

GOVERNOR ANGUS W. McLEAN TALKS TO NEWSPAPER MEN

State Press Meeting at Asheville Honor- ed By Presence Governor

Says "Headline Writ- ers Control Pub- lic Opinion"

(Continued from Last Week)

(5) Another most important measure enacted by the creation of a Salary and Wage Commission. It was found that salaries and wages of employees in the State's services were, in many cases, unequal; they were not always based primarily upon duties and responsibilities of the position with the actual value of the work performed. Employees in some departments doing the same kind of work as those in other departments received different salaries. There was no proper classification of the employees as between the various departments; and there was no proscribed rule as to working hours and other conditions of employment. This situation gave rise to complaints and dissatisfaction among some of the employees. The United States Government and most of the progressive State Governments in the Union have long since adopted a plan of personnel classification in government service. North Carolina has never undertaken this very necessary reform. The General Assembly created a Salary and Wage Commission, composed of five disinterested business men, authorized to devise a complete plan of personnel classification. The Commission has been appointed and has entered upon the discharge of its duties. It is composed of men who have had long experience in matters involving compensation for personal service. It is an independent body with power to perform its duties independently

of other departments of the State Government. After the report of the Commission is filed, it becomes the duty of the Governor to approve or disapprove the same. The main purpose of the Commission is to have the salaries and wages of State employees depend upon the value of service rendered the State. Employees doing like work under like conditions in the different departments will be placed in the same class, and for each class of positions, a range of salary will be fixed which is intended to be fair to both the employees and the State. There will be no attempt on the part of the Commission to prescribe standard and fixed salaries without regard to the amount and character of the actual service performed.

Classification by fixing a range of salaries including a maximum and minimum and leaving the particular salary within the range to be fixed upon the basis of service is a very different thing from arbitrary standardization.

The salaries will be so fixed as to reward faithful employees for their industry and efficiency. The salaries to be recommended by the Commission are to be based on the assumption that the employees will work the full number of hours required by the regulation. Positions will be allocated according to classes; and standard rates of pay will be established for each class, providing a range between the maximum and minimum salary so that the particular salary between the maximum and minimum will depend upon the experience and efficiency of the employee, as determined by the head of the department. The length of service and the record of faithfulness of the employee in the past will be an important factor in determining the exact salary to be paid. It is believed that a most important result of the work of the Commission will be the fixing of uniform hours of service and uniform conditions of service, such as vacation leaves, sick leaves, etc., and that this will bring about not only more efficiency in the service, but considerable saving as well, for the reason that more work will be done by the same number of

employee than has been done in the past. The appointment of a Salary and Wage Commission has already resulted in the elimination of many cases of over-payment and many inequalities have already been removed by administrative action in anticipation of the action of the Commission. There can be no doubt that when the work of the Commission is complete it will be found that the dissatisfaction that has existed before, on account of discrimination in the salaries of employees in the various departments, will be removed and the general morale of the service strengthened and improved.

It has been suggested by some who are uninformed as to the actual facts that the last General Assembly was parsimonious and niggardly in making appropriations for current maintenance and for permanent improvements for the various institutions of the State.

Let us see what the facts are:

The Legislative Budget Commission appointed by the General Assembly of 1925, composed of the Chairmen of the Finance and Appropriation Committees and one other business man appointed by the Governor visited and investigated their needs, and, over a period from September 1924 to January 1925, conducted hearings of all the institutions, departments, and other agencies of the State and made its report to the General Assembly on Jan. 30th, 1925, fifteen days after I was inaugurated.

I had no part in the deliberations of the Commission and know nothing about the needs of the various institutions of the State except such as I obtained from the report of the Commission. This report was taken up by members of the Finance and Appropriation Committees of the Senate and House of Representatives and after giving all the institutions and other agencies opportunity to be heard again as to their needs, these Committees reported to the Senate and House, a bill carrying appropriations they deemed necessary for the maintenance of the institutions and other agencies for the biennium beginning July 1st, 1925. This bill was enacted into law with slight modifications.

Without suggesting the amount of appropriations or the amount of taxes to be raised, I urged the General Assembly with all the power at my command to provide revenue sufficient to meet the appropriations for the en-

suing biennium and thus balance the budget. It turned out that the total appropriations made by the General Assembly were in excess of the estimated revenue for the fiscal period for which the appropriations were made. Realizing this condition and declaring unequivocally in favor of the policy of a balanced budget, the General Assembly placed upon me as Director of the Budget, under the new Executive Act, the burden of balancing the budget for the ensuing biennium directing me to reduce the appropriations on a pro rata basis in such amount as would be necessary to make the total appropriations available balance with the total revenues available. This was an unpleasant duty imposed upon the Director of the Budget and one which he preferred not to exercise. In the performance of the duty, however, he found it necessary to give notice of a five per cent reduction in all appropriations, not only because he felt it necessary to carry out the mandate of the General Assembly, but also because he believed that the balancing of the budget was essential to a sound fiscal policy and for the best interests of the State.

In the first request made to the Legislative Budget Commission in the Fall of 1924, the various departments, institutions, and other agencies of the State asked for a total sum of \$16,813,408.00 annually, exclusive of the amount necessary to pay interest, sinking fund and other fixed charges. The Legislative Budget Commission recommended and the legislature approved a total of \$10,070,518.00 only.

In order to provide for the appropriations made by the General Assembly of 1925, it was necessary to increase the total amount of taxes levied nearly 45 per cent. If the total amount asked for by the institutions and agencies on account of maintenance had been granted taxes would have been increased approximately 100 per cent. The large increase in the taxes levied by the General Assembly of 1925 as compared with the amount levied by the General Assembly of 1923 was due to the failure of the General Assembly of 1923 to levy sufficient taxes to pay the appropriations made by that Assembly. What intelligent and fair minded person will say that the General Assembly in 1925 was parsimonious and niggardly in providing for current expenses of the State, because it increased taxes

only 45 percent instead of 100 percent?

The various institutions requested of the Legislative Budget Commission the sum of \$17,053,335.00 for permanent improvements for the ensuing biennium beginning July 1st, 1925. The Legislative Budget Commission recommended and the General Assembly granted appropriations for permanent improvements amounting to only \$3,700,000.00 an amount sufficient to round out the twenty (20) million dollar program projected in 1921.

The General Assembly of 1925, authorized for highways, permanent improvements and for other purposes, an increase of approximately \$41,000,000.00 in the funded debt of the State as compared with the sum of about thirty millions authorized by the General Assembly of 1923.

Will any intelligent and fair minded person say that this record characterizes the General Assembly of 1925 as parsimonious and niggardly?

It would be interesting to know what the General Assembly of 1925 should have done in increasing taxation, as well as the funded debt of the State to have gained the approval of those persons who have characterized it as parsimonious and niggardly.

No patriotic and prudent citizen of North Carolina who know the real facts as the Governor and members of the General Assembly know them, would have favored any greater increase in the debt of the State at that time. Those who believe, as I do, that we should maintain steady progress in the development of our State, know full well that the only way to do so is to proceed along safe and constructive lines.

It must be remembered that our rate of progress is always dependent upon the ability of the taxpayer to withstand the increased burden of taxation and that this in turn depends upon the progressive increase in the production of wealth, which, after all, is the only safe rule whereby we can measure the ability of the taxpayers to meet the demands made upon them.

Any program of expenditures by the State or any local sub-division should be predicated upon the theory that the expenditures are needed, and that the resources will justify the expenditures. It is an economic principle as old as civilization itself that taxes must be levied according to the economic ability of the citizen to pay. If

the cost of government is too heavy, the efficacy of government is soon destroyed. Public service first becomes a handicap and then an intolerable burden.

North Carolina has made greater progress in the last ten years than any state in the Union. Her natural resources are scarcely untouched. Her relative position in advanced development among the states of the Union is secure.

I have an abiding faith that she can and will continue to go forward, but in order to go forward steadily and safely she must proceed along those lines which the accumulated experience of governments and peoples have demonstrated to be prudent and sound. Above all, she must conserve and protect her great resources, and among these none are more important or fundamental than her potential taxing power upon which her credit structure and ultimate safety so largely depend.

In conclusion, I should like to summarize the fundamental tenets of the administrative program, which I announced on the day of my inauguration to which I still adhere: (a) Current expenditures made during each fiscal year should be met by providing current revenues collectable in the same period, thus maintaining the State government upon a balanced budget basis; (b) government administration should be conducted along the lines of sound and constructive economy, so that all expenses may be watched carefully and maximum service obtained at minimum cost; (c) bonds should not be issued except for useful and necessary permanent improvements, and then provision should always be made for the payment of the interest and amortizing the principal within the life of the improvements.

If these simple, yet fundamental fiscal policies are followed, North Carolina will continue to maintain the great lead which she now holds among her sister states in the race for further progress and development.

The declaration of policy I have just outlined and the expressed determination to adhere to it has already borne fruit.

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