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"Cost of State Government" Pt. 6

Radio Address by Hon. Morris S. Tremaine, State Comptroller,
Albany, July 14, 1932

THE COST OF STATE GOVERNMENT—DEPARTMENT OF AUDIT AND CONTROL, DEBT
SERVICE AND MISCELLANEOUS COMMISSIONS

Friends of the Radio Audience:

Governor Roosevelt has asked me to tell you something about how your tax money is being spent, and to ask your advise on how to economize.

The State Comptroller's principal duty, as you know, is to see that your money actually goes into the State treasury and that every dollar is spent strictly in accordance with the law.

Naturally the cost of government has increased with the growth of the State. The Comptroller spends approximately \$1,000,000 of your money each working day of the year, and this address is one of a series of radio talks to get your advice on how this expense can be reduced.

I am a taxpayer like you, and we agree that the expenses of government must be reduced. How can we do it and still maintain the service essential to good government? Be your own lobbyist and fight the lobbyist who wants to waste your money.

The question is what would you eliminate entirely and what would you reduce? Perhaps you can make some constructive suggestions if we give you a few comparisons of today's cost with those of 10 years ago. Please bear in mind the natural growth of the State, its population and its wealth. Your radio would not be turned on if you were not vitally interested in how your money is handled, for "where your treasure is, there will your heart be also."

You have heard the expression "debt service." This means the amount of money necessary to pay the interest and principal on bonds when due. If you ever bought anything on the installment plan, you know what I mean. Each installment must be paid to keep your credit good, and no government can maintain its integrity except by prompt payment.

I am happy to say that New York State's credit at the present time is the highest of any government in the world. The State's debt service has increased by about \$12,000,000 for the 10 years ending June 30, 1931. Why? Because during that period the people decided at general elections to provide

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certain buildings, parks and other public projects and to borrow the money to pay for them on the installment plan, at less than 4 per cent interest. Obviously these improvements far out-last the life of the bonds issued to pay for them. This item obviously cannot be cut.

Let me remind you that the Constitution provides that not even the Legislature can pledge the State's credit for a bond issue. The people themselves must first give their approval.

During the past decade only \$215,000,000 of bonds have actually been issued; \$29,147,000 of this has already been paid off, although the people did authorize the issuance of \$560,000,000.

The net debt of the State today is only \$327,000,000, or approximately 1 per cent of the State's assessed value. To illustrate: Surely a man worth \$1,000 can afford to pay a debt of \$10.

It may be of interest to know that only \$35,000,000 of bonds have been issued for grade crossing eliminations although \$300,000,000 were authorized. Naturally you will want to push this work as it may result in saving hundreds of human lives. Tell us what you think about bond issues.

The Employees' Retirement System was established in 1920 and was designed to furnish employees of this State the opportunity of retiring on a pension after reaching the age of 60. It was planned to absorb the functions of the various other pension systems which had become too costly to the State and were unsound.

The State agreed to match dollar for dollar with its employees in contributing to the fund, thus freeing them from the odium of charity when their working days are over. The State's contributions to this fund have been largely made in lieu of salary increases. Membership in this system has increased in these 10 years from about 4,500 to over 45,000; 28,000 of whom are directly employed by the State. The others, employed by municipalities, are permitted to join the State-wide system at the expense of the municipality concerned.

The cost has increased from about \$400,000 to \$2,800,000. The State pays approximately 6 per cent of the payroll to maintain this system as against 30 per cent of the payroll on the old hospital retirement system, and approximately 14 per cent to keep up some of the other system which fortunately will, before long, pass out of existence and be absorbed into the regular State system.

Can we cut the cost of this service without breaking faith with the thousands of loyal employees, many of whom might have done better in boom times, but remained in the State's service because of this guarantee against dependency in old age?

It would appear that the State has a moral obligation to live up to its agreement of 10 years ago, when this system was established. So far it has proven far cheaper than the previous arrangements.

Taxes and assessments on public lands. This amount has increased by \$250,000 because the State owns 400,000 acres more than it did at the beginning of this period. If the State did not pay this it would be in your local tax bill. Do you want it there?

Perhaps you agree that the State should pay its fair share of the local tax burden.

Now let us consider briefly the cost of operating the Department of Audit and Control. This is your bookkeeping department. The men in this department are the watch-dogs of the treasury. During the past decade strictly departmental costs have increased from about \$433,000 to a little over \$650,000—or 57 per cent while the volume of business has increased by 125 per cent and even to 200 per cent for some bureaus.

We want to remind you that these increases in expenditures were ordered by the Legislature.

The number of checks drawn has increased nearly 200 per cent. The audit and approval of contracts let by the Division of Standards and Purchase have increased by approximately 150 per cent.

A great many more institutional vouchers, in addition, have been audited by this department.

The activities of the Bureau of Revenue have been greatly increased because there are 348 places where we are receiving money, and this requires an increased number of men to check accounts. Experience has proven that this money is well spent as the treasury receives hundreds of thousands of dollars which the State otherwise would not have collected.

There are other activities and services not directly connected with State business but which are paid for by the State. For instance, the Municipal Accounts Bureau has general supervision over about 1,500 municipalities of the State, including counties, cities, towns and villages, all except New York, Buffalo and Rochester.

This agency does the work without charge to the locality. The cost has increased roughly from \$102,000 to \$187,000. I think you will agree that this bureau should have more examiners in the interest of economy. Millions could be saved in your local government if the service could be extended to meet the demands from local officials and from taxpayers in every part of the State. In the past year alone this bureau has been instrumental in disclosing embezzlements amounting to over \$350,000, or twice as much as the cost of operation. Its real value, however, is constructive advice in helping the localities to cut their cost of government by improving their book-keeping methods, the cost of financing, and eliminating waste and duplication.

In addition to these duties the Comptroller must invest more than \$15,000,000 annually of your savings. The Comptroller and the Commissioner of Taxation and Finance have charge of more than \$350,000,000 of securities which belong in the various investment funds of the State and funds held in trust for others. He has to audit the court and trust funds belonging to widows, orphans and missing people, and/or held in trust for various purposes.

Of course, there are a dozen or more commissions whose affairs have to be audited, and whose expenditures for the past year amounted to over \$5,000,000.

Remember this office is required to watch the spending of your money. Unfortunately time does not permit a detailed review. A special report to Governor Roosevelt has been prepared, with the able assistance of the Honorable Mark Graves, director of the budget, showing graphically how and why expenses have increased. I would be only too glad to send you a copy of this report if you will write either to this station, or to the Department of Audit and Control, State office building, Albany.

The Governor and his cabinet earnestly urge you to take a little time to study the cost of your government and to offer such suggestions as you believe will aid them in cutting the cost of your government and saving your money to the greatest possible extent consistent with satisfactory service and good government.