be perfected; many secondary projects are receiving consideration; many large proposals are necessarily reserved for the future. It is essential to proceed slowly in matters so vital to us all, and, above everything, to place first things first. But in times of emergency there comes a distrust of routine, and hope lies in a boldness of mind and action not required in more tranquil days. That the next four years shall mark great progress in the history of our State is my ardent hope - indeed, my solemn pledge.

There are two other matters that, of necessity, I must mention. We find a portion of the press eager to misrepresent, exaggerate, and malign; and official explanation and defense have been impossible. In ordinary times this would engage only passing interest and would be placed in the category of petty politics, but in times such as these it is extremely dangerous to lead our people into distrust and to arouse their fear. In their extremity they have need of their faith in their government and institutions; and to destroy, or impair, this faith is diabolical. But we acknowledge a debt of gratitude to that portion of the press that has so faithfully and efficiently spoken the truth.

Change of Personnel

For many men and women who have long held public positions this has become a tragic hour. Thousands of letters in my files testify to the hardships that party victories create, but it is my duty to stand firmly by the promises on which I was elected and which have their foundation in right and justice. It is the plain mandate of the people that there should be a complete change of personnel in the public service of this State, and in accordance with that mandate I feel it is my duty to request the resignation of all officers and employees whose tenure is subject to executive action. They will be dealt with in compliance with our campaign pledges and in full keeping with the spirit and the letter of our promises. Such changes, however, cannot be safely accomplished overnight, but only by those orderly methods that mark all essential administrative adjustments

that have as their first purpose the good of the service. I admonish all those who seek employment under this administration that the conditions marking so much of the past will not be tolerated. Leisure and luxury in office must yield to service. It seems fitting for me to repeat once more that old phrase of a great Democratic leader, "A public office is a public trust," and those who do not care to follow under this policy are invited to return from whence they came.

The difficulties that have been encountered and overcome in the past few weeks have been very great. The patience of the Legislature in the face of unavoidable delay bespeaks the unity of our party and the character of its personnel. The wholehearted support of legislative leaders and their consideration in the presence of almost insurmountable tasks have given new courage and new vision to the administration.

We proceed hopefully. Our problems are solvable. Our program is certain. Our State is secure. As to my part - it will involve no fear, no favor, no lack of devotion to my duty.