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State Finances and Institutions

Strom Thurmond

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STATEWIDE RADIO ADDRESS OF J. STROM THURMOND, GOVERNOR OF SOUTH CAROLINA, ON STATE FINANCES AND THE BUILDING PROGRAM FOR STATE INSTITUTIONS, FROM GOVERNOR’S MANSION, COLUMBIA, SOUTH CAROLINA, TUESDAY, DECEMBER 9, 1947, 7:30 P. M.

STATE FINANCES AND THE INSTITUTION BUILDING BILL

Fellow South Carolinians:

In speaking to you tonight from the Governor’s home in Columbia, I am inaugurating what is certain to become a forward step in keeping the people of South Carolina better informed on matters of State government. These talks, which I intend to make at intervals of about four weeks, will deal with questions which vitally affect you as citizens of South Carolina.

Jefferson told us that the best government is the government that is kept closest to the people. If you are going to be close to your government, and if you are going to make your contribution to government as good citizens of South Carolina, it is necessary for you to know what goes on at your capital. With that knowledge, you can better understand the issues which confront your legislators in the General Assembly.

Indifference to the affairs of government opens the door for corruption and breeds political chicanery. The inevitable result is bad government. You, as citizens, taxpayers, and stockholders in the business of government, are the losers.

When I became Governor last January, I accepted a schedule
addresses which took me all over South Carolina. This schedule involved a great deal of hard work, but I was determined to discuss with the people face-to-face the proposals which I made in my Inaugural Address for good government in South Carolina.

We have planted the seeds, and already the General Assembly has enacted into law many of my recommendations. They are bearing fruit. But there is much more to be done. In my talks, which these radio stations are broadcasting as a public service, I will discuss the issues as they develop in our program for good government. My next radio address will be before the General Assembly when it convenes in January. I hope you and your families will make it a point to be by your radios these talks are broadcast, and that you will encourage your friends to listen also. Only by an informed public will be made the progress in government which is so essential to the well-being and happiness of our people.

Tonight I am going to discuss with you the finances of your State government.

Before I was inaugurated in January, I announced that I would propose a plan whereby the consumption of whiskey would be materially reduced, and by which at the same time the revenue from liquor taxes would be maintained. There were many who said this could not be done.

In my Inaugural Address, I recommended an additional graduated license tax on liquor, similar to the income surtax. I stated
That such a tax would cut down drastically the enormous income which liquor dealers, both wholesale and retail, had been making, and would channel their excessive profits into the State Treasury. The Legislature followed my recommendation and enacted the plan into law.

A hue and cry arose immediately, and naturally, from the liquor interests. They said that the State's financial affairs would be so upset by the adverse effects of this liquor tax that a deficit would begin to develop at once. It was freely predicted that State employees' salaries would have to be reduced by the Budget Commission, and that the Legislature would have to be called back into session by October to set our financial affairs in order.

What has been the result of this plan? In the first 4 months of operation of the new liquor tax, the consumption of distilled spirits has been reduced by more than 26% over the corresponding period last year. During the same 4 months, the revenue of the State from the liquor tax has increased by some $700,000, or about 14%.

In addition to the improvement of State finances by the new liquor tax, there have been increases in our revenues from the income tax, the beer and wine tax, the hydro-electric tax, the soft drink tax, and most of our other taxes.

Based on returns of the first 4 months of our current fiscal
year, it is conservatively estimated that tax collections should total $70,000,000, which will amount to about $10,000,000 more than was collected during last year. The total budget for the current fiscal year is $68,000,000, and at the end of the fiscal year we should have a new surplus of about $2,000,000. This, of course, does not include the Highway Department fund, which operates from gasoline and motor vehicle license taxes.

I think you will be interested in hearing about some of the major expenditures which go to make up our Budget for the current year. About $27,000,000, or 40%, is for the support of our public schools; and $9,000,000, or 13%, goes for the operation of our institutions of higher education. Thus, a total of 53% of our expenditures from the General Fund is allotted to education. Care of the needy, the mentally ill, and inmates of our penal institutions, accounts for another $9,500,000, or 14%. State aid to the counties and cities of the State approximates $12,000,000, or 18%. All other activities, including Health, Forestry, Agricultural Research, and Extension, and the administrative agencies of the State government, are responsible for the remaining $10,500,000, or 15%.

At the recent session of the General Assembly, there was enacted, pursuant to a recommendation which I made in my Inaugural Address, a bill allotting from the surplus as of June 30, 1947, funds to carry through a capital improvement and construction...
program at our institutions of higher learning and other State
institutions. Veterans and other young people, their educations
interrupted by the war, were applying for admission to State
colleges in unprecedented numbers. Additional space was critically
needed. It was also necessary to expand our health facilities.

This bill carries a total appropriation of $10,260,000,
which was apportioned by the General Assembly as follows:

$1,450,000 for THE UNIVERSITY OF SOUTH CAROLINA,

600,000 for THE CITADEL,

1,300,000 for CLEMSON COLLEGE,

700,000 for WINTHROP COLLEGE,

3,100,000 for THE SOUTH CAROLINA MEDICAL COLLEGE,

350,000 for THE SOUTH CAROLINA COLORED, NORMAL,
INDUSTRIAL, AND MECHANICAL COLLEGE,

50,000 for THE JOHN DE LA HOFER SCHOOL,

500,000 for THE SCHOOL FOR THE DEAF AND THE BLIND,

1,000,000 for THE SOUTH CAROLINA STATE HOSPITAL,

600,000 for THE STATE TRAINING SCHOOL,

400,000 for THE SOUTH CAROLINA SANATORIUM,

85,000 for THE SOUTH CAROLINA PENITENTIARY,

50,000 for THE INDUSTRIAL SCHOOL FOR BOYS,

50,000 for THE INDUSTRIAL SCHOOL FOR GIRLS, and

25,000 for THE JOHN G. RICHARDS INDUSTRIAL SCHOOL.
I did not sign this bill when it came to me in the closing hours of the legislative session. I wanted to be sure that everything would be done to see that costs of the new construction would not be exorbitant. At the same time, I wanted to evaluate our fiscal status so as to be certain that this surplus allocation, if made, would not jeopardize our strong financial position.

Construction costs are still high, but unlike the situation a few months ago, it is once more possible to call for competitive bids for major construction. It is no longer necessary to hazard cost-plus contracts. The situation with regard to Federal aid is still somewhat uncertain, because the present Congress has not yet finally provided such funds. However, it seems assured that money will be appropriated to assist in hospital construction, and the prospects are bright for the passage of other Federal-aid construction bills now pending in Congress.

On June 30, 1947, the total State surplus was $14,988,000. If the pending construction bill of $10,260,000 is signed, there will still remain a surplus of $4,728,000. This surplus should increase by the end of the fiscal year to nearly $7,000,000.

Accordingly, I have determined to sign this bill. I earnestly request all institutions affected by it to employ the greatest care in making plans and contracts under it, to the end that the interests of the people shall be diligently safeguarded in the
execution of the program. These additional facilities will soon enable us to meet the pressing needs in our State in the fields of health, education, and the care of the unfortunate.

Although I am signing this bill, it would be folly not to anticipate the possibility of a period of declining revenues which may make the financing of the State government more difficult than it is at present. I believe that the State government should be operated in the same manner as a prudent man would handle his own business, and that, above all, commitments should not be made unless they are clearly within our ability to meet.

The cornerstone of good government is a sound fiscal policy. Our financial house must be kept in order. It shall continue to be my purpose to watch our fiscal operations closely and to use all of the power of the Governor's office to keep the financial affairs of South Carolina in a sound condition.

I appreciate this privilege of talking with you about the financial affairs of our State, and hope that through these discussions you will be kept fully informed on the public business, which, after all, is your business.

Good night.