

## Voice from the Vault

By Gregory Sanford, State Archivist

### **The Essential Services of Government**

The international collapse of financial markets and a declining economy and job market forced Vermont state government to cut programs. The question was, what services should be cut? In his 1933 inaugural Governor Stanley Wilson explained the problem.

"The great increase in the cost of our government aside from war time expenditures and those due to the [1927] flood has come about because the people acting through their representatives in previous legislatures have been constantly demanding that more be done for them through state agencies. We speak of essentials of government. The actual essentials of state government are few. Not long ago the state spent nothing for highways, public health, care of the insane, care of tubercular persons, public welfare, conservation, agriculture, forestry, industries, and supervision of public service corporations and but little for education and debt service. If we should eliminate expenditures for these endeavors now, we could run state government for a tenth of its present cost.

For practical purposes we must now define the essentials of state government to be those endeavors which are either necessary for the continuance of the constitutional functions of the state or which may properly be handled by the state and which the people had rather pay for and have the state carry on than to go without the service or provide for it through local taxes.

...To shift burdens from the towns to the state does not relieve the burden of taxation, although it may effect a different distribution of that burden and may secure greater efficiency. To cut off a state endeavor that is deemed essential will not relieve the burden, it will simply cast it on the several communities.

Probably we have no state endeavors that do not have merit. Some are absolutely essential to the continuance of our functioning as a state. Others are essential according to modern standards. Some are desirable only if we can afford them."

Governor Wilson's need to reduce the cost of government sounds familiar as does his rather plaintive ruminations on what constituted the "essentials of state government" and which services to cut. Wilson's statement that "not that long ago the state spent nothing on highways," etc. did not recognize the incremental growth of state responsibilities for the services he noted. For example, the 1777 Constitution gave the courts jurisdiction over "the Care of Persons and Estates of those who are non compotes mentis." The 1779 "Act for relieving...Idiots; impotent, distracted and idle Persons" required state support for the mentally ill who could not be provided for by either their families or towns. In 1835 the state began to periodically make appropriations for the Brattleboro Retreat and in 1841 made the first general appropriation for the insane poor. In 1884 the state assumed responsibility for the support of mentally defective paupers and in 1891 opened the Vermont State Hospital for the Insane in Waterbury.

The same incremental growth of state services occurred with education. For example the state provided free textbooks starting in 1894; took over the State Normal Schools (now the Vermont State Colleges) in 1896; created a state school fund of \$1.2 million in 1906; and between 1925 and 1933 routinely appropriated money for a Community School House Fund which provided towns with matching funds of

up to \$100 to improve rural schools. Such long term incremental growth applied to all the services Wilson mentioned.

In a few cases Governor Wilson actually expanded the costs of some of the services he enumerated. He supported appropriations to forestry and highways in order to create jobs for unemployed Vermonters. He also had the commissioner of forestry employ men to cut wood on state land to be distributed to the unemployed for heating their homes.

The incremental growth of essential services was not linear and at various times state support was reduced. Starting in the 1923, for example, education experienced a series of cuts reducing the clerical staff of the Department of Education from 10 to six and reducing the department's cost of administration from \$31,000 to \$29,000 by 1928. Still, local pressure for educational support continued and by 1932 state expenditures for education had grown by 21½ percent since 1924 (during the same time period state expenditures for highways grew by 186 percent).



Wilson noted the tensions among services that could be provided more effectively by the state rather than by individual municipalities and the risk of dumping the costs of some services on the towns. Under Vermont's one town/one representative apportionment system the poorer rural towns had long used their vast legislative majorities in the House of Representatives to centralize the collection and redistribution of funding for services. In the 1890s the legislature passed levies on town grand lists for the support of highways and education to the advantage of the poorer towns. In 1931 those smaller towns supported the inauguration of a state income tax rather than levies on the grand list in order to alleviate local property taxes. They also supported creation of a state highway system in 1931 and other measures that increased the state's responsibilities and costs for essential services. It was not until the reapportionment of the house in 1965 that the smaller communities lost their ability to shift costs from the towns to the state.

In turn the state, despite its Republican fealty, was quick to respond to federal programs by passing enabling legislation to benefit from New Deal programs. Wilson, for example, successfully encouraged the legislature to pass enabling legislation so Vermonters could take advantage of housing loans through the Federal Home Loan Bank. Wilson also supported new sources of taxation and celebrated a new tax on electric energy that generated \$239,154 in 1932, further noting that the "tax has not been passed on to the consumers through increased rates."

While it is easy to draw parallels between Wilson's Vermont and ours, it is his core question that remains important to us today: what are the essential services of government?

To read Governor Wilson's 1933 inaugural speech, visit our website at: <http://vermont-archives.org/govhistory/gov/govinaug/index.htm>.