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Organization
and
Administration
of
Oklahoma

The
Brookings Institution





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*Brookings Institute in Washington
"Institute for government research"*

Report on a Survey
of
Organization and Administration
of Oklahoma

SUBMITTED TO
GOVERNOR E. W. MARLAND

By

THE INSTITUTE FOR GOVERNMENT RESEARCH
OF
THE BROOKINGS INSTITUTION
WASHINGTON, D. C.

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FOREWORD

The continuing increase in the activities of government is a most important development of our generation. This expansion of public services seems to have been induced by the rapidly changing conditions in modern society. Applied science and inventive genius are forcing fundamental alterations in our social, economic, and political thinking and ways of acting. Mechanical devices and new uses of power are all but literally creating a new world. Bigness, complexity, and speed have become the common characteristics in our business and social life. Society has turned to government as an agency of control in dealing with problems created out of our changing world.

These changes mean that questions touching on governmental organization and administration, public policy, and legislative, judicial and executive procedures are of increasing importance to the masses of the people and to social and economic groups. If government is to be called upon to enlarge the scope of its functions relating to business practices and our personal conduct, it follows that all citizens should be seriously concerned about the kind of government we have and need. Nothing short of the best in government should satisfy. Good government is a modern necessity.

It was with the view to providing Oklahoma with better government that the Brookings Institution was engaged to make a complete study of governmental conditions in our State. It should be a matter of common pride among our whole citizenship that the people of the State responded so generously with contributions which made this survey and Report possible. Not one cent of public funds was expended in this enterprise seeking to improve public service in the State. Nor can any individual or large and strong economic group take credit for the undertaking. Let it be said to the credit of the good sense and the public spirit of the people of Oklahoma that so large a fund, \$57,000, was voluntarily contributed in the interest of good government.

Oklahomans contributed not only of their money but of their time in the furtherance of this good government enterprise. A great many citizens gave their time unsparingly to the work necessary in raising funds in every community in the State. Citizens committees were named to make studies in the conditions and needs of the State in the fields of public welfare, education, financial control and the budget, taxation, police and public safety, social security, conservation of resources, and industrial development. To the membership of these committees men and women were called from all vocations and walks of life. These committees worked in close cooperation with the Brookings staff and contributed much help in the investigations which support this Report.

The usefulness of this Report is in no small part guaranteed for the reason that it has been financed from a state-wide, voluntary subscription. An added guarantee of its usefulness comes from the nature of the Report itself. The Brookings Institution was selected to do this important work for two reasons: First, the Institution has an established national reputation in the production of dependable governmental surveys; secondly, it was considered to be desirable to bring into the State an outside agency with a competent staff free from local bias or influence. Citizens of Oklahoma are appreciative of the earnestness and enthusiasm of Dr. A. B. Hall, Director of the Institute for Government Research of the Brookings Institution, who at great risk of his own health directed his able staff during the beginning weeks of the study. On behalf of the people of Oklahoma I take pride in recording that, irrespective of the divergent views among us as to the merits of particular recommendations, Oklahoma is grateful for the fine spirit and the scientific detachment exhibited by the entire Brookings staff through the period of the survey.

It is not to be expected that all of us will agree with the findings and recommendations in this Report. We can be certain, however, that they are not written with the view to favoring or opposing any person, group, faction, or party. In reading the Report we can see the problems and needs of the various aspects of our public service as impartial outside students and analysts see them.

The Report recommends many changes, but they are changes which are consistent with the progressive spirit of the people of Oklahoma. Consider, for example, the

general recommendation for constitutional and statutory provision for a better integrated state government and a better coordinated and unified educational system. The simplification of our state government would result in fewer boards and departments, a shorter ballot, and no doubt in better public services at lower cost. The Report calls attention to the need for a unified public welfare and health service. A thorough overhauling of our law enforcement machinery is recommended in the interest of safety of life and property. The realization of these changes would contribute to bringing the public service in Oklahoma up to the standards already achieved in our business, industrial, and agricultural activities.

Emphasis on unification, coordination, and the locating of responsibility runs through the entire Report. There will probably be little difference of opinion as to the desirability of objectives sought in the recommendations. Views will vary regarding methods of attaining these objectives. All of us want better highways at the lowest possible cost. We desire that the State have an effective program of conservation of resources. Adequate and certain financial controls need to be set up in our state departments and institutions. Many of us believe that the quality of local government services can be improved and at the same time costs of local government reduced. In modern government as well as in modern business it should be possible to find a way of providing a more permanent and efficient personnel than is possible under a political patronage system. It is a regrettable fact that the personnel of many of the departments of our State Government has been controlled by the Legislative Branch of the Government. Employees have been placed in these departments in the past without regard to their efficiency or aptness for the job they filled. Their only qualification was their ability to control a number of votes at Election time.

Oklahoma has no one problem as important as that of building a sound and equitable revenue system. This is a problem which affects in a very definite way the general welfare and also individual and corporate enterprise. In this Report we have the results of much careful thought on our tax situation. We can well afford to study carefully these recommendations which seek to lay out a course to follow in developing a sound tax system.

Oklahoma deserves better government. If the people will they can have better government. The Report of the Brookings Institution can serve in a measure in charting the course toward a more economical and a more effective public service from the State Capitol down to the smallest political subdivision. Sudden and marked departures from old ways of governing are not to be expected. Effecting desirable changes for the betterment of government in Oklahoma will be a process, working out through a long period of time. The Report, it is to be hoped, will be studied by all officials of the State and its political subdivisions and by candidates who aspire to serve the people in elective office. Citizens and voters who have an effective interest in good government will desire to become familiar with the findings and recommendations of the Report. May we consider the Report of the Brookings Institution as an investment by the people of Oklahoma in better government. I have confidence that the pioneering spirit of our people assures concrete returns from this investment through many years to come.

E. W. MARLAND

Governor of Oklahoma.

LETTER OF TRANSMITTAL

June 28, 1935.

The Honorable E. W. Marland,
Governor of the State of Oklahoma,
Oklahoma City, Oklahoma.

Sir:

I have the honor to submit herewith the report on the financial and administrative survey of the State of Oklahoma made by the Institute for Government Research of the Brookings Institution.

The survey began in the latter part of November 1934. Under the terms of our contract it extended to the major administrative departments and activities of the state and county government. It included school districts but not cities and villages, and only incidentally touched upon the legislative and judicial branches of the government. Special attention was given to the organization and administration of the following public activities: Administrative organization in general, highways, education, libraries, labor regulation, land office, conservation of economic resources, law enforcement, public health, county executive and clerical staff, county finances, county consolidation, public welfare, business regulation, financial administration, personnel administration, purchasing, election administration, and revenue and taxation. On the basis of these studies, suggestions and specific recommendations have been made. These are designed to point out commendable features, to remedy existing defects, to increase efficiency, and to reduce expenditures.

In some instances the existing organization and practice of the government of Oklahoma have been described in detail to the end that the reader need not go outside of the report to visualize the existing situation to which the several recommendations and findings pertain. In other cases the underlying reasoning and evidence have also been set forth at some length in order that the different suggestions submitted by the staff might be the more easily understood and evaluated by the public. This has added to the length of the report but it is hoped that it has increased its usefulness.

The survey was organized and initiated by the Director of the Institute for Government Research. Owing to illness, the Director was superseded early in January by Mr. Lewis Meriam, Acting Director of the Oklahoma Survey, who was in immediate charge until late in March when he was followed by Dr. A. C. Millspaugh, Director of the Oklahoma Survey. The work of general editing and coordination has been done by Dr. Millspaugh as well as the preparation of the chapters on General Situation and Problems; The Chief Executive; Law Enforcement and Public Safety; Libraries and Related Agencies; Research, Planning, and Leadership; Administrative Organization and Reorganization; and the Summary. Mr. Lewis Meriam did the field work and wrote the chapters on Labor Administration; Commissioners of the Land Office; and Personnel Administration. He also made contributions to the chapters on General Situation and Problems and Research, Planning, and Leadership. Dr. Fred W. Powell prepared chapters on Business and Public Service Regulation, and Conservation and Development; he also made contributions to the chapter on Research, Planning, and Leadership. Mr. Henry P. Seidemann did the work and wrote the chapters dealing with State Financial Administration; Financial Conditions and Operations; and State Purchasing, Contracting, and Custody. The chapters on County Administration, County Financial Administration; and County Consolidation were done by Mr. Daniel T. Selko.

In addition to these members of the staff of the Brookings Institution, other specialists assisted in the survey. Revenue and Taxation were studied by Dr. Herbert D. Simpson, Professor of Public Finance at Northwestern University, who prepared the nine chapters dealing with those subjects. During the month of February he was assisted in his field work by Dr. Jens P. Jensen, Professor of Economics at the University of Kansas. Dr. L. V. Cavins, of the State Department of Education of West Virginia, wrote the two chapters dealing with Public School Administration and the Institutions of Higher Education. The chapter on Public Welfare was written by Dr. Roy M. Brown, Professor of Public Welfare at the University of North Carolina, in consultation with Mr. Frank Bane, Director of the American Public Welfare Association. The Public

Health chapter was the work of James G. Townsend, M. D., of the United States Public Health Service. Mr. Edward L. Middleton, of the Division of Subsistence Homesteads of the Department of the Interior, prepared the two chapters on State Highway Administration and Local Road Administration, while Professor Joseph P. Harris of the University of Washington contributed the chapter on Election Administration.

Throughout the survey the staff has received the valuable assistance and counsel of different experts in the federal departments and of the officers of national associations dealing with special fields of administration. To the state and local administrative officials of Oklahoma, to the members of the legislature, to the heads of the state public institutions, and particularly to the Governor, the staff wishes to acknowledge its indebtedness for an ever-present spirit of friendly cooperation. Similar acknowledgment should be made to the Governor's Advisory Committees, particularly those on Education, Revenue and Taxation, Financial Administration, and Public Welfare, who gave most generously of their time and energy. Likewise the staff is grateful to certain civic bodies and to private individuals for innumerable courtesies. The Chamber of Commerce of the State of Oklahoma made its unusual facilities available to the survey group, as did other organizations.

When the Governor and the people of a great commonwealth set themselves consciously to the task of making their government and administration a more effective agency in the service of the people, it is a most inspiring and heartening event. The possibilities of constructive civic achievement are tremendous. New vital energies may be released and the public interest quickened. The staff desires to express its gratitude for being permitted to participate in this significant venture. It has sought to bring to the people of Oklahoma its professional skill in the analysis of public questions. It has laid before them the experience and experiments of sister states as they have contended with like or kindred difficulties. It has hoped to stimulate both popular and official interest by a series of specific suggestions and recommendations. Some of these suggestions may prove to be immediately available. Some may require long periods of discussion and delineation, while others may never receive popular acclaim. Whether or not Oklahoma's adventure yields maximum dividends of improved service must of necessity depend upon the civic intelligence and idealism of the people. In the last analysis it is their problem and their government. The result must be their victory or their defeat.

Respectfully submitted,
Arnold Bennett Hall,
Director, Institute for Government Research
The Brookings Institution.

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PART I
INTRODUCTION

REPORT ON A SURVEY OF ORGANIZATION AND ADMINISTRATION OF OKLAHOMA

CHAPTER I

GENERAL SITUATION AND PROBLEMS

The present survey deals with public administration in Oklahoma, not including judicial and municipal administration. Emphasis is placed throughout this study on questions of organization. What the organization should be depends on a variety of consideration. Among the important factors to be considered are the functions to be performed, the relationships of one function to another, the technical or non-technical nature of activities and operations, the effectiveness or ineffectiveness of present agencies, and the availability of funds, which in turn depends on the amount and distribution of taxable resources. These factors, and other similar ones which will be given attention in the subsequent chapters of this report, constitute immediate and direct influences. There are other conditions, however, which are more remote and are often altogether lost sight of, but which are of basic importance. Certain of these more basic conditioning factors will be taken up in this introductory chapter.

Practically all of the conditions, favorable and unfavorable, that affect administration and determine its organization, show one common characteristic: They are all more or less rapidly changing. Because of this fact, students of administration no longer insist that there is any one simple form of organization that is equally suitable for all states, that is uniformly adapted to all fields of administration in the same state or that is permanently appropriate for any field of administration in any state at all times. In other words, administrative organization is experimental and evolutionary; and often progress can best be made by making changes step by step. It may, indeed, be necessary, before any substantial improvement can be made, to deal, not with the more immediate aspects of administrative organization itself, but with certain of the underlying forces that condition administration and the obstacles that block the way to good government.

THE STATE AND ITS PEOPLE

Oklahoma has a land area of 96,414 square miles, not much above the average area of the 48 states. There are 16 states larger; and 31 smaller. Oklahoma was admitted to the Union on November 16, 1907. It is the youngest of the states.

Population. The population of Oklahoma in 1930 was 2,396,040, not much below the average state population for the entire country. With respect to its population growth, however, Oklahoma is decidedly exceptional. Between 1900 and 1930, its population increased by over 200 per cent, a more rapid increase than any other state except Arizona and California. In case of Oklahoma, furthermore, much of the population growth was crowded into the decade 1900-1910, the increase in those years being from 790,391 to 1,657,155.

Density. Density of population in 1930 was 34.5 per square mile. The figure for the United States was 41.3.

Urban and Rural. The population at the last census was 34.3 per cent urban. The percentage for the entire country was 56.2. In 1910, Oklahoma was about one-fifth urban; in 1920, about one-fourth; and in 1930, over one-third. In the last census year about 40 per cent of the urban population of the state was concentrated in Oklahoma City and Tulsa. These cities have had a rapid growth. Oklahoma City grew from 4,151 in 1890 to 185,389 in 1930. Between 1910 and 1930, its population almost tripled. Tulsa's growth has been even more astonishing. In 1900, it numbered only 1,390 inhabitants; but three decades later it had become a city of 141,258. Its population almost doubled between 1920 and 1930. During the decade 1920-30, about 45 per cent of the entire population increase of the state went to these two cities.

Shifting of Population. In the decade preceding 1930, population increased in 50 counties and decreased in 27. An increase of 25 per cent or more occurred in 21 counties; while four counties suffered a decrease of 25 per cent or more. These facts, together with changes in school enumerations and the remarkable increases in Oklahoma City and Tulsa, indicate that a considerable portion of the population of the state has been on the move. It is not certain that the population of Oklahoma is internally more mobile and unstable than that of other states. Nevertheless, an intermittent shifting of the inhabitants of a state from one locality or one industry to another is a fact which should be understood; and attention should be given to its economic, social, political, governmental, and administrative effects.¹

Indians. Embracing the former Indian Territory, the State of Oklahoma was in its origin peculiarly identified with the Indian, his political experience, and his problems. Of the 332,397 Indians in the United States at the last census, 92,725 or about 28 per cent were in Oklahoma, more than in any other state.

Negroes. That Oklahoma, socially and economically, is not a typically southern state is indicated by the fact that in 1930 only 7.2 per cent of its population were colored.

Foreign-Born. On the other hand, only 1.3 per cent were foreign-born, compared with a percentage of 12.3 for the country as a whole.

Literacy. In 1930, Oklahoma, with a percentage of 97.2, ranked twenty-third among the states with respect to literacy.

Industries. The industries of Oklahoma include agriculture, oil extraction, mining, lumbering, manufacturing, and commerce. Measured by the number of gainful workers, agriculture led in 1930 with a total of 306,140. Oil extraction was second with 49,113; but the economic, social, and political importance of the petroleum industry to the state is probably greater than the total of gainful workers would indicate.

THE BODY POLITIC

The economic and social history of Oklahoma covers about 45 years. Within this comparatively brief time, the resources of the state have been acquired and apportioned and their utilization, along with their exhaustion, has begun. The political history of Oklahoma, as a state, covers a still shorter period, only 18 years.

Exploitation. Accordingly, within the short span of a person's adult life, Oklahoma has passed through the stages of settlement, community organization, population, growth, industrial development, and urbanization, which in many other states have occupied periods ranging from 100 to 300 years. Oklahoma developed in a series of rushes—chiefly land rushes and oil rushes. This development has been more than rapid; it has been at times and in places feverish. It seems to have been motivated predominantly by a desire for property and profits. Speculative and exploitative, it has been essentially a get-rich-quick movement. A development of this sort necessarily absorbs the energies of a state's citizenship. Those who win in such competition may become magnificent business successes; but they have little time for an interest in social and political leadership; because leadership of that kind offers meager monetary rewards.

Public Morals. Unfortunately, the development of Oklahoma has been not only rapid and exploitative; but, largely, because of its nature, it has been, to say the least, far from elevating or inspiring. Conditions have been such as to place a premium on practices, which, because of their prevalence and profitableness, tended to fix, on a relatively low plane, the standards of public morality in the state.

It is true that the conditions just mentioned are not peculiar to Oklahoma. They have appeared in every state and particularly in regions where industry and population are concentrated. But, at the time Oklahoma entered the Union, a movement for the regeneration of public morals had long been gathering strength. Notorious lapses have occurred in the federal government, in the states, and in the cities. Yet, it is

¹See C. Warren Thornthwaite, *Internal Migration in the United States*. Pages 38 to 51 deal specifically with Oklahoma.

probably fair to say that the American people as a whole have become increasingly sensitive to governmental laxity, and that, in most states, civic leaders and private organizations are prepared to act promptly and effectively as spokesmen for the public conscience.

A Frontier Democracy. Due largely perhaps to its youth and to its preoccupation with economic exploitation, Oklahoma, socially and politically, is in many respects a frontier community, the kind of community that a hundred years ago was placing its stamp on our political institutions and governmental practices. Such a community, vigorous, individualistic, and self-confident, was typical of the Jacksonian era in American political history. It was characterized by intense partisanship; loyalty to personalities; localism; territorial decentralization in administration; attachment to local self government; checks and balances; legislative control of administration; distrust of the executive; numerous elective officers; rotation in office; and the spoils system. At that time, the work of government was inexpensive and non-technical; and administrative amateurishness did no great damage. But the difficulty in Oklahoma is that frontier democracy coincides with a modern industrial system; and must cope with complex problems produced by rapidly changing economic conditions. Oklahoma is advanced materially but retarded socially. It is economically developed but governmentally immature. Its basic need is to catch up with itself, to overcome a political lag that is probably more pronounced in this state than in most others.

Local Units. In some directions, Oklahoma has already taken significant steps. With respect to the local units of administration, one finds a more favorable situation than in many other commonwealths. In the first place, traditions of "local self-government," largely meaningless today, are not buttressed and sanctified by the Constitution. The legislature is free to reorganize local units internally as modern conditions require. In the second place, while the state is subdivided into 77 counties, most of them are fairly large in area, considerably larger than the average for the United States. Finally, the townships have been abolished. On the liability side, however, Oklahoma has 4,816 separate school districts; and, throughout the field of local administration, one finds numerous elected officials doing purely clerical or technical work. The net result is that, in its local units, Oklahoma, like most of the other states, still has a fundamentally difficult problem, a problem that is complicated by feelings of vested interests and obscured by antiquated catchwords.

Public Opinion. It is fortunate that the shortcomings in the development of the state, which have been previously referred to, are recognized by Oklahomans themselves; and this recognition is, of course, an essential step toward solution of the problem. The situation is by no means peculiar to this state; and its existence and persistence cast no reflection on the character or capacity of individual Oklahomans. Their ability and initiative, however, must be developed, in much larger measure than at present, to the solution of their collective problems. Public opinion is now partly misdirected, partly inarticulate, and partly apathetic. It either does not know what it wants, wants too little, or fails to act. It lacks moral leadership. To a great extent it has failed to create unofficial agencies for the formation and expression of enlightened public opinion.

It may or may not be significant that in 1930 only about 50 per cent of the qualified electors of Oklahoma went to the polls and voted for gubernatorial candidates. This percentage of absentees is about the same as in the United States as a whole. Oklahoma seems to rank low, however, with respect to the number and strength of its private associations. In modern democracy, the legislature can no longer serve as the sole agency for the representation of interests and ideas; nor can it fulfill adequately its original deliberative function. Discussion must be systematized and ideas mobilized outside the legislature; and the opinions of classes and groups must be organized along other than sectional lines. Unselfish leadership and non-partisan mobilization of opinion seem to be conditions precedent to administrative improvement.

THE LAW

Oklahoma, like other American states, has established a representative democracy.

Naturally, administrative reorganization must be consistent with this fundamental fact, and must avoid forms and tendencies which are essentially dictatorial or unduly centralizing. Yet, the governmental forms which are traditionally looked upon as democratic, are worse than meaningless unless they actually realize in practice the democratic ideal. In order to function democratically, government must feel its responsibility to an enlightened public opinion; and it must, with reasonable promptness, thoroughness, and effectiveness, deal with the problems that press upon it. The basic evidence of how government functions is found in the law and in the operations of those governmental organs that make the law.

The Constitution. When the Constitution of Oklahoma was written and adopted, the country was on the eve of an administrative awakening. Two or three years later, states began to establish legislative and executive commissions for the purpose of reorganizing their administrative agencies. The universities and unofficial organizations began to apply investigation and research to problems that had been previously neglected. From these studies and from the experience of states that attempted reorganization, two facts have come to light: First, that administrative organization must constantly adapt itself to changing conditions and that such adaptation is extremely difficult and altogether too slow when administrative organization and administrative functions are unalterably prescribed by the Constitution; and, second, for effective and economical lawmaking, as well as for effective and economical administration, the legislature must devote itself to the adoption of general policies and not to interference in the details of administration.

Still another fact was already sufficiently clear at the time Oklahoma established its Constitution; namely, that elected officials and politicians have essential and important functions to perform but must be prevented from controlling, demoralizing, and corrupting the administrative services.

A number of administrative agencies, elective or appointive, are frozen into Oklahoma's Constitution; and, in other respects, the document contains a mass of material which should have been left to the legislature or to administrative agencies. The Constitution, therefore, must be viewed as one of Oklahoma's fundamental problems; and, in some directions, no substantial progress can be made until constitutional obstacles have been removed. On the other hand, the failure of the constitutional convention and of subsequent legislatures to divorce politics from administration creates a doubt regarding the advisability of amending or revising the Constitution in accordance with any one general principle. Until public opinion and the legislature are prepared to insist on proper standards of administration, the Constitution will have to be used for the protection of certain agencies, which under different conditions should be provided for by statute.

The Legislature. In Oklahoma, the legislature and individual legislators dominate in administration. They have far greater real power over administration than has the Governor or other elected officers of the state. The Constitution and the legislature determine in what activities the state shall engage. The administrative departments have no authority to undertake any activity unless and until it is authorized by law. Not only does the law authorize the undertaking of an activity, it frequently specifies in great detail exactly how it shall be done, prescribing the exact procedure. The legislature, furthermore, appropriates the money which may be spent by the administrative agencies. Controlling the purse, it has the power to control administration. In the case of the Tax Commission, it appropriates a certain percentage of the revenue produced by taxes for expenses of administration and leaves the details to the administrators. The form of appropriation for the Highway Commission similarly leaves much discretion to the administrators. For most other departments, however, the legislature makes extremely detailed provision, specifying the title of each position and the exact salary that shall be paid for that position. It often prescribes in the act establishing an agency, the duties and responsibilities of the higher positions, in some instances the qualifications which the appointees shall possess, and generally how the appointees shall be selected. It can, if it wishes, provide that the upper positions shall

be filled by the Governor, by and with the advice and consent of the Senate, giving to the members of that body substantial power to dictate appointments.

In setting up the administrative organization, the legislature is in some respects limited by the Constitution; but many agencies are established to administer activities that were not in existence at the time the Constitution was framed and accordingly the Constitution does not come into the picture. Some agencies are set up to carry on activities that are closely related to other activities provided for by the Constitution and by it placed under an elected constitutional officer. The legislature can choose whether it will place the new activities under the elected constitutional officer or whether it will place them under an independent agency, the head of which shall be appointed in the way the legislature directs.

Under this system, an individual member of the legislature who occupies a strategic position, either because of his committee assignments or his personal following, can, if he wishes, exert a powerful, if not commanding, influence on executive and administrative officers. His own conscience is his only guide. Some legislators make little use of this personal power. A few use it to the limit. A legislator elected by a district calls on a constitutional officer elected by the whole people and tells the constitutional officer that he must dismiss an experienced, skilled and trusted employee, performing duties that require long training and mature judgment, and appoint in his place a constituent of the legislator. The constitutional officer asks the legislator if his constituent has any training or experience for that particular work. The legislator replies that he can learn the work in six months. The constitutional officer declines to make the appointment, despite the legislator's warning that he will be sorry if he does not. When the appropriation for this department comes up, the constitutional officer is properly punished by having his appropriation cut. The game can be worked the other way. The dominant legislator and the head of a department can enter into a gentlemen's agreement that the legislator will endeavor to secure added appropriations for the department and that the head of the department in return will appoint to the new position thus authorized, the persons whom the legislator nominates. It is possible for a politically minded administrator to play this game wholesale. In return for generous appropriations, he can give each legislator the personal privilege of naming his share of the employees. Apparently, the Highway Commission of Oklahoma has spent hundreds of thousands of dollars for unnecessary employees doing unnecessary things, because politicians wanted the patronage.

According to the text books, the Governor and the elected constitutional officers are the heads of the executive departments. In practice, that is almost pure theory. They have the power and authority in so far as they play ball with the legislature and these individual members of the legislature who wish to dictate in administrative matters. If they do not play ball, they have to fight for their power and authority; and the legislators ordinarily can use a larger variety of weapons. The real control of administration in Oklahoma is largely in the hands of the legislature.

In the desperate emergency which confronted the state in January 1935, when subjects of tremendous importance to the people of the state demanded the very best the Governor and the legislators had to give, the wheels of orderly procedure virtually ceased to turn, bogged down by an army of job hunters who thronged the Capitol demanding to see their elected executives and their elected legislators. The number was estimated at from 20 to 30 thousand; whereas the total number of positions in the service was in the neighborhood of 3,000. Because of lack of personal records and the fluctuating force in the Highway Department, it is difficult to determine at any time the actual number of state employees. Both Governor and legislators had to declare a public moratorium on patronage; but that did not materially affect what went on more or less behind the scenes. Patronage fights and feuds prevented the consideration of fundamental legislative problems on their merits.

Improvement of legislation is quite as important as improvement of administration. Indeed, any substantial or enduring administrative progress must wait upon thorough-going reform in the organization, procedure, and attitude of the legislature. Neither legislative nor administrative progress can be expected, so long as public opinion is

apathetic toward present conditions. The existing situation puts squarely up to the people of Oklahoma the question of whether they want their government run as a political game; or whether they want it run to deliver expert and efficient service at a reasonable cost. They can have one or the other; but no people has yet devised a method for getting both at the same time. In democracy, it is said, "The people can get the kind of government they want," or again, "The people deserve the kind of government they get."

Statutes. The output of the legislature is, normally, the final test of legislative effectiveness. Effectiveness is assuredly lacking when desirable bills, for one reason or another, are not passed; when laws conflict; when obsolete provisions remain; and when codification does not result in a clear, unified, internally consistent and workable system of law. When such tests are applied, the law of Oklahoma becomes subject to serious criticism. Legislative ineffectiveness in turn spreads waste throughout the entire administrative organization. In particular, it clogs the courts with needless litigation and thus creates unnecessary expense for individuals and the state.

Legislative Reorganization Needed. It is not within the scope of this survey to study the legislature. It is of interest in this report only in its relation to administration. From that point of view alone, it seems appropriate to suggest that the legislature should appoint an interim commission from its own membership which, with three or four of the leading members of the Bar or other citizens of the state, should be charged with making an exhaustive study of the organization, procedure, and output of the legislature.

PART II
PUBLIC SERVICES

CHAPTER II

THE CHIEF EXECUTIVE

The Constitution of Oklahoma vests the executive authority of the state in a Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General, State Treasurer, Superintendent of Public Instruction, State Examiner and Inspector, Chief Mine Inspector, Commissioner of Labor, Commissioner of Charities and Corrections, Commissioner of Insurance, "and other officers provided by law and this Constitution." As will appear in succeeding chapters, additional officers and boards are provided by the Constitution; and numerous others have been established by statute laws. These officers, boards, and commissions, together with the courts, constitute the administrative branch of the government. The legislature, however, except as it is limited by the Constitution, possesses ultimate control over, and responsibility for, administration; and the law-making body in practice exercises powers, as in the fixing of salaries and the confirmation of appointments, which are essentially administrative.

THE GOVERNOR

The Governor, according to the Constitution, must be a male citizen of the United States, not less than 30 years of age, and a qualified elector of the state for three years next preceding his election. He is elected, in the even-numbered years between presidential elections, for a four-year term beginning on the second Monday of January following his election. He is removable only by impeachment; and is not eligible immediately to succeed himself.

Oklahoma has done well to provide that the Governor and most of the other elective state officers shall be chosen midway between presidential elections; but the advisability of disqualifying the Governor from succeeding himself may be questioned. This is a matter that should be given careful consideration when, at some future time, a general revision of the Constitution is undertaken. There seems no doubt, however, regarding the desirability of a four-year term for the chief executive.

Functions. As a part of the law-making branch of the government, the Governor has substantial power. He may also exercise great influence as a popular and party leader. As titular head of the state and official spokesman for it, he possesses a prestige that attaches to no other state office. He is given by the Constitution and the statutes numerous and varied administrative functions. Most of these are specifically stated and relate to limited subjects. Few of his functions constitute any broad or general delegation of power.

It is true that the Constitution declares that the "Supreme Executive power shall be vested in a Chief Magistrate, who shall be styled 'The Governor of the State of Oklahoma'," who is required to "cause the laws of the State to be faithfully executed." Nevertheless, the Governor is not made the completely responsible directing and controlling head of the administrative organization. His powers and duties are, for the most part, fragmentary.

He is commander-in-chief of the militia, except when it is in the service of the United States; and he may call out the militia to execute the laws, protect the public health, suppress insurrection, and repel invasion. He has the power to reprieve, commute, pardon and parole, except in cases of impeachment. He commissions all officers, not otherwise commissioned by law. He is authorized to offer rewards for the apprehension of criminals. Numerous other powers and duties are given to him; and many of these will be referred to in succeeding chapters.

Powers of Appointment. The Governor's administrative position can best be understood by noting the extent of his control, through appointment and removal, over the heads of administrative agencies.

In Oklahoma, 16 state officers, in addition to the Governor and Lieutenant Governor, are elected.¹ The constitutional elective officers are the following: Attorney

¹Judicial officers are not included.

General, Secretary of State, State Auditor, State Treasurer, State Examiner and Inspector, Superintendent of Public Instruction, Insurance Commissioner, the three members of the Corporation Commission, Commissioner of Charities and Corrections, Commissioner of Labor, and Chief Mine Inspector. The statutory elective officers are: President of the State Board of Agriculture and four Assistant Mine Inspectors. Two other boards are elected: The Board of Governors of the State Bar, by the active members of the Bar; and the Board of Directors of the Historical Society, by the members of the Society. In addition, the following five boards and commissions are composed exclusively of elective officials: Board of Pardons; Commissioners of the Land Office (constitutional); the State Depository Board; the State Board of Equalization (constitutional); and the Board of Directors of the State Library. In the following three bodies, a majority of the members are ex-officio and elective, the Governor (when he is a member) and the appointive members being in a minority: Securities Commission, State Commission of Agricultural and Industrial Education; and Code Commission. The agencies headed by the above-mentioned officers and boards are clearly independent of direct control by the Governor.

The following 26 officers and boards are appointed by the Governor, but only with the advice and consent of the Senate: Highway Commission, Insurance Board,¹ Fraternal Insurance Board,¹ Banking Board, Building and Loan Board, Board of Public Affairs, Board of Chiropractic, Board of Pharmacy, Election Board, Board of Education,¹ Board of Regents of University of Oklahoma, Board of Regents of Oklahoma College for Women,¹ Board of Regents of Northeastern Oklahoma Junior College,¹ Board of Regents of Colored A. and N. College.¹ Coordinating Board, Budget Officer, State Board of Agriculture,¹ Conservation Commission, Flood Control Board, Game and Fish Commission, Board of Arbitration and Conciliation, Mining Board, Industrial Commission, Tax Commission, Adjutant General, and Fire Marshal. In the case of some of these latter appointments, there are other limitations on the Governor's freedom of action, the most common one stipulating that the appointee shall be recommended, or selected from a list submitted by a private association. Such a stipulation applies, for example, to the Banking Board, the Board of Pharmacy, and the Election Board.

There are some other appointments, which do not require confirmation by the Senate but which must be made from nominations or lists submitted by private associations. Officers and boards so appointed include the Board of Dental Examiners, the Board of Embalming, the Board of Examiners of Nurses, the Soldiers' Relief Commission, and the Custodians of the three Memorial Halls.

In the case of two or three boards, the make-up represents mixed systems of appointment, but so arranged as in effect to neutralize wholly or partly the Governor's control. Examples are Advisory Board of the State Farm and Industrial Council, the Forest Commission, and the Board of Arbitration and Conciliation.

The following 19 officers and boards are appointed or, in the case of boards, a majority of the members are appointed, by the Governor without confirmation by the Senate and without formal nomination or approval by any other body: The Library Commission, the Commissioner of Health, the Textbook Commission, the Board of Control (for military and physical training), the Board of Trustees (of the state teachers' retirement fund), the Board of Regents of the Eastern Oklahoma College, the Board of Regents of the Oklahoma Military Academy, the Board of Commissioners for the Promotion of Uniformity of Legislation, the Board of Accounting, the Board of Barber Examiners, the Board of Examiners of Architects, the Board of Medical Examiners, the Board of Optometry, the Board of Osteopathy, the Board of Veterinary Medical Examiners, the Board of Commissioners for the Blind, the Commissioner of Pensions, the Pardon Attorney, and the Attorney for the Tax Commission. The Superintendent of the Bureau of Criminal Identification and Investigation is appointed by the Adjutant General with the approval of the Governor; but his appointment is in effect by the Governor alone. The above list of agencies which are, so far as con-

¹A minority of the members of this board is ex-officio.

cerns appointment, set up so as to be under executive control, is possibly incomplete.¹ But it is evident that, even if it were made complete, it would not indicate that the Governor of Oklahoma has any comprehensive appointing power or that, to any extent, responsibility for appointments can be definitely traced to him.

Removals. The Constitution prescribes that elective state officers are removable only by impeachment. The Board of Regents of the University, also, are understood to be subject to impeachment. With respect to such officers and boards, therefore, removal is a function of the legislature. The Governor is by law given power to remove any officers appointed by him for incompetency, neglect of duty, or malfeasance in office; but specific provisions for removal apply to certain offices. Thus, he may remove at pleasure the Adjutant General, the State Fire Marshal, the Pardon Attorney, the three Custodians, and the Superintendent of the Bureau of Criminal Identification and Investigation (in practice); all members of the Tax Commission, of several Boards of Regents, of the Board of Barber Examiners, and of the Board of Dental Examiners; and the appointive members of the Insurance Board, of the Banking Board, and of the Textbook Commission. A few other removals may be made by the Governor for cause, as in the case of the Board of Embalming and the Board of Veterinary Medical Examiners. He may remove members of the Industrial Commission only for cause and after notice and hearing.

The statute law provides, in addition, that any state, county, township, city, town, or other officer may be removed from office by judicial proceedings for any one of various specified causes, including habitual or wilful neglect of duty, gross partiality in office, corruption in office, wilful maladministration, failure to account for public funds, or any wilful failure or neglect diligently and faithfully to perform any legally imposed duty. In general, proceedings may be initiated by the grand jury, or by the Attorney General (when directed by the Governor); and trial must or may be by jury.

Oklahoma, therefore, provides several methods of removal; one, legislative; others, executive; and others, judicial. Removal by impeachment is, with the exception of one or two of the more important offices, clearly objectionable, because it imposes on an already overburdened legislature a purely administrative function, involving cumbersome and time-consuming procedure, and is liable to be used for political purposes. Removal by court proceedings is a ponderous, slow, and expensive procedure; and experience has shown that it is seldom used.

Vacancies. All vacancies in state offices (except those connected with the legislature) and in boards of county commissioners are filled by the Governor.

Terms. Elective state officers have four-year terms beginning and ending with the Governor's. Members of the elective Corporation Commission have overlapping six-year terms. Likewise, terms of appointive officers are, in practically all cases, four years. A few officers serve without term, for example, the Adjutant General, the Superintendent of the Bureau of Criminal Identification and Investigation, and the Pardon Attorney. The terms of appointive members of state boards, when definitely fixed, range from two to seven years. The approximate number of boards for each term is shown below:

Number of Boards	Length of term (in years)
2	2
6	3
16	4
6	5
6	6
1	7
11	Without term

In the case of several boards which have definite terms prescribed by law, the members serve until their successors are appointed and qualified. The practical effect of such a provision is that the members serve without term but are, after a fixed period, removable at the pleasure of the appointing authority. Overlapping or stag-

¹The recently established Flood Control Board and Planning Board are not included in this analysis. For discussion of these agencies, see succeeding chapters.

gered terms are provided for the members of about 23 boards. The usual purposes in providing such terms are to make reasonably certain that at all times some of the members will be experienced, to assure stability and continuity of policy, and to protect administration against political interference and overturns. When terms are short, however, these purposes are not in full measure accomplished. As a matter of fact, any appointed (or predominantly appointed) board in the state government of Oklahoma may apparently be completely changed, or a majority of it may be changed, within a single gubernatorial term.

Bi-partisanship. At least four of the state boards are made bi-partisan: The State Board of Public Affairs; the Soldiers' Relief Commission; the State Election Board; and the Conservation Commission.

The Governor as an Ex-officio Board Member. The Governor is an ex-officio member of at least eight boards: The Board of Equalization; the Depository Board; the Board of Regents of Eastern Oklahoma College; the Board of Regents of the University Preparatory School and Junior College; the Board of Regents of Oklahoma Military Academy; the Commissioners of the Land Office; the Advisory Board of the State Farm and Industrial Council; and the Code Commission.

Is Executive Centralization Desirable? Oklahoma, like other American commonwealths, divides or scatters authority and responsibility for appointments and removals. The Constitution makes it the duty of the legislature to "provide by law for the establishment and maintenance of an efficient system of checks and balances between the officers of the Executive Department, and all commissioners and superintendents and boards of control of State Institutions, and all other officers entrusted with the collection, receipt, custody, or disbursement of the revenue or moneys of the State whatsoever." In a sense, the checks and balances have been established and are being maintained; but that they constitute an "efficient system" is exceedingly doubtful. It is doubtful, indeed, whether any system, based on distrust can be made to operate efficiently.

Division of the appointing power between the Governor and the Senate seems to have little to commend it. It has intensified political influence and fostered the spoils system; it has practically handed over numerous branches of administration to the control of members of the legislature; its effect on certain administrative agencies has been degrading, demoralizing, and disintegrating; and it has interfered with the proper performance by the legislature of its law-making function.

In general, the practice of requiring appointments to be made with the advice and consent of the Senate is undesirable and should be discontinued.

If the members of the Oklahoma legislature prove to be unselfish and courageous enough to eliminate this practice, they will have made a highly significant contribution to the public service.

It does not follow, however, that complete authority and responsibility over all administrative agencies should be centralized in the Governor. Political interferences and political overturns may come from the Governor as frequently and as harmfully as from the legislature. Experience in those states which have tried a substantial measure of executive centralization does not indicate that it alone maintains stability, efficiency, or economy. The people of Oklahoma must insist, not merely in 1934 or in 1940, but always on the nomination and election of a Governor who is primarily interested in effective and economical public service. The people must eventually establish a tradition protecting technical services from prostitution to political and personal purposes. When that time comes, it will be possible and desirable to eliminate most of the elective officials and to reduce relatively the number of boards and commissions. But until that time comes Oklahoma will have to elect several administrative officials, in addition to the Governor; and it will need to retain a comparatively large number of boards and commissions, so constituted as to be in a measure independent of the Governor.

What agency should be given immediate control in each field of administration, how this agency should be set up, and what its relation should be to the Governor,

are questions that can be answered only when each field of administration is intensively examined. The conclusions and recommendations derived from such specialized examinations will appear in succeeding chapters of this report.

Reporting. The Constitution provides that at each session of the legislature the Governor shall communicate a message dealing with the condition of the state "and shall recommend such matters to the legislature as he shall judge expedient. He shall also transmit a copy to each House, of the full report of each State officer and State commission. He shall communicate, from time to time, such matters as he may elect or the Legislature may require."¹ The Governor is also empowered to obtain information in writing at any time from any state officer, agency, or institution.² These simple constitutional and statutory provisions would probably be sufficient alone to enable the Governor to establish an adequate system of state official reporting. Such a system is essential. The effective functioning of democratic government depends on an enlightened, as well as a conscientious, voting population; but the voters can not be enlightened unless they know the facts; and they can not know the facts unless officials are required to report periodically and promptly, with reasonable completeness and with absolute accuracy.

In spite of the basic legal provisions mentioned above, the legislature has applied to the different agencies numerous stipulations relative to reporting. These have been enacted separately; they show little uniformity or plan; and, as a whole, they do not make mandatory an effective reporting system. Some agencies are required to report to the Governor annually; others, biennially. Some are called upon to report to both the Governor and the legislature. Monthly, quarterly, or semi-annual reports are in some cases prescribed. Some important agencies, such as the Highway Commission and the Bank Commissioner, are apparently not required to report at all.

Different dates are stipulated for the submission of reports; but, as a matter of fact, there are two different times when reports are needed: At the beginning of a legislative session, and at the opening of a campaign for the election of state officers.

All constitutional and statutory provisions relative to reports by specifically-named agencies should be repealed. A single law covering the subject of reporting should be enacted, requiring reports to be submitted to the Governor semi-annually, as of December 31 and June 30. The subjects to be covered by each report should be specified by the Governor.

THE LIEUTENANT GOVERNOR

The Lieutenant Governor is primarily a legislative officer; but, as in most other states, he becomes Governor or acts as such when the latter's office is vacant.

THE SECRETARY OF STATE

The Secretary of State, established by the Constitution and elected by the people for a four-year term, is a general secretarial officer. In addition to his clerical duties, he is an ex-officio member of the Securities Commission and is one of the Commissioners of the Land Office. Recommendations made in succeeding chapters will, if adopted, relieve him of his ex-officio memberships.

The Constitution should be amended to eliminate the Secretary of State as an elective official. He should be appointed without term and removable by the Governor. The State Election Board should be abolished³ and its duties transferred to the Secretary of State. The functions of the Secretary of State relative to corporations should be transferred to the Bank Commissioner.

LICENSING BOARDS

Oklahoma law provides for the following special licensing boards:

1. The State Board of Accounting, with three members, appointed for three-year overlapping terms by the Governor with the advice and consent of the Senate;
2. The Board of Examiners of Architects, with five members appointed by the Governor for five-year overlapping terms;

¹Const., Art. VI, Sec. 9.

²Stat. 1931, Sec. 13550.

³See chapter dealing with Election Administration.

3. The Board of Barber Examiners, a four-member body, appointed without term, three by the Governor and one by the Commissioner of Health;
4. The Board of Chiropody, consisting of three members appointed by the Governor and confirmed by the Senate for three-year overlapping terms;
5. The Board of Chiropractic Examiners, having three members appointed by the Governor for overlapping three-year terms;
6. The Board of Dental Examiners, with five members appointed by the Governor for five-year terms, some of the members being recommended by the State Dental Society;
7. The Board of Embalming, with three members serving three-year overlapping terms, appointed by the Governor on the recommendation of the Funeral Directors' Association;
8. The Board of Medical Examiners, its seven members being appointed by the Governor for terms of four years;
9. The Board of Examiners of Nurses, composed of five members with three-year overlapping terms, nominated by the State Nurses' Association and appointed by the Governor;
10. The Board of Optometry, consisting of three members appointed by the Governor for overlapping three-year terms;¹
11. The Board of Osteopathy, set up like the Board of Optometry;
12. The Board of Pharmacy, with five members serving overlapping four-year terms,² appointed by the Governor with the advice and consent of the Senate, on the recommendation of the professional association concerned;
13. The Board of Veterinary Medical Examiners, a five-member body with four-year overlapping terms,³ appointed by the Governor.
14. The Board of Registration for Professional Engineers with five members serving overlapping five-year terms; and
15. The Board of Cosmetology, consisting of three members having overlapping three-year terms.

It is believed that certain savings and some needed regularization and supervision might be brought about by providing for all of these boards a single secretarial office.

All of the secretarial and clerical work pertaining to the licensing boards should be performed by the Director of Personnel.⁴ In case a separate personnel agency should not be established, this work should be centralized in the office of the Secretary of State.

THE ADJUTANT GENERAL

The Adjutant General, who is in administrative charge of the National Guard, is appointed by the Governor by and with the advice and consent of the Senate, serves without term, and is removable by the Governor at pleasure. A state Adjutant General's office should be directly responsible to the Governor, its administration should be non-partisan, and it should maintain satisfactory working relationships with the federal War Department. In these and other respects, the Adjutant General's office in Oklahoma seems to be, for the most part, properly set up and well conducted.

When a general revision of the military code is made, it should provide that the Adjutant General be appointed without confirmation by the Senate.

¹Or until their successors are appointed and qualified.

²Or until their successors are appointed and qualified.

³Or until their successors are appointed and qualified.

⁴See chapter dealing with Personnel Administration.

CHAPTER III

PUBLIC SCHOOL ADMINISTRATION

Equality of opportunity is the essence of democracy. The purpose of a public school system is, or should be, to guarantee to every child, regardless of the accident of birth, an equal opportunity to obtain whatever type of education is provided by the state. Such equality of opportunity implies that every child shall be enabled to attend school as many days as any other child, to receive instruction from a well-trained teacher and in a suitable building, to be transported to school if the walking distance is too great, and to receive the kind of training that may reasonably be expected to make him a happy and useful member of society.

For the administration of its public school system, Oklahoma has established the following agencies:

1. The State Superintendent of Public Instruction, a constitutional officer, elected by the people for a four-year term and required to be a male citizen, not less than 30 years of age, and a qualified elector of the state for three years next preceding his election.¹

2. The State Board of Education, required by the Constitution² but its composition and powers largely determined by statute, consisting of seven members, including the Superintendent of Public Instruction (President) and six members, appointed by the Governor with the advice and consent of the Senate for overlapping six-year terms. Two of the appointed members must be practical school men with four years' experience (two in Oklahoma) in actual school work.³

3. The State Textbook Commission, composed of the Superintendent of Public Instruction (Secretary) and six other members appointed by the Governor for five-year terms and removable at his pleasure. Three members of this Commission must be actively engaged as educators in the public school system.⁴

4. The Board of Control (for military and physical training), provided by law but not functioning, consisting of five members appointed by the Governor and serving at his pleasure.

5. The Board of Trustees (of the state teachers' retirement and disability fund), composed of the Superintendent of Public Instruction, the State Treasurer, and three members appointed by the Governor for overlapping three-year terms.

6. The State Board of Vocational Education, which is identical with the State Board of Education.

7. The county superintendents of public instruction, mentioned in the Constitution but in effect statutory, elected for a two-year term. Each superintendent is required to hold at the time of his election a county first grade certificate.⁵

8. The school district boards, provided by statute and elected by the people.⁶

SCHOOL DISTRICTS

The school system of Oklahoma, in form of organization, is primarily the district unit system. Final authority is vested locally in boards of education, elected by the citizens of the respective districts. At the present time there are 4,816 districts, with more than 15,000 members of school boards. In size the districts vary widely. In some instances, the district has but a single teacher; in others, it has as many as 1,000 teachers.

Classification. In Oklahoma, school districts are classified according to (1) type of administration and (2) type of centralization. Classified on the basis of administration, they are (a) independent; (b) dependent; or (c) minority (or separate.)

An independent district is one which contains a city of the first class or which contains an incorporated town or city and a fully accredited four-year high school. A district containing a city of the first class is an independent district whether it has a

¹Const. Art. VI, Secs. 1, 3, 4; Art. XIII, Sec. 5.

²Art. XIII, Sec. 5.

³Stat. 1931, Sec. 6741.

⁴Laws, 1933, Chap. 84, Sec. 1.

⁵Stat. 1931, Sec. 7767.

⁶Stat. 1931, Secs. 6781-6939.

high school or not. Independent districts vary in size from six teachers to more than 1,000. Such districts have boards of education consisting of three, four or more members depending upon whether they are merely incorporated towns and cities, or whether they are cities of the first class with varying charter provisions. These districts may or may not, at their discretion, use the county treasurer as their treasurer.

Any districts (except separate school districts mentioned below) which do not meet the requirements for independent rating are called dependent school districts. All dependent school districts have three school board members and use the county treasurer as their treasurer.

Every county in the state is a minority or separate school district. If an independent or dependent district containing either a white or a negro board has within its boundary sufficient children of the opposite (minority) race, school facilities must be provided for these children. Such schools are called minority, or separate, schools. They are financed by a county-wide levy. If a minority school (not district) is located within boundary of an independent district, the law provides that it shall be under the control of the local board of education and superintendent of the district in which it is located. If a minority school is located in a dependent district the law provides that it shall be under the control of the county superintendent and the county commissioners. Minority race children living in dependent districts may attend school in independent districts without the formality of being transferred and vice versa. To all intents and purposes, minority or separate schools are financed and administered on a county-wide basis and really constitute county units.

Classified on the basis of centralization, a consolidated district is composed of a combination of two or more districts or parts of districts and contains one central school for all elementary and high school pupils. Consolidated districts are required to furnish transportation to all pupils living two miles or more from the school. A union graded district is composed of one or more districts in which there are a central school and one or more wing schools. The central school provides educational facilities for children in grades 1 to 6 and 7 to 12. The wing school provides educational facilities for children in grades 1 to 6 only. A union graded district may or may not provide transportation, depending on the vote of the people. Either an independent or a dependent district may also be consolidated or union graded. Thus we may have independent consolidated districts, dependent consolidated districts, independent union graded districts and dependent union graded districts.

In case any one of the above kinds of school district is located in two or more counties, it is called a joint district. Thus, for example, we may have a joint, independent consolidated school district. A joint district is under the jurisdiction of the county superintendent of the county in which most of the district is located.

It is difficult to give a statistical summary of the number of districts of a given type; and, owing to the varying size of the districts, it is difficult to get a comprehensive view of the number of pupils involved in the different types of organization. The most significant fact about the organization of the school system is the number of independent and dependent districts. There are 388 independent districts and 4,428 dependent districts. Approximately 55 per cent of the total school enrollment is found in independent districts and 45 per cent in dependent.

Enrollment and Holding Power. The enrollment by grades in white independent and dependent districts in 1933-34 was as follows:

Grades	Independent		Dependent	
	Number of Pupils	Percentage of First Grade	Number of Pupils	Percentage of First Grade
1	44,856		64,975	
2	33,734	75.2	35,230	54.2
3	33,331	74.3	37,029	57.0
4	32,266	71.9	35,556	54.7
5	30,902	68.9	31,845	49.0
6	29,025	64.7	28,920	44.5
7	26,856	59.9	25,560	39.3
8	23,853	53.2	23,138	35.6
9	28,623	63.8	9,022	13.9
10	24,390	54.4	6,823	10.5
11	19,807	44.2	5,263	8.1
12	17,024	38.0	4,238	6.5

One of the tests of a good school system is its holding power, that is, the percentage of pupils that remain in school. From the percentage figures given above, it is evident that Oklahoma has two separate and distinct school systems so far as the educational opportunities of pupils are concerned. Pupils brought up in independent districts have one likelihood of continuing in school; those brought up in dependent districts another. Educators everywhere are coming to realize more and more the importance of the first school year. Ignoring for the time being the probable differences in the kind of teaching in the first grade to be found in the independent and dependent districts and thinking only of the number promoted to the second grade, we see at once a vast difference. In independent districts 75 per cent of the first grade enrolled is found in the second grade; whereas, in the dependent districts, only 54 per cent or slightly more than half of the first grade enrollment is found in the second grade. Although the first grade enrolls 64,975 pupils in dependent districts and only 44,856 pupils in independent districts, by the time the pupils reach the seventh grade there are more pupils enrolled in independent districts than in dependent districts, and by the time they get to the twelfth grade there are 4,238 pupils enrolled in dependent districts, whereas there are 17,024 pupils in independent districts. Of course, what has happened is, that by the time pupils arrive at high school age, the survivors, not always the fittest but those most able to continue their education, go to schools in independent districts.

Number and Size of Schools. The table below shows the number of schools in independent and in dependent districts, classified according to the number of rooms in each school.

	Number of Rooms										Total
	1	2	3	4	5	6	7	8	9	10 or more	
Independent	0	0	0	0	9	22	33	20	22	289	395
Dependent	3136	1186	192	60	81	74	83	56	29	58	4945

It is evident that the schools in independent districts are large schools whereas those in dependent districts are small. The contrast is so sharp that we are almost justified in saying that the schools in independent districts are graded, whereas, those in dependent districts are ungraded. There are 3,136 one-room schools in the dependent districts and 1,186 two-room schools. The teacher in a one-room school has on the average 28 different class recitations a day. In two-room schools there are on the average 22 class recitations a day. As a rule, teachers of the smaller schools have the least experience and the least professional training.

The percentage of small schools in Oklahoma is unusually high. The principal reason seems to be that populous centers have formed independent school districts. These districts have become independent of the schools in the territory surrounding these towns and villages and have made it difficult for rural schools to consolidate. The boundaries of independent districts have proved barriers to the formation of centers, which, for all purposes except schools, are the natural centers of social and economic life. Where the core of the community is fenced off for school purposes from the surrounding territory, there is little or no opportunity for the rural schools to consolidate. Oklahoma, apparently, has progressed about as far as it can until these artificial barriers in the form of district lines are removed. The most effective plan of doing this is to make the county the unit for school organization and administration.

Number of High Schools. The effect of the small district and the exclusion of rural districts from urban centers is well illustrated in the number of high schools in Oklahoma. There are 864 high schools in Oklahoma, indicating a wide-spread desire upon the part of young people for a high school education. The zeal on the part of school officials to attempt to meet this demand is commendable. But a study of the obstacles to secure high school opportunities reveals that the road is unnecessarily difficult, the results exceedingly costly and thoroughly unsatisfactory. A review of the various kinds of districts such as "Consolidated Districts," "Union Graded Districts," and "Joint Districts" reveals that almost every conceivable effort has been made to get away from

the small isolated school district form of organization. A mere reference to the number of court decisions and opinions of attorney generals suggests that every one of these worthy efforts has met with obstinate opposition and legal barriers. When the way to the formation of natural logical social centers is made so difficult, if a progressively minded people wants to give its rural youth a high school education, there is but one thing to do, and that is to form these small enrollment high schools. A large number of them are housed in two or three poorly equipped rooms, often taught by teachers who are compelled to divide their time not only between several subjects, but also between elementary and secondary pupils. This lack of specialization in high schools we shall see later is reflected in the lack of specialization in institutions of higher education. The reason for this practice in Oklahoma is the large number of small districts and the exclusion of rural areas from the populous centers.

The table below shows the number and percentage of high schools in 1933-34 according to the number of pupils enrolled.

Number of Pupils Enrolled	Number of Schools	Percentage of Total Number
500 and over	33	3.8
350 to 499	15	1.7
250 to 349	42	4.9
150 to 249	94	10.9
100 to 149	144	16.7
80 to 99	85	9.8
60 to 79	137	15.9
40 to 59	171	19.8
30 to 39	79	9.1
20 to 29	45	5.2
0 to 19	19	2.2
Total	864	100.0

There are 19 high schools in the state having 19 or less pupils; 45 high schools have between 20 and 29 pupils in each; 79 have between 30 and 39 pupils; 171 have between 40 and 59 pupils; 137 have between 60 and 79 pupils; 85 have between 80 and 99 pupils. In other words, 536 high schools in Oklahoma out of a total of 864 have less than 100 pupils each. The conditions that prevail in these schools provide convincing evidence that the opportunities for a high school education are inadequate.

Oklahoma has a number of excellent large high schools, though their number is comparatively small for a state the size of Oklahoma, only 33 having as many as 500 pupils each. These schools would be a credit to any community or any state. The tragedy of the situation is that, with practically the same expense, all the schools of the state could be of the same standard, if it were not for the present form of organization which makes it difficult to bring these pupils together in populous centers. This unnecessary inefficiency and waste, which has been going on for years, could easily be corrected by establishing the county as the unit of organization and control.

In 1931-32, out of the 38 Class I accredited white high schools, 25 per cent had an average daily attendance of less than 12; 50 per cent, less than 17; and 75 per cent, less than 23 pupils. Of the 259 Class II schools, 25 per cent had less than 31 pupils; 50 per cent, less than 42; and 75 per cent, less than 65. Moreover, the per pupil cost of high schools is roughly in inverse ratio to their average daily attendance. Thus, of the 38 Class I accredited white high schools, the annual cost of the medial pupil in 1931-32 was \$115; but the cost per pupil in the 25 per cent with the lowest attendance was \$135. In the Class III schools, the cost in schools having less than 59 pupils was \$103; in those having up to 86 pupils, the cost was \$72; while in those having up to 126 pupils, the cost was \$66. For the state as a whole, the average cost was as follows: In schools having less than 34 pupils, \$109; less than 70 pupils, \$85; and less than 119 pupils, \$68.

Consideration of the opportunities offered in the first and fourth class schools makes it further evident that small high schools are extremely expensive. Finally, it is not clear that a large number of small high schools enables a larger number of pupils to attend high schools, for Oklahoma ranks 35th among the states in the percentage of the total school enrollment in high schools.

Average Daily Attendance. An index to the efficiency of a school system is the

percentage of enrollment in average daily attendance. Schools can serve only the pupils that attend. Applying this test in Oklahoma, it is necessary to return a vigorous indictment against the present school system. A thesis written by Mr. M. G. Starry of the graduate school at the University of Oklahoma, shows a high correlation between attendance and the size of schools.¹

According to the last report issued by the United States Commissioner of Education, we find a figure listing the percentage in attendance in each state.² In this list, Oklahoma ranks 48th or the lowest in the United States. The average for the nation is 84.7 per cent; whereas Oklahoma's average is 73.3 per cent. The following figures show what percentage the average daily attendance is of the enumeration and the total enrollment for the white children in the independent and in the rural districts of Oklahoma.³

	Independent Districts		Rural Districts	
	Per Cent of Enumeration	Per Cent of Enrollment	Per Cent of Enumeration	Per Cent of Enrollment
1929-30	70.3	75.9	52.9	61.1
1930-31	73.2	78.4	54.6	65.1
1931-32	75.1	78.8	56.9	67.2

In the rural districts only 56.9 per cent of the pupils enumerated were in attendance in 1931-32, and only 67.2 per cent of the pupils enrolled were in attendance; but, in the independent districts, 75.1 per cent of those enumerated were in attendance and 78.8 per cent of those enrolled. Considering Oklahoma's topography, climate, and highways, such a low rating is inexcusable. Evidently, some inherent weakness in the school organization itself produces these results. Apparently, a direct causal relation exists between the attendance figures and the unusually large proportion of one, two, three, four, and five-room schools and the large number of small high schools. As already stated, the small school districts, together with the large number of independent districts that exclude rural areas, largely account for the numerous one, two, and three-room elementary schools and the exceptionally large number of two, three, and four teacher high schools.

Therefore, it is recommended that:

The county should be made the unit for local school organization and administration.

All independent, dependent and all other units of school administration should be abolished.

PUBLIC SCHOOL FINANCE

The figures below give estimates, classified by sources, of school income for the year ending June 30, 1935.

Federal Sources (Usual):

Indian Tuition -----	\$ 377,396	
Vocational Education -----	122,582	
Total -----		\$ 499,978
State Sources -----		8,278,686
County Sources:		
County Apportionment -----	234,795	
County Tax for Minority Schools -----	1,073,399	
Total -----		1,308,194
School District Sources:		
Ad Valorem Tax -----		11,453,509
		<u>\$21,540,367</u>

¹M. G. Starry, *The Classification and Attendance of the Public School Children in McClain County, 1933*, pp.

²U. S. Commissioner of Education Bulletin No. 2, 1933, p. 9.

³Data for this table are based on the Thirteenth and Fourteenth Biennial Reports of the Superintendent of Public Instruction, Oklahoma. M. G. Starry, *The Classification and Attendance of the Public School Children in McClain County, Oklahoma, 1933*, p. 15.

Where complete reports are not in, the best possible estimate has been made, based usually on the amount for the previous year for the missing districts. Incomplete records are a serious handicap; but they are difficult to avoid when state officials are forced to secure reports from about 5,000 separate school districts under the control of over 16,000 school board members, on each item that is called for in school accounting. The above figures reveal that the methods of financing the schools is to say the least complicated.

What portions of the school revenue are derived from federal, state, county, and district sources? For the year 1933-34, federal funds contributed approximately 8 per cent; the state, 26 per cent; the county, 6 per cent; and the local district, 60 per cent. In 1931-32, however, the state supplied only 6.7 per cent, the county 6 per cent, and the local districts 87.3 per cent. This shifting of support is in the right direction. The newer sources of taxation, more particularly the income and sales taxes, are coming to the relief of local property taxes in a substantial way. This is in line with general tendencies in other states; and Oklahoma is to be congratulated for bringing this change about so rapidly and in so orderly a manner. If the state continues to pursue this course, it will in all probability bring much needed relief to property owners without further constitutional limitations of levies.

Data are not available from other states for the year 1933-34; but they are for 1931-32. At that time, the national average contribution from the state was 19.5 per cent; from the county, 8.8 per cent; and from the local district, 71.7 per cent. Two years ago Oklahoma ranked 34th in the percentage of state support given to local schools. To have jumped from 6.7 per cent to 26 per cent in two years is an achievement of which the state may be proud. It is generally conceded, however, that education is a state-wide responsibility and as such should be supported on a state-wide basis. The fact that the local district is still assuming 60 per cent of school costs through ad valorem taxation suggests an examination of this method of supplying school revenue.

The District as a Unit of Taxation. In order to evaluate the ability of the local district to support its schools, we need to examine the size of the various taxing districts and the assessed valuation of their property, as well as to consider the number of pupils in each district. Hence, we have taken a few typical counties and have compared the amount of taxable property in each district with the number of pupils to be educated. For Payne County, this comparison is made in the accompanying Table I and in Chart I.

TABLE I
NUMBER OF DOLLARS OF TAXABLE PROPERTY PER PUPIL IN
EACH DISTRICT IN PAYNE COUNTY

District Number	Valuation per Enumerated Child	District Number	Valuation per Enumerated Child
1	\$1,288	48	\$26,970
2	1,910	51	8,504
3	2,153	52	1,853
4	1,627	53	1,385
5	3,282	56	1,366
6	2,484	58	1,561
7	2,088	59	712
8	1,824	61	678
9	2,206	62	3,321
11	2,092	65	2,185
12	1,670	66	1,507
13	1,251	67	1,158
14	974	68	1,929
15	1,583	69	1,095
16	1,650	72	1,141
17	1,792	73	1,209
18	3,632	82	1,074
19	1,503	83	1,170
20	1,097	86	3,628
21	2,325	87	1,455
23	1,992	88	831
26	1,661	90	2,350
27	1,822	91	2,498
28	1,280	92	1,813
29	1,261	93	2,074

District Number	Valuation per Enumerated Child	District Number	Valuation per Enumerated Child
30	1,576	94	720
31	2,042	95	720
32	1,340	96	880
33	1,529	98	14,222
35	1,508	99	929
36	1,897	101	1,400
37	903	102	9,003
38	1,074	103	1,343
40	1,973	104	5,751
41	2,803	105	2,259
43	2,805	C2	2,096
44	6,398	C3	1,191
45	1,294	C4	9,608
46	1,875	C6	25,527
47	6,041	JC1	1,515

A great variation appears in the amount of wealth behind each pupil. One district has only \$678 of taxable property back of each pupil; another, within the same county, contains \$26,970 of taxable property for each child. In this latter district (District No. 48, Hillside School, Payne County) the assessed valuation is \$1,456,393, the number of pupils of school age is 54, or \$26,970 of taxable property for each child. The district has a two teacher school with excellent conditions so far as buildings and equipment are concerned. With a levy of 3.6 mills they have a school budget of \$2,595.99. Consolidated District No. 6 in Payne County has a valuation of \$3,863,548 and only 149 pupils, or \$25,527 per pupil. The levy is 2.7 mills and the total budget for school purposes is \$11,277.25. The district furnishes a beautiful home for the superintendent on the school grounds. The equipment is complete in every respect.

On the other hand, District No. 67 has a valuation of \$3,219,587 with 2,780 pupils to be educated, or \$1,158 of taxable property per pupil. This district has almost 20 times as many pupils as District No. 98. Consequently, salaries are low, equipment inadequate, and conditions generally poor. These are extreme cases, but they occur within the same county, and they are not the most extreme in that county. Another district in Payne County has slightly more than half as much wealth per pupil as District No. 67. In another county, the variation in wealth per pupil is from one to one hundred sixty-eight. One could multiply these cases by the hundreds. But it is not necessary to do so; for it is perfectly clear that the variation of wealth among school districts is too great to make the district a dependable unit for the chief support of the public schools. Since the ideal in school finance is to provide equal educational opportunities on the basis of equal effort on the part of taxpayers, the district as a unit of taxation is open to severe criticism.

The County as the Unit of Taxation. The effect of making the county the unit of taxation instead of the district will be a marked improvement with respect to equalization of effort, opportunity, and tax burden. The inequalities of ability to support governmental functions that are found among districts in the same county will disappear. If the tax levy is made uniform throughout the county, as it will be if the county is made the unit, the richer districts will help the poorer. This is the chief virtue of the county unit system in so far as school finance is concerned. It is in keeping with the fundamental principle of equality of effort and is effective within the limits of the county. To carry out this principle in its entirety, we would have to make the state or even the nation the unit of taxation. But it is not proposed at this point to discuss tax policy or tax administration. It is intended only to show what effect making the county the unit will have on raising school revenue. Here again our method of studying the ability of a given district or county to support its educational program is to compare the various units on the basis of this number of dollars of taxable property back of each child to be educated. This is done in Table II.

CHART I
ASSESSED VALUATION PER PUPIL IN PAYNE COUNTY, BY SCHOOL DISTRICTS

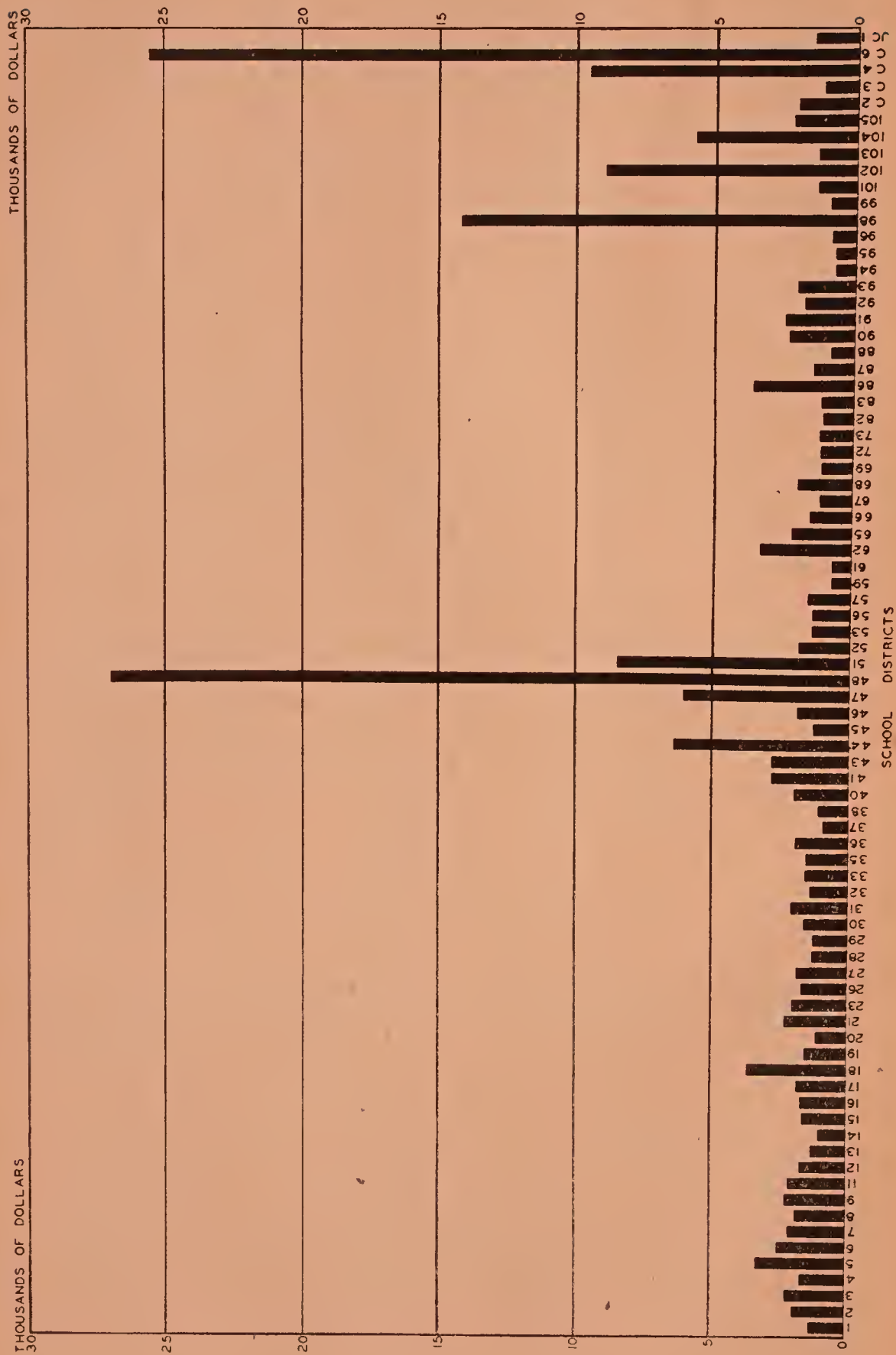


TABLE II
NUMBER OF DOLLARS OF TAXABLE PROPERTY FOR EACH
ENUMERATED PUPIL IN EACH COUNTY

Name of County	Number of Dollars Per Pupil	Name of County	Number of Dollars Per Pupil
McCurtain	\$ 520	Grady	\$1,387
Sequoyah	604	Carter	1,388
Adair	611	Beckham	1,418
Delaware	655	Nowata	1,468
Cherokee	657	Cleveland	1,483
Haskell	673	Blaine	1,542
McIntosh	708	Muskogee	1,566
Marshall	752	Seminole	1,567
Pushmataha	806	Kiowa	1,590
Choctaw	843	Rogers	1,642
LeFlore	892	Custer	1,721
Atoka	895	Lincoln	1,774
Hughes	906	Mayes	1,791
Latimer	961	Pawnee	1,903
Bryan	968	Canadian	1,944
McClain	970	Crain	2,047
Coal	1,008	Logan	2,061
Pittsburg	1,011	Harper	2,131
Caddo	1,023	Payne	2,270
Okfuskee	1,039	Osage	2,302
Ottawa	1,106	Major	2,340
Greer	1,124	Ellis	2,482
Stephens	1,124	Noble	2,536
Cotton	1,144	Oklahoma	2,560
Love	1,152	Kingfisher	2,621
Comanche	1,164	Tulsa	2,631
Jackson	1,172	Woods	2,690
Pontotoc	1,172	Woodward	2,711
Roger Mills	1,176	Kay	2,944
Wagoner	1,179	Garfield	2,978
Garvin	1,208	Beaver	3,021
Johnson	1,235	Washington	3,117
Harmon	1,259	Alfalfa	3,487
Okmulgee	1,263	Texas	3,932
Washita	1,284	Cimarron	4,283
Dewey	1,290	Grant	4,287
Creek	1,292		
Jefferson	1,352		
Murray	1,371		
Pottawatomie	1,371		

Table II lists the counties of the state according to their ability to support education. It reveals clearly that the county goes a long way toward reducing the inequalities, so glaring in the districts. The reader will recall that the range in the wealth per pupil in the districts of a single county was from \$678 to \$26,970, or 1 to 40; whereas, the range in various counties is from \$520 to \$4,287, or 1 to 8. This, it must be remembered, is the range existing between extreme cases. The range of the middle 50 per cent, which is for most purposes a more dependable measure of variability, is from \$1,023 per pupil to \$2,131, or of approximately 1 to 2. Although the county unit will greatly reduce the outstanding inequalities of the district system, as long as the average variation is from 1 to 2, it is obvious that the county unit will not completely equalize the burden of school support. If there is to be real equality of educational opportunity, the state must step in and assume the responsibility of support. Hence, it appears that the county should be used, so far as it is able to equalize the burden within its limits, and that the state must be called upon to complete the task of equalization among the counties. This is about the only way in which a sound financial basis can be established for the support of public education.

The county should be made the basis of taxation for school purposes.

Need of a State Fund for Schools. This idea of state aid is not new to the people of Oklahoma. For the last year or so at least, Oklahoma has been distributing to local

districts about eight or nine million dollars annually. The purpose of this distribution has been to reduce ad valorem taxes. Seventy-five per cent of the income tax, and 50 per cent of the sales tax has been distributed to the several districts on the per census child basis with the understanding that it go to reduce the local levy. Although the motive back of the tax substitute plan is commendable, it does not operate to equalize effort on the part of local districts. In fact, it has quite the opposite effect. Taking Adair County, for example, we can see that the result of the present law is to make the levies actually laid very unequal. There are a number of factors that bring this about. First, the wealth of the districts varies markedly; second, the number of children to be educated varies, hence any allocation on the basis of pupils will vary; and finally, there is a marked difference in the educational offerings in the different districts. Hence, it is little wonder that the ultimate result of the three variables is a decidedly unequal rate. There is still a fourth possibility that the districts do not vote the same levy to begin with. However, in order to secure state aid from the equalization fund, districts are compelled to vote the maximum levy of 15 mills. Table III gives us the rate of levy laid by the districts of Adair County.

TABLE III
LEVIES LAID IN ADAIR COUNTY, 1934-35

District Numbers	Number of Mills Actually Levied	District Numbers	Number of Mills Actually Levied
1	6.4	21	2.0
2	9.2	22	8.8
3	9.9	23	3.5
4	11.3	24	none
5	none	25	9.6
6	6.9	26	none
7	7.3	27	1.6
8	8.2	28	10.2
9	12.2	29	10.0
10	10.8	31	10.2
11	12.1	32	none
12	8.0	33	none
13	7.8	34	4.8
14	5.2	35	none
15	1.0	36	none
16	7.3	37	11.5
17	12.5	38	none
18	none	39	none
19	5.9	40	1.2
20	8.5	41	12.6

In Adair County, ten districts under the present laws do not levy anything whatsoever, there are four more that levy two mills or less; whereas, there are ten districts that levy ten mills or more, and four that levy more than twelve mills. Hence, we see that some districts escape entirely, whereas, others lay almost the maximum levy.

This matter is of such vital importance that we should not conclude from a single county. For this reason we are presenting in Tables IV and V the facts regarding the levies actually laid during the present year in every district in the state.

TABLE IV
MILL LEVIES IN OKLAHOMA SCHOOL DISTRICTS, 1934-35¹
State Average (Mean) Levy 10.07 Mills

1934-35 Levy (Mills)	Number of Districts Making Levy
15 ² -----	35
14 -----	82
13 -----	308
12 -----	400

¹Table is read as follows: Beginning at the top, 35 schools made an actual levy of 15 mills, 82 districts spread a 14 mill levy, 308 districts spread a 13 mill levy, etc.; 304 districts which had budgets made no levy at all. This condition is chiefly due to the method of distribution of the sales and income tax. It is distributed on a per capita basis.

²14.5 mills to 15.4 mills.

1934-35 Levy (Mills)	Number of Districts Making Levy
11	466
10	438
9	387
8	311
7	305
6	345
5	322
4	337
3	311
2	245
1 ¹	200
0	304
Total	4,796

TABLE V
DISTRIBUTION OF MILL LEVIES BY COUNTY, 1934-35²

County	Number of Districts Making Each Levy															Total	
	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1		0
Adair	--	--	2	3	2	5	3	3	3	2	2	1	--	2	2	10	40
Alfalfa	2	1	10	3	3	5	4	1	3	4	7	14	7	7	3	2	76
Atoka	--	2	3	9	7	6	5	3	7	2	4	4	2	1	5	--	60
Beaver	--	2	12	19	9	12	5	6	7	10	6	4	1	2	--	--	95
Beckham	--	--	1	7	7	10	2	3	1	6	1	--	3	--	--	--	41
Blaine	--	--	2	2	11	4	6	10	5	5	6	3	2	7	4	5	72
Bryan	--	--	--	5	9	10	9	9	11	5	5	3	1	--	2	2	71
Caddo	--	--	1	3	6	8	11	6	4	5	11	4	10	7	7	21	104
Canadian	--	--	1	4	4	4	1	6	5	4	10	16	7	8	10	1	81
Carter	--	3	8	13	8	8	7	4	1	1	--	--	--	--	--	--	53
Cherokee	18	--	5	--	--	2	2	1	2	5	1	3	5	4	5	24	77
Choctaw	--	1	1	4	13	8	2	2	5	2	3	1	--	2	2	3	49
Cimarron	1	--	2	4	2	1	3	2	1	4	4	3	4	--	--	3	34
Cleveland	--	--	5	2	11	8	7	6	5	4	2	3	3	3	2	--	61
Coal	--	--	--	1	4	11	2	7	1	2	2	4	2	2	--	--	38
Comanche	--	--	3	3	6	5	3	3	8	6	4	5	8	5	4	4	67
Cotton	--	--	1	11	9	7	4	6	4	1	5	3	3	2	--	--	56
Craig	--	--	1	1	1	2	--	4	3	4	8	8	5	13	8	15	73
Creek	--	--	2	10	11	11	8	8	3	5	5	--	2	2	1	--	68
Custer	--	--	1	7	--	13	--	2	6	7	8	7	6	5	--	5	67
Delaware	--	--	--	--	3	--	3	3	5	7	7	4	6	4	3	28	73
Dewey	--	--	3	10	10	19	5	5	3	--	1	5	1	1	1	4	68
Ellis	--	--	6	6	12	6	7	4	7	3	3	5	5	3	4	--	71
Garfield	--	1	5	2	3	3	7	5	11	9	8	10	15	14	11	4	108
Garvin	--	1	7	14	13	14	3	2	1	3	4	--	1	--	--	1	64
Grady	--	--	3	9	8	11	12	7	3	4	6	6	1	4	2	--	76
Grant	1	2	4	2	1	3	1	4	8	13	17	20	18	8	7	2	111
Greer	2	3	7	7	--	4	--	--	2	--	--	--	--	--	--	3	28
Harmon	--	--	1	6	1	4	2	1	--	4	--	--	--	--	2	--	21
Harper	1	5	15	8	1	2	7	9	3	2	--	--	1	1	--	2	57
Haskell	--	--	1	9	7	10	6	9	3	6	1	2	2	--	--	2	58
Hughes	--	--	5	7	8	7	9	4	5	1	1	4	--	--	--	--	51
Jackson	--	--	10	6	9	2	--	1	--	--	--	--	--	--	--	2	30
Jefferson	--	--	--	4	3	2	7	1	2	2	3	2	2	1	4	1	34
Johnston	--	--	4	3	15	3	4	2	2	3	2	--	--	--	--	--	38
Kay	--	1	7	3	4	5	8	5	8	14	19	11	16	--	--	--	101
Kingfisher	--	--	5	2	3	4	3	4	8	8	14	11	6	6	7	1	82
Kiowa	--	--	1	9	6	2	7	2	5	4	4	6	9	3	2	1	61
Latimer	--	--	7	4	6	7	6	1	1	1	--	--	1	--	1	3	38
LeFlore	--	--	4	9	12	11	15	5	8	6	10	6	3	2	--	3	94
Lincoln	--	--	2	--	6	7	4	6	8	15	9	13	19	12	10	14	125
Logan	--	--	1	1	2	3	4	3	2	5	11	7	10	15	7	7	78

¹Includes 41 districts levying .01 to .40 mills.

²Table is read as follows: Adair County had two districts levying thirteen mills, three districts levying twelve mills, two districts levying eleven mills, etc., ten districts do not make any mill levy at all this year. The mill levy for 40 school districts in the county are included in this report.

County	Number of Districts Making Each Levy															Total	
	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1		0
Love	6	4	5	3	3	2	--	--	--	--	--	--	--	--	--	2	25
McClain	--	--	--	--	4	6	6	6	1	11	5	1	1	--	--	1	42
McCurtain	--	--	--	7	6	10	3	3	3	7	5	1	6	4	3	11	69
McIntosh	--	--	1	4	6	3	5	6	6	2	2	4	2	3	1	2	47
Major	--	1	6	8	9	9	3	5	6	2	5	11	11	7	2	2	87
Marshall	--	1	6	9	6	5	2	2	2	3	1	1	--	--	--	1	39
Mayes	--	1	2	--	2	2	2	5	4	7	6	9	4	7	6	9	66
Murray	--	--	2	--	7	4	2	1	1	1	--	2	1	1	--	1	23
Muskogee	--	1	4	6	6	5	9	6	2	5	6	5	7	6	2	4	74
Noble	--	--	3	5	4	1	3	1	1	10	4	9	9	9	9	5	73
Nowata	--	--	--	1	5	3	3	--	6	5	1	5	--	4	1	3	37
Okfuskee	--	3	1	7	6	6	8	10	2	1	--	1	1	1	--	--	47
Oklahoma	--	3	4	1	4	1	7	1	2	4	2	3	3	5	4	12	56
Okmulgee	--	--	1	4	6	7	6	2	6	3	1	3	2	--	--	5	46
Osage	1	10	22	13	7	3	4	4	2	1	1	2	--	--	--	--	70
Ottawa	--	1	3	1	3	2	7	2	2	6	3	3	5	4	1	1	44
Pawnee	--	--	3	4	2	3	2	6	1	3	6	6	3	5	7	4	55
Payne	--	1	7	3	2	2	7	2	7	5	9	11	7	6	2	9	80
Pittsburg	--	--	--	1	7	13	21	19	17	11	7	3	1	--	1	--	101
Pontotoc	1	1	--	4	6	5	12	8	4	8	4	--	--	1	3	1	58
Pottawatomie	--	--	9	6	11	7	4	--	8	6	3	7	13	10	5	7	96
Pushmataha	--	1	--	8	6	5	5	2	3	4	1	3	3	1	5	10	57
Roger Mills	--	--	2	2	10	7	7	7	1	1	1	1	--	1	--	1	41
Rogers	--	1	7	6	3	4	7	2	--	2	2	4	1	2	--	--	41
Seminole	--	1	4	9	5	3	2	4	4	2	1	--	--	--	1	3	39
Sequoyia	--	--	1	3	10	2	3	1	6	1	2	5	4	2	4	18	62
Stephens	--	1	10	19	22	6	4	1	1	--	--	1	--	--	--	--	65
Texas	--	3	12	4	7	5	6	3	3	10	4	5	10	2	3	--	77
Tillman	1	--	2	6	5	5	5	2	4	6	4	5	2	2	4	1	54
Tulsa	--	4	3	5	3	4	2	--	2	--	1	--	--	1	--	--	25
Wagoner	--	--	--	1	3	4	4	4	4	6	5	7	7	4	4	14	63
Washington	--	7	2	3	5	--	2	1	--	1	1	--	--	--	--	--	22
Washita	--	--	--	--	5	12	11	5	4	4	3	9	8	1	10	2	74
Woods	1	6	9	9	11	11	3	7	8	9	6	8	8	8	3	--	107
Woodward	--	9	18	7	5	3	6	8	2	4	6	5	4	2	3	2	84
Total	35	82	308	400	466	438	387	311	305	345	322	337	311	245	200	304	4,796

Table IV gives us a frequency distribution of the district levies laid for the year 1934-35 throughout the state. Of the 4,796 districts represented in this table, 304 districts do not levy any ad valorem tax whatsoever; 200 more levy only one mill; 245 more levy only two mills; 311 only three mills; etc. On the other hand, 35 districts levy the maximum of 15 mills; 82 more levy 14 mills; 308 more 13 mills; and 400 more 12 mills; etc. In other words, there are 1,397 districts that levy less than 5 mills; 1,670 districts that levy from 5 to 10 mills; and 1,729 that levy 10 or more mills. It would be difficult to set up a plan of distribution of state money that would make local levies more strikingly uneven.

Table V shows that the variation in tax levies is common in every county in the state. When taxpayers in one district are paying the maximum tax, how do they feel toward the taxpayers of an adjoining district who are paying nothing? In some instances, districts paying the maximum levies have excellent schools and those paying none have poor schools, but, in many instances, districts levying close to the maximum have poor schools, while other districts paying little or nothing have almost every educational advantage possible.

If Oklahoma is willing to commit itself to the principle of equality of educational opportunity, it seems only logical that it should also accept the principle of equality of effort. The measure of effort, in so far as ad valorem taxes are concerned, is the levy. If Oklahoma is going to guarantee equality of educational opportunity up to a reasonable minimum, it must require the local districts to levy up to a minimum number of mills. The average levy now laid by the districts of Oklahoma is 10.07 mills. A levy of 10 mills in all of the counties of Oklahoma accounting for the 10 per cent reduction for delinquencies, will raise approximately \$11,000,000. Therefore, it would seem equitable,

if the state is to guarantee a minimum program to all counties, that the counties be required to levy a minimum of ten mills in order to participate in the state contribution.

All counties should be required to lay a uniform minimum levy of ten mills or thereabouts as a prerequisite to participation in the state school fund.

Purpose of a State Fund for Education. In allotting 50 per cent of the proceeds of the sales tax and 75 per cent of the income tax back to the districts on the basis of enumerated child, the state has greatly increased the differences in levies now laid. The Tax Substitute Acts were intended to reduce ad valorem taxes and not to equalize, but since the money is collected and allocated by the state, it seems only logical to conclude that the money should be distributed so as best to meet the educational needs of the state. This suggests the creation of a state school fund, into which the sales tax, the income tax, and all other revenues for school purposes be paid, and that this fund be distributed on the basis of educational need.

The purposes of a state fund for education are two. If the county is made the unit of taxation and the levy is uniform throughout the county, it is altogether likely that many of the richer districts of the county will be called upon to use a part of their former revenue to help the poorer districts. Many districts are now laying the maximum levy in order to support their present programs, which are considerably better than those prescribed as the minimum program which the state can reasonably be expected to guarantee. If these richer districts are compelled to share their wealth with poorer districts, they should in some way be assured that their present programs will not be reduced. Hence, one purpose of the state fund for education is to supplement local revenues so that all districts will have an opportunity to increase their school offerings beyond the state minimum if they are able and desire to do so. In brief, the proposed plan would call for a minimum program prescribed by the State Board of Education. It would demand that in order to participate in the state fund the county would need to vote a uniform levy of, say, ten mills. The state would then distribute to all counties a given amount based upon actual need. The amount should be sufficient to enable any school system in the state to carry on the same program it is now carrying on, provided it lays the required ten mill levy and is willing to increase that levy to the maximum if necessary, for the enriched program.

In other words, the first purpose of the state fund should be to relieve the ad valorem taxpayer, much as the sales taxes and income taxes are now doing, but in such a way as to meet educational needs throughout the state. The second purpose of the state fund for education is to equalize the burden of school support up to the cost of the minimum school. When in any county the amount of revenue raised by the ten mill county levy and money distributed by the state to that county in the form of what we shall call primary aid, will not pay the cost of the minimum school, that county will be eligible to apply for what we shall call secondary aid, to an amount necessary to pay for the minimum program as prescribed by the State Board of Education.

There should be created a State School Fund into which all school revenues should be paid, to be distributed in the form of primary aid and secondary aid to the various counties to supplement the county funds to the extent of financing the state minimum school program.

Distribution of State Fund. It would seem that any method of distributing money for school purposes should seek to distribute the money on the basis of educational needs. Oklahoma, like Texas and many other states, has gone on the assumption that equal opportunities for education may be obtained by the expenditure of an equal amount of money per pupil. The method of allotting the sales and income tax is on the basis of the number of children of school age. The Constitution prescribes that the interest on the permanent school fund shall be distributed on this basis.¹ Students of school finance have long since discovered that the cost of education is not uniform under all conditions and in all localities. Years ago Dr. Paul Mort in a publication entitled "State Support for Public Schools" worked out a "pupil-teacher-ratio" as the basis of distribution of state money, showing that the cost of education is not equal under all conditions and

¹Art. XI, Sec. 3.

that equal educational opportunities cannot be secured by distributing money on the enumerated child basis. He showed that the teacher-basis is much more likely to fit the needs of a given school unit than the pupil basis, and, further, that the number of teachers needed depends upon the size of school. In computing the number of teachers needed, it was necessary to know how many schools there were of a given size.

In other words, Dr. Mort established in the thinking of school administrators the weighted-teacher method of distributing state money instead of the enumerated pupil basis. Various modifications of the so-called weighted-teacher basis have been used in different states. Research students have attempted to adjust the basis of support to the need by supplementing the weighted-teacher basis with allowances for transportation and certain rewards for the abandoning of one and two-room schools. The most successful effort to arrive at the needed teacher basis is to be found in the method adopted by the legislature of West Virginia. This plan, which for the lack of a better name, we shall call the teacher-pupil-density basis has been in operation in that state for the past two years with marked success.

The Teacher-Pupil-Density Basis. The fundamental principle underlying the teacher-pupil-density basis for determining the number of needed teachers is that of the density of school population. One does not need to travel far in a state like Oklahoma to see that the distance a pupil has to go to school is closely related to the kind of school he attends. On the western plains of Oklahoma, one sometimes travels miles without seeing a farm house. There are schools in one of the western counties where practically every pupil in the room lives on a different section of land. It goes without saying that the problem of providing school centers for a sufficient number of pupils and of guaranteeing their efficiency is one of transportation; and the cost of such a program is closely related to density of school population. Consequently, the plan of determining the number of needed teachers which has worked in West Virginia and is now being recommended in other states seems especially suited to Oklahoma.

TABLE VII
NUMBER OF ELEMENTARY SCHOOL PUPILS IN AVERAGE DAILY
ATTENDANCE PER SQUARE MILE
(White and Negro Pupils)

Elementary Pupils per Square Mile	Counties in Group	Number of Counties In Group
.1 — .9	Cimarron	1
1.0 — 1.9	Beaver, Ellis, Harper, Texas	4
2.0 — 2.9	Alfalfa, Dewey, Grant, Kingfisher, Latimer, Major, Pushmataha, Roger Mills, Woodward	10
3.0 — 3.9	Atoka, Blaine, Delaware, Jefferson, Johnson, Love, McCurtain, Noble, Osage	9
4.0 — 4.9	Adair, Cherokee, Coal, Comanche, Cotton, Craig, Custer, Greer, Harmon, Kiowa, Marshall, Nowata, Rogers, Tillman, Washita	15
5.0 — 5.9	Beckham, Canadian, Choctaw, Haskell, LeFlore, Lincoln, Logan, Mayers, Murray, Pawnee,	10
6.0 — 6.9	Bryan, Caddo, Garfield, Hughes, Jackson, Pittsburg, Sequoyah, Stephens	8
7.0 — 7.9	Cleveland, Garfield, Grady, McClain, McIntosh, Pontotoc, Wagoner	7
8.0 — 8.9	Kay, Okfuskee, Payne	3
9.0 — 9.9	Carter	1
10.0 — 10.9	Washington	1
11.0 — 11.9		None
12.0 — 12.9	Creek, Pottawatomie	2
13.0 — 13.9	Ottawa	1
14.0 — 14.9	Muskogee, Okmulgee	2
15.0 — 15.9		None
16.0 — 16.9		None
17.0 — 17.9	Seminole	1
40.0 — 40.9	Oklahoma	1
45.0 — 45.9	Tulsa	1

Table VII shows that there is one county, Cimarron, that has on the average less than one pupil in average daily attendance per square mile; four counties, Beaver, Ellis, Harper, and Texas that have on the average less than two pupils per square mile; while

Oklahoma and Tulsa counties have on the average 40 or more pupils per square mile. The cost of providing equal educational opportunity to the pupils living in Cimarron and Texas counties is certain to be more than in Oklahoma and Tulsa counties. As a matter of fact, at the present time there is a teacher employed for every 12 pupils in Cimarron County, whereas, in Tulsa County there is a teacher employed for every 33 pupils. Obviously, any plan that distributes state money on the per pupil basis, such as is now in use in Oklahoma, is perpetuating the inequalities which are everywhere so noticeable. In order to meet the actual need, it would be necessary to give almost three times as much money per pupil to Cimarron as to Tulsa. Accordingly, for the purpose of adjusting the revenues disbursed by the state to the actual needs of the various counties, the teacher-pupil-density ratio is the method best suited to Oklahoma.

All money which the state distributes in the form of primary aid should be distributed upon the needed teacher basis. The total number of needed elementary teachers in any district should be determined by dividing the number of pupils in average daily attendance during the preceding year by 18, in districts with an average daily attendance of less than two pupils per square mile; by 22, in districts having an average daily attendance of two and less than three pupils per square mile; by 26, in districts having from three to less than six pupils per square mile; by 30, in districts having six and less than nine pupils per square mile; and by 32, in districts having an average daily attendance of nine or more pupils per square mile.

The total number of needed high school teachers in any district should be determined by dividing the average daily attendance in approved junior and senior high schools in the district during the preceding year by 22, in districts having an average daily attendance in high school of one and two pupils; by 25, in districts having three or more per square mile.

A careful checking of the number of teachers actually needed as determined by this method, reveals that no violence will be done to the number employed at the present time in any county.

The state should supplement the teachers' funds in all districts by paying for each needed teacher for a period of five months the following amounts:

(a) *For each teacher holding a first grade elementary certificate based on examination, \$50.00 per month;*

(b) *For each teacher holding an elementary certificate based on 40 hours of college work, \$65.00 per month;*

(c) *For each teacher holding a state certificate based on two years of college work, \$75.00 per month;*

(d) *For each teacher holding a state certificate based on three years of college work, \$80.00 per month;*

(e) *For each teacher holding a state certificate based on a bachelor's degree, \$90.00 per month;*

(f) *For each teacher holding a state certificate based on a master's degree or a higher grade of certificate, \$100.00 per month.*

Under this method of distribution, the state would contribute \$7,000,000 toward the support of local schools, on the basis of the present school attendance. In addition to this amount, the state would distribute to the weak counties approximately \$3,000,000 in the form of secondary aid in order to guarantee to every child in the state the opportunity of the minimum school program. The minimum school, which will cost approximately \$21,000,000, will be financed under this plan by the county levy to the amount of \$11,000,000, and the state to the amount of \$10,000,000. Any program beyond the minimum would need to be financed by an additional levy over and above the 10-mill levy by any county that chooses to lay the additional levy.

The people of Oklahoma are facing a serious situation with respect to the administration and financing of their public school system. Unless some plan such as that just outlined is adopted, there is a grave danger of a complete breakdown. Numerous evidences go to show that the present system is becoming intolerable. The teacher warrant situa-

tion in itself sufficient to condemn the present method of financing the schools. When the amount of money represented by non-cashable warrants is greater than the annual salaries of all the teachers for one year, we can hardly say that the school system is on a sound financial basis. When there are 3,136 one-room schools and 1,186 two-room schools and 864 high schools in a state where the roads are as well developed as in Oklahoma, we cannot approve the district type of organization. When the average daily attendance is only 73.3 per cent of the school enrollment, but the lowest of any state in the union, we have every reason to believe that the pupils are not receiving the educational advantages to which they are entitled.

There is evidence to show that the schools have borne more than their share of curtailments due to the depression. In recent years, the total cost of the elementary and secondary schools in Oklahoma has dropped from \$32,000,000 to \$21,500,000 or a decrease of 32.8 per cent; and elementary teachers salaries have dropped 34 per cent. In view of the fact that a large number of teachers have been compelled to wait for months in order to receive their pay or cash their warrants at a discount ranging from 6 to 50 per cent, sufficient grounds seem to exist for revising the method of school finance.

If the school organization were such that the entire school population might obtain the most from it, Oklahoma could have an efficient school system even with the present expenditure. But so long as it is manacled with an extravagant and inefficient form of organization—the district unit system—and so long as the cities are hedged about by district lines preventing economical consolidations, there is no hope of securing anything approaching equality of opportunity regardless of the amount of money the taxpayers may put into the school system.

The first step in improving the public school system is to correct its form of organization. This can easily be done by adopting the county as the unit of taxation and administration. The next step is the adopting of a method of financial support that will guarantee to every child in the state a thorough and efficient education. County school administration should be under the control of a single board of education of five members and elected at large by the people for four-year terms. The county superintendent, now elected, should be appointed by the board and should not be required to be a resident of the county. He should be the executive officer of the board and be responsible for the recommendation and assignment of teachers.

CONSOLIDATION OF SCHOOLS

One of the main advantages of the county unit system of school organization is the opportunity it affords for consolidation of small schools. Perhaps the outstanding weakness of the present school system is the large number of small schools, both elementary and high schools, in practically every section of the state. Under the present system, the district is usually so small and the wealth so limited that the maximum levy for building purposes will not erect large buildings. This is the situation that prevails in much of the rural territory of the state. In the urban centers, the wealth is such that many of the cities can and do erect fairly good buildings. But the wealthier centers have seen their "coign of vantage" and have formed independent districts, cutting themselves off from rural areas. It is evident that larger schools provide a richer school program than do smaller schools. It is generally conceded that each community should have its own school, whether it be merely an elementary school or a high school; and in order to make consolidations economical, it is necessary to establish schools at the natural centers of population. In other words, towns and cities represent the core of the respective communities and are the logical locations for consolidated schools.

Reorganization Surveys. In order to see to what extent it was possible to consolidate schools on a country-wide basis, two counties, Greer and Bryan, were selected by a committee of local school administrators for intensive study. Detailed spot maps were made of each county, showing the residence of every pupil now attending school. The present school buildings and roads were indicated on these maps. A careful study was made of the present school conditions, noting size of school, condition of equipment and buildings and other factors bearing upon school efficiency. A rather deplorable condition was found to exist in dependent districts. For example, in Bryan County, we found

a sharp contrast between the large and small schools, a contrast which is shown in the figures below :

Type ¹	Number of Schools	Number of Pupils	Number in 1st Grade	Number in 2nd Grade	Percentage 2nd Grade is of 1st Grade
Type I	54	3,142	935	390	42
Type II	4	635	154	61	40
Type III	12	2,641	435	210	55
Type IV	6	3,883	519	411	79

Among the many interesting facts revealed by these figures is the large number of one and two-room schools, 54 in all. Perhaps the most significant facts are found in the last column, namely, the percentages of promotion. There are 935 pupils in the one and two-room schools in the first grade and only 390 or 42 per cent in the second grade. The condition is even worse in schools containing three, four, and five rooms. Contrast with these conditions the percentage of promotion in schools of nine rooms or more. In the larger schools there are 79 per cent as many in the second grade as in the first. A study of the preparation of teachers, libraries, and school buildings presents a similar contrast.

One of the most inexcusable situations to be found in Bryan County is the large number of high schools. There are 20 high schools in this county. With one exception they range from 14 pupils to 102 pupils. If we set up as a standard for elementary schools 200 pupils and 150 pupils as a standard for high schools, and this is the minimum that most educators seek to attain in reorganization surveys, then Bryan County has only five elementary schools and one high school that meets this standard. After studying the possible school centers, the roads and distances of pupils from these centers, the conclusion is reached that the entire white population can be easily housed in eleven elementary centers and four high school centers. Instead of having 76 schools, with only six schools of standard size, there would be only eleven school centers and 15 schools, all of standard size, as indicated below :

Name of Center	Elementary		High School	
	Pupils	Teachers	Pupils	Teachers
Achille	582	14		
Mead	496	12		
Colbert	527	14		
Albany	864	20		
Durant	1,980	48	959	26
Kenefeck	437	10		
Caddo	690	18	537	16
Bennington	693	18	542	16
Matoy	483	12		
Bochita	482	12		
Yuba	423	10	669	20

Under the proposed reorganization, every school would be of sufficient size to provide an efficient school program. In fact, they would be almost the ideal size as respects both efficiency and economy of operation. Under the proposed plan, only 266 teachers would be needed, whereas, 296 teachers are employed at present. There would be a saving in the current expenditures of approximately \$25,000 annually in teachers' salaries. If this amount could be matched by federal funds and applied to buildings it would go a long way toward supplying the buildings needed for such a program. Complete reorganization would probably take a number of years. But under a flexible organization, which the county unit would provide under the control of a single board of education, such a goal could be accomplished within a few years and the ultimate expense would be very little more than is now spent upon the present system. The proposed organization, makes possible a real educational program, and one that can be vigorously supervised. Under the control of capable state and county boards of education, the state would be

¹Type I includes schools of one and two rooms; Type II includes schools of three, four, and five rooms; Type III includes schools of six, seven, and eight rooms; Type IV includes schools of nine and more rooms.

much more exacting with regard to standards of achievement of pupils than it has been in the past. Mere records of days taught and pupils enrolled will not suffice. The actual achievement of these pupils will be measured from time to time by impartial methods of measurement and we know from wide experience that the pupil's progress will be much more rapid in consolidated schools than in the smaller schools. Attendance will be better, teachers will be better trained, and the courses of study greatly enriched. These and many other advantages are much more easily attained under a county unit form of organization than under the district system.

A similar reorganization in Greer County would reduce the 27 elementary schools and 17 high schools to four school centers, each containing an elementary and high school. The size of these schools with the present school enrollment would be as follows:

Location of Center	Elementary		High School	
	Pupils	Teachers	Pupils	Teachers
1. Mangum	1,106	25	763	23
2. Granite	505	12	397	12
3. North Central	534	12	359	12
4. Western	534	12	345	12
	2,679	61	1,864	59

At present under the standard of 200 pupils for elementary schools and 150 pupils for high schools, Greer County has but two elementary schools and two high schools of standard size. Whereas, if Greer County were under the control of a single board of education and an appointed superintendent, in all probability within four years time the proposed reorganization or one very similar to it would be in operation. No elementary school would need be less than 500 pupils and no high school less than 350. Experts in school finance tell us that maximum economy can be effected in schools of this size and there can be little question but that schools of this size are infinitely more efficient than the small schools that now exist in Greer County. Contrast the four high schools in the proposed organization having 763, 397, 359, and 345 pupils respectively, with the present high schools of 347, 189, 98, 81, 65, 59, 49, 44, 41, 36, 36, 33, 30, and 26 pupils respectively.

Obviously it has been impossible to study all of the 77 counties of Oklahoma in the time at the disposal of this survey, but from the percentage of small and large schools found throughout the state it would seem that Greer and Bryan counties if anything, are slightly above the average of the state. In fact, the index of consolidation for the entire state is 63.4 per cent, whereas the index of consolidation for Bryan County is 84 per cent, and for Greer County 69 per cent. Experience in other states, where consolidations are much more difficult than in Oklahoma, suggests that reorganizations of the type proposed for Greer and Bryan counties might well be made for all the counties of Oklahoma.

County-wide surveys should be made under the direction of the Research and Building Bureaus of the State Department of Education in cooperation with local authorities in every county in the state.

School Buildings. Such a program as the one just recommended will call for additional buildings. An inspection of a number of buildings here and there in type counties and a careful study of reports showing the condition of buildings throughout the state, does not indicate that further economy can safely be made in the matter of school buildings for the rural boys and girls in Oklahoma. Not in all sections, but in a majority of the counties, the rural school buildings and particularly the libraries and other equipment are in a deplorable condition. For the amount of money expended, Oklahoma has little to show in the way of rural school buildings. Rumors of graft prevail; but it is not the duty of this survey to verify or disprove such allegations. Such rumors, however, if not disproved, have a tendency to shake the confidence of the public in the management of school moneys and to cause taxpayers to vote against bond issues that are gravely needed. All school moneys voted for buildings should be under the control of such agencies as will command the absolute confidence of the public.

This confidence should not be limited to the integrity of the public official in control of school buildings, but should include confidence that the agencies charged with the re-

sponsibility of locating and constructing school buildings are familiar with all the technical problems peculiar to school building architecture. The general apathy of the public so frequently criticized is, in the main, due to lack of information. So long as the responsibility for the approval of the location and plans for new buildings is vested in a county superintendent elected by the people, and so long as the contracts are let by members of small district boards, it is little wonder that the state has such a variety in types of architecture in her school buildings. A building division located in the State Department of Education subject to the control of the State Superintendent and State Board of Education is one of the wisest investments a state can make. If the rights of the school children are to be protected and the public is to be assured that its money will be wisely spent, this division should be under the direction of a man who is primarily a school-building expert and who studies the problems of buildings from the point of view of the educational needs of the community it is designed to serve.

The State Board of Education should be given authority to require that the plans and specifications for any and all school buildings to be erected in all the school districts of the state be submitted to the Board or its agents for approval.

Financing School Buildings. If the county unit of school organization is adopted, in all likelihood Oklahoma will proceed immediately to reorganize the schools on the county-wide basis. Only in this way can the advantages of the county unit be fully realized. This will of necessity call for a rather extensive building program. Very little money has been spent in recent years on school buildings, especially in rural areas. In fact, comparatively speaking, only a limited amount has been spent on rural school buildings at any time. Perhaps the outstanding reason is that the size of the school district has been so small and its wealth so limited that a levy for building purposes, made on the taxable property of a given district is insufficient to build a large or very costly building. Even with the county as the unit of taxation, a large number of counties will be unable to build the type of building of sufficient size to accommodate the number of pupils that the reorganization will demand be accommodated at given centers. Even counties containing wealthy centers will not be able to contribute a great deal, due to the fact that they are already under heavy bonded indebtedness, and will not desire to increase this debt to help the rural areas. Consequently, the state will be compelled to finance a considerable part of the school building program.

When it is recalled that only 56.9 per cent of the pupils enumerated in dependent districts are in average daily attendance, that the state's percentage of enrolled pupils in attendance is the lowest in the United States, that there are now over 4,300 one and two-room schools in Oklahoma, that there are at the present time \$18,000,000 in outstanding non-cashable school warrants, and \$45,000,000 of bonded indebtedness for school buildings, it is clear that if the rural children of the state are to be given an equal opportunity for education, the state will have to shoulder a considerable portion of the expense.

It is inconceivable that the citizens of Oklahoma will be content with educating only 56 per cent of their sons and daughters living in rural areas. On the contrary, they will demand that every boy and girl be given the type of teacher, building, and school environment that will encourage attendance. Naturally, some one must pay the bill, if the children in dependent districts are to be given educational opportunities equal to those enjoyed by children in independent districts.

If the legislature adopts the county as the unit of taxation, the county, in so far as the county-wide levy goes, will assume its share of equalizing the burden of school support. But after the county has done its part, the state will have to do the rest. In the present emergency, if federal aid can be obtained, it would seem especially opportune for Oklahoma to make every effort to provide a building fund designed to match federal money, such funds to be used for the construction of school buildings recommended by such reorganization surveys as the ones just made in Greer and Bryan counties. The size of this fund should be determined by two factors; namely, the need for building at the present time and Oklahoma's ability to pay at the present time. It should be kept in mind, however, that over a period of five or six years, enough can be saved from the current expenditures, were the reorganization made effective immediately, to pay the cost of

the new buildings. This estimate is based on the assumption that the federal government will match the state on a project of this character. The additional cost of transportation has been carefully considered in these estimates.

If it is possible, with due regard to financial considerations and to the needs of the state, \$2,000,000 should be included in the General School Fund for the purpose of constructing new buildings, this money to be used, if possible, in conjunction with federal funds and apportioned to the several counties on the basis of approved need as determined by scientific surveys made upon the authorization of the State Board of Education in response to requests by county boards of education.

STATE ORGANIZATION AND ADMINISTRATION

No radical change need be made in the overhead organization of public school administration, except with regard to the Superintendent of Public Instruction.

The State Board of Education should continue as at present constituted, except that as soon as it becomes expedient, the Constitution should be amended so that the Superintendent of Public Instruction may no longer be a member of the Board or elected by popular vote. The Superintendent of Public Instruction (or, preferably, the Commissioner of Education) should be appointed without term and removable by the State Board of Education; no sex or residence qualifications should be prescribed for this official; he should be the executive officer of the Board; and his authority should be such that he can place the schools on a strictly professional basis.

The State Textbook Commission, and the Board of Control (for military and physical training), should be abolished and their functions performed by the State Board of Education.

The state teachers' retirement and disability fund should be reestablished on an actuarial basis, with the present statutory board of trustees charged with its administration.

The State Department of Education is at present operating under serious handicaps; and its internal organization requires strengthening.

Elementary School Supervision. A bureau of elementary education, which, in a state containing such a large rural population should be one of the most important bureaus in the state department, has been abolished. It would be difficult to compute what this so-called "act of economy" has cost the rural youth of the state. It is easy to trace its effects in every section of the state, and at every level of education from the first grade of the one-room rural school through the senior year of our teachers colleges and the state university. The percentage of promotion from the first grade to the second in the one and two-room schools is approximately 40 per cent. The average daily attendance in all dependent districts is only 56 per cent of the enumeration. The rural high schools, in addition to being extremely small, are inadequately housed and meagerly equipped with libraries and laboratories. Inspection of all of the teachers colleges and other colleges and universities of the state has failed to disclose a training-school set-up, whereby a rural school teacher can obtain observation and practice teaching facilities to prepare her for one of the most difficult tasks in the entire field of education, namely, instruction in the ungraded rural school. All of these inexcusable conditions can to an extent at least be traced to the lack of a rural school division in the State Department. At any rate, a well-manned rural division would do a great deal toward remedying what is unquestionably the greatest weakness in the entire school system of Oklahoma, namely, the lack of rural school leadership.

There is a thought, amounting almost to a complex, in the minds of laymen as well as of teachers, that the higher levels of education are the more important, and that rural life is insignificant compared with urban life. Where this feeling is so general, it is easy to excuse the young man or woman who resents the idea of preparing to teach in rural schools. This explains, no doubt, why 21.5 per cent of the teachers now teaching in the rural schools received their training as high school teachers. It is not so easy to excuse professors in teachers colleges and universities, when they know the importance and the possibilities of rural education, for neglecting to meet the needs of rural school teachers. The writer was told by the officials of one state teachers college that their institution offered four courses in rural education. So the catalogue said,

but, upon further examination it appeared that no one had elected to take any of the four courses in rural education during the last two years. From experiences like this, one is forced to conclude that rural education is not being featured in Oklahoma. It is to be hoped that county-wide organization will bring about consolidations that will reduce rapidly the demand for teachers of ungraded schools; but, so long as 4,300 one and two-room schools exist in the state, some specific provision should be made for the training and supervision of rural school teachers. Under the county-unit form of organization, the demand for rural school supervision will be decidedly increased. The need for trained leadership in rural school organization will be such that a rural school division or an elementary school division that will include graded and ungraded schools is one of the outstanding needs of the State Department of Education. Hence, it is recommended that:

A bureau of elementary education, including rural and urban supervision, be reinstated as one of the major subdivisions of the State Department of Education.

High School Supervision. When the elementary division was abolished, the demands for supervision in this field fell on other divisions of the department. A considerable portion of it fell upon the high school division, which accordingly, has been handicapped in the discharge of its regular duties. There has been, however, a compensating factor. It is obvious that the members of the high school division are sympathetic with the problems of elementary education. They display a concern for a coordination of the work of the two divisions that is distinctive and commendable. Too much of the time of the supervisors appears to be consumed in compiling and computing records. Not infrequently several members of the department are called into conference to compute the amount of state aid a given district is entitled to under the complicated regulations that control its administration. Under the district organization it is difficult for this division to do other than approve the establishment of so many small high schools. If the county is made the unit the high school division will doubtless be called upon to formulate rigid standards for the approval of the Superintendent and the State Board. Reorganizing high schools and revising their curricula will be the task of this division. Therefore, it is recommended:

That the division of high schools be continued in the State Department of Education under the name of the Bureau of High Schools; and that it be freed from much of the clerical work that now burdens it, in order to devote its time to organization, instruction, and supervision.

Research and Statistics. The work of the present division of research is practically the clerical work of the entire Department. The director is practically the floor-walker in a department of statistics. He is called upon for every item of information, from the number of dollars expended in the entire school budget in the 4,800 school districts to the amount of money needed from the state legislature to finance the entire program of education.

The amount of statistical work in the Department is simply appalling. The public generally has a very meager conception of the number of reports required to administer education in a system consisting of 4,800 districts, 77 counties, 18 institutions of higher learning, under the control of 15,000 school board members, 77 county superintendents, 18 college presidents, and nine independent boards of higher education. In addition to these administrative officers, there are thousands of superintendents and principals that make separate reports and file records in the Department. Many of these reports are quite technical; they have to be verified and compiled by someone and put in form for interpretation. Somehow there is a feeling among public officials that statistical data has the right of way, particularly if it has to do with dollars and cents. Hence, whenever any superintendent, principal, or teacher that happens to be entitled to state aid comes to the Capitol, he must be given immediate attention by all the persons concerned. This may, and often does, mean a conference with the director of research who is serving at present as state aid clerk, (a few months ago the state aid clerk resigned and no one has been appointed, due to limited funds, to take his place) other members of the clerical division, the high school supervisor, supervisor of Negro educa-

tion, the director of the transportation and building division, and sometimes it is necessary to call in the State Superintendent. And what usually happens is that they find that in the computations some excise board has made an arbitrary decision in regard to the allocation of levy for that particular school district and sometimes a court decision is required to know who is right, the school officials or the excise board. This instance may seem an exception, but it is far too common to escape observation. The writer has seen the office of the director of research filled repeatedly with persons on just such missions, with continuous conferences. One Sunday the director, while attempting to do some important work for the legislature, was interrupted by 18 persons who had come to see him on a matter of this sort. During the last four years, the clerical force of the department has been so reduced that the hands of the various divisions have been serving as clerks. Demands for clerical services are insistent, and administrators, not occasionally but almost continuously, are being interrupted to attend to such details.

The division of research should be an agency of the entire educational system of the state. That is, it should be the central office where research students could secure suggestions for problems and guidance in pursuing scientific studies in education, particularly those dealing with state school administration. Modern industry and commerce have learned the value of constant measurement of products to guide their operations. A complex state system of education requires constant study of its output and constant adjustment of its internal relations to keep it moving along progressive lines. Instead of having a state survey every five or ten years, there should be a continuous survey. Should Oklahoma adopt the county unit form of organization, the director of research should be called upon to conduct county reorganization surveys in cooperation with the division of school house planning in every county in the state.

The division of research should be closely affiliated with the Department of Education in the graduate school of the University. This contact would be of mutual benefit. The graduate school needs to have practical problems taken out of the daily life of the state in order to give their graduate students realistic understanding of contemporary research. The State Department of Education, on the other hand, needs the contact with men primarily interested in long-time research in order to give perspective and balance to their research program. One of the quickest ways to put new inspiration and new ideas into the public school administration is to strengthen the Graduate School of Education at the University and bring such headliners as will attract the ambitious public school men to the state.

Under the direction of the state superintendent and the State Board of Education, the director of research should set up the forms of statistical inquiry that will enable him to evaluate the working of the new school system. His studies should initiate certain new lines of activity at points where deficiencies are found to exist. To avoid duplication of experiment and research there should be close cooperation between the work of other divisions of the Department and the research division. In fact, the research division should serve as the clearing house for research along educational lines throughout the state. The director should be the general research coordinator and be held responsible for supplying and interpreting educational data to school administrators, legislators, and state officials. In view of the nature of the work required of such a person and the importance of its accuracy, it is especially desirable that the director have a separate office suitable for concentrated study. It is utterly impossible for one to do the type of constructive thinking required of a director of research in an environment of comptometers, adding machines, and typewriters. When you add to this confusion the almost continuous interruption of superintendents who have driven miles to consult with someone concerning their apportionment of state aid, one can readily understand how difficult it is for a director to encourage experimental education throughout the state, supervise research work dealing with instructional, administrative, and supervisory problems that concern education, whether they are carried on in the State Department, in the various local systems, or institutions of higher education.

A bureau of research and statistics should be established, with two distinct divisions; a division of research and division of statistics. The director of the bureau should head the division of research; and the head of the division of statistics should be the assistant director of the bureau.

The head of the division of statistics should be responsible for recording, filing, computing, and interpreting to the Superintendent and bureau chiefs of the Department such information as comes under the head of general education statistics. When not busy with reports and records, he should assist the director in research studies and surveys.

As the state assumes more and more the responsibility of supporting education, it should assume also the responsibility of seeing that the state's money is spent in accordance with the purposes for which it is appropriated. The people of the state have a right to know to the exact penny where the money distributed from the general school fund goes. For this reason, this report has outlined in considerable detail, the exact formula for the distribution of the state aid so that anyone in a given county may know the amount of money due that county from the state. When supplied with the regulations of the State Board of Education and the approved budget of a local district, anyone should be able to compute exactly the amount of money due the county treasurer from the state treasurer. No doubt should ever be allowed to arise in the mind of anyone as to whether or not the money appropriated by the legislature goes for the purpose for which it is appropriated. One of the best ways to establish this confidence is to have a bureau of finance, to study school budgets, prepare instructions for handling school money, provide forms for proper school accounting, and especially audit applications for state aid in any form whatsoever.

It should be constantly borne in mind that school finance is a technical subject. It is uneconomical to attempt to provide an expert in school finance in every county in the state and yet every board of education is entitled to technical advice upon certain aspects of budget making. Therefore, it seems advisable to have such a person in the State Department whose services would be available for counsel on matters pertaining not only to the details involved in keeping financial records, but in actually proportioning the seven major items of a school budget. In case the county is made the unit, the boards of education will have many involved problems. Even though each board may have a secretary or treasurer who will perhaps be the superintendent, there are many aspects of school finance that should be uniform throughout the state and must be rigidly supervised by the state in order to assure the public that no partiality can possibly creep in. Many other duties might well be added to this position, but it should not be encumbered with clerical details that will prevent its director from serving the local district with constructive suggestions, virtually training school boards in the matter of properly making out school budgets and how to effect economies, as in purchasing supplies, operating buses, and handling materials of all kinds. Such service rendered local schools should not be compulsory, but it should be available to the boards and school administrators who desire such assistance.

A bureau of finance should be established in the State Department of Education, the duties of which should be specified by the State Superintendent and State Board of Education in accordance with the demands brought about by the change in school organization. Among other duties, the director of this bureau should be responsible for distributing state aid and for assisting county boards of education in preparing school budgets.

Buildings and Transportation. There is now established in the Department a division of buildings and transportation. This division has been of great service in advising school superintendents, outlining transportation routes, and making school building plans. The report has stressed the probable demand that the county unit organization would make on a division of this nature. In conjunction with the bureau of research and statistics, county reorganization surveys should be made to determine the proper location of buildings, the kind of buildings to be constructed, standards for size of schools to be organized, and the best means of providing transportation, similar to the survey in Greer and Bryan counties previously mentioned. This is very essen-

tial in order that the State Superintendent and State Board of Education may have sound information upon which to base their estimates for the state appropriation necessary to match local and federal funds for school buildings.

The division of buildings and transportation should be continued in the State Department under the name of the bureau of buildings and transportation, and it should be given sufficient personnel to do effective work in the supervision of school buildings and transportation.

Vocational Education. The division of vocational education, although by law a part of the State Department, is at present housed in the A. and M. College located at Stillwater, a distance of 70 miles from the state capital. There are some arguments in favor of the location of the vocational division in an institution that prepares teachers in agriculture, trades and industry, and home economics. On the other hand, there are several other institutions that prepare teachers in these subjects. And it often happens that those who teach these subjects are compelled to teach other subjects and can and do attend a college or university located nearer to their home than Stillwater. If these combination teachers wish to consult with their supervisors at their central office, they are forced to go to Stillwater to consult with their vocational supervisor and to the Department of Education to consult with their supervisor of other high school subjects.

From the standpoint of school administration, there should be unity of control. The elementary schools are supervised, in so far as the state is concerned, by supervisors who work out from the State Department of Education. It would seem that high schools should also be supervised by supervisors from the State Department of Education. Unless one wishes to contend that unity of control is not desirable, or that there is a difference between vocational teachers and other high school teachers, he would be forced to conclude that either the division of vocational education should be located in the state capitol, or that all supervision of high school teachers should be decentralized and lodged with the teacher training institutions or other college or university that trains teachers. Hence, as a means of preserving unity and coordination in the matter of state supervision, it is recommended:

That the bureau of vocational education should be placed in the State Department of Education and housed in the capitol with the other bureaus of the State Department of Education.

Negro Education. Oklahoma, over a period of years, has been fortunate in having the services of a director of Negro education, whose salary is paid by the General Education Board. There is evidence on all sides to show that the work of the division of Negro education is effective. This may not be so apparent to people who compare Negro schools with white schools in Oklahoma. But if we compare Negro schools in other states with the Negro schools of Oklahoma, we find that Oklahoma's Negro schools are much better. There is considerable variation in the opportunities offered Negro pupils in the different sections of the state, just as there is in the opportunities offered white pupils, but the division of Negro education has done a great deal to equalize those differences and to raise standards wherever possible.

The division (or bureau) of Negro education should be continued in the Department of Education, and maintained at its maximum efficiency.

Special Education. Provision should be made in the Department of Education for the management and control of the school for the blind and the school for the deaf, and for the supervision of instruction in the other welfare institutions. These institutions will be discussed in a succeeding chapter. Certainly, this is no time to neglect the physically and mentally defective. Equality of educational opportunity demands that no child shall be excluded from the schools because of physical handicaps and that the mentally deficient, the emotionally unstable, the truant, and the delinquent shall be given skilled handling, if necessary in special classes or special schools. The public schools have an essential and important function to perform in any child welfare program that may be established. Supervision of the enforcement of the compulsory

attendance law will doubtless be assigned to the bureau of elementary education. The proposed reorganization of public welfare administration contemplates the assignment of local enforcement, with the approval of the State Department of Education, to county departments of public welfare.

A bureau of special education should be established in the State Department of Education, to have charge of the schools for the blind and deaf, instruction in state welfare institutions, cooperation with the Department of Health and the proposed Department of Public Welfare relative to the care and treatment of physically handicapped children, and cooperation with the proposed Department of Public Welfare relative to mentally deficient and delinquent children.

Teacher-Training. Oklahoma has made creditable progress in the matter of the training of her teachers. She ranks above the average among the states in the number of years of training above high school. This fact is the natural result of having so many institutions licensed to train teachers. The influence of the teacher-training division in the State Department established recently, is responsible for the elimination of duplications and harmonizing professional training. Although the general average is high, there are marked indications that the variation is great. This matter will be further treated in the chapter on higher education.

The teachers' colleges should remain under the State Board of Education; and the division (changed to bureau) of teacher training should be continued.

Administration and Public Relations. The Department of Education, like every other state department, is a public office. The door of every state official is, or ought to be, open to the public. Every major department of government should recognize the maintenance of its public relations as an essential function. There must be a bureau, moreover, to look after the business affairs of the department, keep all books of the State Board, and make accounting of all funds administered by the Department. The director of this bureau, however, should be more than a chief clerk. He should be familiar with the provisions of the school law, and handle much of the legal correspondence that comes to the Department except the part that requires interpretation by the State Superintendent. In so far as the Department is responsible for school legislation, the director should keep in touch with legislative proposals and keep the superintendent informed of public sentiment regarding legal provisions now in force and those in contemplation. He should relieve the other offices of the Department of various inquiries on routine matters, thereby permitting the Superintendent and other members of the Department to pursue their work in a constructive way.

The State Department of Education should have a bureau of administration to attend to the business affairs of the Department, relations with the public, and miscellaneous inquiries.

Personnel and Housing. In the discussion of the office of the director of research and statistics, it was pointed out that the environment of an office is a vital factor in determining the kind of work that is carried on. This is especially true of an educational office. It matters little how capable an administrator is, if he is so handicapped in office space and so interrupted by distracting influences that he cannot concentrate upon his work, there is little opportunity for constructive thinking. One of the chief aims of a State Department of Education is to provide real educational leadership. In order to provide this leadership, the personnel of the Department must be school administrators of superior training. Many of the heads of local school systems are men and women of marked ability. In order to keep at the head of a procession of this kind, the state supervisors should be unusually well-trained and capable. Hence, it is extremely important that the directors of the bureaus just mentioned should be qualified to lead in the branches of education to which they are assigned. The staff that has the general direction of the expenditure of more than \$20,000,000 annually, and, what is much more important, the time and energies of 19,000 teachers, and through them the education of 600,000 children, should be nothing short of educational experts.

It goes without saying that when such a staff is employed, it should be so housed as to permit the kind of work they are employed to do. The present housing of the Department of Education is totally inadequate. No recommendation is made that a separate building be provided for the Department of Education; although a number of states do possess such buildings; but it is desired to emphasize the fact that the present housing facilities are not in any particular adequate or well arranged for performing the administrative duties involved in educational administration and leadership.

Adequate personnel should be provided, including staff members and clerical assistants to perform the necessary duties of the State Department of Education, and the cost of this service and proper housing requirements should be recommended by the State Superintendent and State Board of Education.

Private and Parochial Schools. Private and parochial schools of all types should be supervised by the State Board. State authorities should ascertain whether pupils attending such schools are receiving the minimum essentials of an education prescribed by the compulsory laws of the state.

CHAPTER IV

HIGHER EDUCATION

In the preceding chapter dealing with the common schools of the state attention was focused upon the pupil. The approach was from the standpoint of the child. In the present chapter, for those aspects of higher education that may be regarded as general, emphasis will still be on the fullest development of the individual; but, for the professional aspect of higher education, the training given to the student must be judged from the point of view of the public. The quality of professional training must be considered to determine whether or not its product meets the needs of the state.

Oklahoma has 43 institutions for higher education. There are 18 state-supported colleges, as follows: Five four-year colleges, including the State University at Norman, Oklahoma A. and M. College at Stillwater, Oklahoma College for Women at Chickasha, Colored Agricultural and Normal College at Langston, and Panhandle A. and M. College at Goodwell; six four-year teachers colleges; and seven two-year junior colleges. In addition, there are nine denominational colleges, six of which are four-year colleges and three two-year junior colleges, and sixteen municipal junior colleges, seven of which are two-year, and nine one-year junior colleges.

This array of institutions presents all the problems that are inherent in the administration of higher education: Rivalry between the State University and the A. and M. College, natural where the land grant college is separated from the University; the problems that arise between denominational and state-supported colleges, relative to tuition and affiliation; the question of the special function of a college for women; the problem of duplication in teachers' colleges; and the rapidly increasing problem of the place the junior college should assume in the entire educational system. Whether the revenues necessary to support these 43 institutions are derived from student fees, church collections, or state or local taxes, they constitute a heavy drain upon the citizens of Oklahoma.

No institution is more than 45 years old. In 1890, the year Oklahoma became an organized territory, three were established: Oklahoma University, Oklahoma A. and M. College, and the Central State Teachers College. In 1897 the Colored Agricultural and Normal College and the Northwestern Teachers College were established; and in 1901, another teachers college and a University Preparatory School at Tonkawa. The latter was soon matched by a preparatory school at Claremore. In 1907 another agricultural college appeared, and 1908 saw two more agricultural colleges. Six institutions were created in 1909: three teachers colleges in the eastern part of the state, corresponding in location to the three in the western part; the Oklahoma College for Women at Chickasha; the Eastern Oklahoma College at Wilburton; and another A. and M. College in the western panhandle. In 1919 a junior college was established at Miami in the northeastern section; and, in the following year, a municipal junior college at Muskogee in the east central part. In 1925 a junior college came to light at Altus in the southwest. The following year witnessed another junior college, this one at Okmulgee in the east central part. In 1928 still another was established at Bristow in the same general region. In 1931 another appeared at Seminole, also in the east; and another at Sapulpa in 1932. The same year a junior college was established in the western section at Woodward. In 1933 another junior college was set up at Poteau. The motives for establishing the numerous colleges are not hard to imagine. Several volumes have been written describing the rivalry between east and west, and between the academic and vocational forces in the state.

The 18 state-supported institutions are managed by nine separate boards, as follows:

1. The State Board of Education, described in the preceding chapter, which has charge of the six teachers colleges;
2. The Board of Regents of the University of Oklahoma, consisting of seven

members appointed by the Governor with the advice and consent of the Senate for overlapping seven-year terms;

3. The State Board of Agriculture, described in a succeeding chapter, which controls the Oklahoma A. and M. College at Stillwater; the Connors State Agricultural College at Warner, the Murray State School of Agriculture at Tishomingo, the Cameron State School of Agriculture at Lawton, and the Panhandle A. and M. College at Goodwell.

4. The Board of Regents of the Oklahoma College for Women at Chickasha, composed of five members; the Superintendent of Public Instruction ex-officio and four other members appointed by the Governor with the consent of the Senate for five-year overlapping terms;

5. Board of Regents of the Eastern Oklahoma College, composed of the Governor, the Superintendent of Public Instruction, and three other members appointed by the Governor for four-year terms and removable at his pleasure;

6. The Board of Regents of the Northeastern Oklahoma Junior College at Miami, composed of five members, the Superintendent of Public Instruction and four others appointed by the Governor with the advice and consent of the Senate for overlapping five-year terms and removable at his pleasure;

7. The Board of Regents of the Colored Agricultural and Normal College at Langston, comprising the Superintendent of Public Instruction and four other members appointed by the Governor by and with the advice and consent of the Senate for five-year overlapping terms and removable by the Governor at pleasure;

8. The Board of Regents of the University Preparatory School and Junior College at Tonkawa, composed of the Governor and two additional members appointed by him for terms of four years and removable by him at will; and,

9. The Board of Regents of the Oklahoma Military Academy at Claremore, also with two appointive members and the Governor ex-officio.

In addition to these various institutional managing agencies, the following boards are provided by law:

1. The Coordinating Board, composed of 15 members, appointed by the Governor and confirmed by the Senate for terms of four years.

2. The State Commission of Agriculture and Industrial Education, composed of the Superintendent of Public Instruction, the President of the State Board of Agriculture, and the President of the A. and M. College.

GENERAL SET-UP AND LAY-OUT

Geographically, the institutions of higher education are fairly well located. Their location suggests that they are expected to serve a given district, and the residences of their students indicate that they are so regarded. A decided effort exists on the part of the respective presidents to lead students to feel that they are expected to attend the college in their district. Almost all colleges throughout the country are in a sense local; but the colleges of Oklahoma are especially so.

TABLE I
PERCENTAGE OF STUDENTS GOING A GIVEN NUMBER OF MILES
TO COLLEGE IN OKLAHOMA

Number of Miles	Four-Year Colleges and University	State Teachers Colleges	Junior Colleges
0 — 25	43	44	62
26 — 50	9	24	18
51 — 99	24	24	10
100 — 500	15	6	6
Out of state or unknown	9	2	4

Table I shows that 43 per cent of the students attending the University and other four-year state colleges live within 25 miles of the institution they attend; 44 per cent

of the students attending teachers colleges live within 25 miles of the institution they attend; and 62 per cent of the students attending junior colleges live within 25 miles of the college they attend. Possibly 50 per cent of the students attending institutions of higher education live within driving distance of the institution of their selection. The junior colleges are more distinctly local than the teachers colleges and other four-year colleges. Nevertheless, since 44 per cent of the students in teachers colleges are within 25 miles, and 68 per cent within 50 miles of their institution, the teachers colleges are practically district colleges. Only 8 per cent of their students live more than 100 miles from college. This fact, in part, explains the elements of localism that are constantly cropping out in matters of control of these colleges and explains some of the obstacles to working out a state-wide plan of diversified teacher-training.

Effect of Distance on College Attendance. In a state where the density of population varies as much as in the different sections of Oklahoma, one must take note of the matter of distance in a study of the number and location of colleges. Through the cooperation of the State Co-ordinating Board, a minute study was made of the distance students were compelled to go to the college of their choice. It is impractical to attempt to present all of the tables compiled in this seven-hundred-hour study. These facts are available in the office of the Co-ordinating Board. They reveal wide variation in the practice of students in the different parts of the state in the matter of patronizing their local institution. In the case of some institutions, the students universally go to the state college that is most convenient; and, in other cases, the situation is just reverse. The authorities in control of state institutions should study these tables and make inquiries why this variation occurs in the matter of patronizing local colleges. Since this is a question of policy and should be left to the agencies in control of these various institutions, no effort has been made to present all the facts regarding specific institutions. There are, however, a few observations that may appropriately be made. Table II gives the same information as Table I except that it analyzes the percentage by classes.

TABLE II
PERCENTAGE OF STUDENTS LIVING WITHIN FIFTY MILES OF THEIR COLLEGE BY CLASSES IN EACH GROUP OF COLLEGES, 1934

Group of Colleges	Freshman	Sophomore	Junior	Senior	Graduates
Four-year colleges and universities -----	51	52	50	51	65
State teachers colleges -----	67	65	69	74	
Junior colleges -----	79	81			

Table II reveals a striking uniformity in the percentages for the various years of college. If these percentages are true indices of the localism of the various institutions at the various levels of college work, there is as much localism in the junior and senior years as in the freshman and sophomore years. At any rate, there is no radical demarcation between the junior and senior colleges, in the four-year colleges, and little evidence of a demarcation in junior and senior colleges in teachers colleges. It is significant that the work offered at the graduate level is decidedly local in its appeal; and one would expect the work of the junior and senior years to have a wider appeal than the freshman and sophomore work. If the work of the senior colleges were more diversified, there would be a larger number of students going a greater number of miles for the special work. As a matter of fact, the senior year in the teachers colleges draws 74 per cent of its students from a radius of 50 miles or less.

The effect of distance upon college attendance has, in the opinion of the writer, been underestimated. It is difficult to study this factor by the facts available concerning the students and colleges in Oklahoma. If the drawing power of the various institutions were equal and the same at all levels, one could better interpret the facts. But we know that the institutions do not make the same appeal in all sections of the state, because there is too great a difference in the institutions themselves.

According to the accompanying map, the average student in Cimarron County

travels now 195 miles to the college of his choice; the average student in Cleveland County goes 20 miles for his college education. It is clear that the opportunities for higher education are not equal. Not only are the distances that the students have to go unequal, but the offerings of the various institutions differ. The reader who has followed the argument presented in the preceding chapter for the distribution of state money for public education will see that we have the same situation in regard to higher education. It is more expensive to supply education to students in sparsely settled areas. Again, educational opportunity is closely related to the distance one has to travel for his education. Or rather, a student's chances of getting a higher education are closely related to the distance he has to go to get to college.

Table III gives us the percentage of high school enrollment that is attending institutions of higher learning in Oklahoma, and the average number of miles each has to go. It is difficult to compute statistically the variation in educational opportunity of college students. It is not difficult, however, for one to form certain conclusions by studying this table and the map showing the location of state colleges.

TABLE III
COMPARISON OF DISTANCE AND PERCENTAGE OF PUPILS ATTENDING COLLEGE

Name of County	Number of Students of Higher Education	Per Cent of High School Pupils in College	Distance to Higher Education
Adair	78	16	65
Alfalfa	173	18	71
Atoka	40	9	86
Beaver	43	10	161
Beckham	175	15	130
Blaine	120	13	90
Bryan	320	22	20
Caddo	297	15	66
Canadian	173	17	58
Carter	238	12	89
Cherokee	218	13	24
Choctaw	83	12	141
Cimarron	33	12	195
Cleveland	981	77	20
Coal	58	12	58
Comanche	332	26	48
Cotton	109	19	84
Craig	67	13	128
Creek	247	7	78
Custer	337	29	45
Delaware	53	10	72
Dewey	61	7	117
Ellis	48	13	144
Garfield	502	22	51
Garvin	226	17	54
Grady	438	23	30
Grant	159	22	85
Greer	183	20	144
Harmon	126	17	177
Harper	41	14	146
Haskell	70	13	104
Hughes	119	10	75
Jackson	190	14	145
Jefferson	116	14	106
Johnston	130	24	30
Kay	434	17	54
Kingfisher	149	15	66
Kiowa	218	16	135
Latimer	80	30	24
LeFlore	154	13	156
Lincoln	206	16	60
Logan	295	19	23
Love	51	18	111
McClain	92	12	41
McCurtain	116	14	200
McIntosh	102	16	92
Major	57	13	85
Marshall	58	15	55
Mayer	84	12	107
Murray	84	16	52
Muskogee	344	13	99
Noble	101	18	43
Nowata	45	6	137

Name of County	Number of Students of Higher Education	Per Cent of High School Pupils in College	Distance to Higher Education
Okfuskee -----	80	8	98
Oklahoma -----	2,305	26	20
Okmulgee -----	203	9	102
Osage -----	154	9	136
Ottawa -----	219	15	56
Pawnee -----	102	11	63
Payne -----	725	26	9
Pittsburg -----	254	15	94
Pontotoc -----	503	37	10
Pottawatomie -----	414	17	42
Pushmataha -----	41	21	117
Roger Mills -----	71	12	143
Rogers -----	88	11	76
Seminole -----	291	13	66
Sequoyah -----	78	15	108
Stephens -----	214	14	87
Texas -----	205	27	71
Tillman -----	178	17	121
Tulsa -----	1,333	15	57
Wagoner -----	52	14	80
Washington -----	134	9	171
Washita -----	208	20	84
Woods -----	355	--	16
Woodward -----	83	12	121
Total -----	17,544	19.46	57

The correlation between the two series of facts found in this table is reasonably high and negative. The percentage of high school students attending college is in inverse proportion to the number of miles to college. This evidence should not be disregarded in considering the location of colleges and the number of colleges needed. It is especially significant relative to the junior colleges whose aim should be to provide the fullest development for the individual. It does not follow, however, that every section should have a small college. The number of colleges is not a guarantee of educational opportunity. The drawing power of the small college is weak. It is probably true that a few students go to the small local college that might not otherwise attend any college; but from four-fifths to nine-tenths of the enrollment of smaller colleges live within 25 miles of the town in which it is located. The number of students within the 25 mile radius of small colleges that go to the university and other large institutions clearly reveals that the small colleges are not satisfying the demand for even junior college training.

Why the Small College is Unsatisfactory. Oklahoma has the same problem in providing adequate opportunity for higher education that she has for elementary and secondary education. College students are so few in certain sections that it is difficult to assemble a sufficient number to create a student body. It is expensive to provide buildings, equipment, libraries, and faculty members of sufficient training and ability to do standard college work in a small college. Not to provide a suitable environment and standard instruction is still more expensive. All other things being equal, the smaller the institution, the less is its radius of influence. Undoubtedly there is a point beyond which the small college ceases to attract. This distance for the smaller junior colleges seems to be about an hour's ride in a motor vehicle. Students living beyond these limits, who are compelled to board away from home, are inclined to go to what they think is the best college, irrespective of distance. The fact that they do this indicates that they do not regard the small college worth their time. If it is true that the small college is not worth the time of these students, it is not worth the time of the resident students. Obviously, the answer to the question regarding the number of junior colleges any state should have is that it should have no more than it can make of a standard grade. This brings us to the question of standards.

Standards for College Work. There were 16,069 high school graduates in 1931 and 1932. The colleges of the state enrolled 8,772 freshman students, or 54.5 per cent. almost half of the high school graduates did not go on for more training. Due to social changes during the last decade, industry, including agriculture, cannot absorb

the junior worker. There will probably be diminished work for young people for some time. The state therefore, should provide a program profitable to young people. If the state would invest in a good general education, not of the traditional type, much good could be done. Many young people are not interested in the traditional classical course, preparatory to the traditional university. At least 50 per cent of high school graduates are not of university calibre. They are not suited for professions, and if urged to enter them would fail to render the service the public is entitled to receive. They would merely compete with those who have ability. For the most part, these young people are not interested in university courses, but could be interested in junior college work if the proper program were set up. All who have any ability at all are interested in the problems of the day. A junior college course should be set up for the purpose of developing an understanding of modern problems in the fields of government and politics, industry, production, and distribution; vital problems in every state and local community. Problems in the field of science from the standpoint of the consumer are worthy of considerable time. A real up-to-date course in plant and animal development as it affects the life of man will challenge almost any high school graduate. Technological development rests upon physics and chemistry; and industry owes much of its development to science. Another field of study is found in leisure-time activities, or what is called fine arts (art, literature, and music). If courses are organized in the proper way, any high school graduate will be interested in such subjects and will profit by them.

Society then demands a new type of education for its young people. The fundamental aim should be to develop an understanding and an appreciation of modern social problems, and an interest in the finer things of life that will help young people to provide for leisure time.

A course of study should be organized that will cover the three general fields of human relationship, this course to be used in all junior colleges and in the first two years in all institutions of higher learning throughout the state. The location and number of two-year junior colleges should be made the subject of scientific surveys, and adequate standards should be set up that will guarantee a general opportunity for higher education equal to that offered by the larger colleges of the state.

Purpose of Senior College. If the junior colleges of the state provide a general education of the type just outlined, the senior colleges may well concentrate upon the special courses leading to the various professions. In other words, there should be a rather marked difference in the curricula of the senior colleges, beginning with the junior year of the four-year college. Marked specialization will be necessary to provide the technical training required to render skilled service. If the work of the junior colleges is thorough and of standard grade, a senior college can, by narrowing its particular field, make possible a high degree of specialization. In the case of teachers colleges, it is obvious that any one college cannot hope to train all of the different kinds of teachers in the two years devoted to specialized training. The new program for the common school, when finally worked out, will call for a given number of kindergarten teachers; a rather large number of one-room rural teachers, so long as one-room schools exist; a rather large number of primary teachers; an almost equal number of intermediate teachers; a much smaller number of high school teachers, who in turn will need to specialize in the various school subjects they desire to teach, such as English, mathematics, science, social science, home economics, vocational agriculture, physical education, etc.; and principals, supervisors, and superintendents.

For any college president to say that his institution can train all of these types of teachers is an admission that he underestimates the job of president of a teachers college. His conception of the possibilities of specialization in the preparation of teachers is inadequate to enable him to direct a teachers college faculty. And yet this is the task the teachers colleges of a state, as a whole, should be called upon to perform. County boards of education should refuse to employ teachers that are not specifically trained for the positions for which they apply. For example, the children of the one-room school are entitled to a teacher who has been trained to teach in a one-room school. If it is necessary, and it is necessary under the present set-up in Oklahoma, to

go outside of the state to secure such a teacher, the county board of education should be compelled by the rules and regulations of the State Board to go outside. One of the assignments of the State Board of Education to the Division of Research might well be to make a thorough investigation, from time to time, of the number of teachers in various lines needed to serve adequately the public school system; and the State Board of Education should make such research effective by embodying its conclusions in rules and regulations binding on local boards. A recent study of "Vocational Misplacements among Elementary School Teachers in Oklahoma" concludes by saying:

When the data which show the percentage of teachers in each type of school system who are not teaching in their special fields of training are summarized, the following results are disclosed: In the open country, 20.4%; in the villages with populations of less than 2,500, 14.8%; in cities with population of 2,500-9,999, 14.8%; in cities with populations of 10,000-99,999, 13.8%; in cities with populations of more than 100,000, 18.1%; and in the state at large, 14.6%. The conclusion is that, in assigning a teacher, school officials in both the open country and the largest cities show a distinct tendency to ignore the teachers field of training.¹

Coordination, Unification, and Reorganization. Previous efforts to effect coordination among higher educational institutions have not, judging from results, been effective in Oklahoma. A Co-ordinating Board, first set up in 1929 and changed in 1933, exists to bring about just such cooperation as has been suggested. The statutory duties of the Board are as follows:

a. The assembling of exact information that will show the actual costs of education at the several institutions, together with the immediate and future needs of each school, and shall make a report thereof annually to the Governor.

b. The checking of the upgrading and expanding tendency by a clear interpretation and definition of the function of each of the several institutions and the elimination of unnecessary and undesirable duplications.

c. The bringing about of harmonious working relationships among the institutions by the establishment of needed councils.

d. The unifying of the tax-supported institutions into a state system of higher education through the determination of an intelligent plan for their further development.

It is further provided that "Any regulations, courses of study, or standards set up by the Co-ordinating Board, when approved by the Governor, shall be in full force and effect in the administration of the affairs of the institution."²

The purpose of this legislation is to accomplish things that should be done. But no appropriation was made to support the Board, and it was not able to accomplish its purposes. Nevertheless, the Co-ordinating Board has not failed altogether. One may or may not approve of its methods but no one can question the desirability of unifying "the tax-supported institutions into a state system of higher education, through the determination of an intelligent plan for their further development." A great amount of valuable information has been accumulated by this Board, and it points the way to the solution of many of the problems that the Board set out to solve. Apparently, the failure of the Co-ordinating Board, if it may be said to have failed, is due chiefly to its insufficient authority.

The scattering of control over the agencies charged with the responsibility and control of higher education in Oklahoma should be made a matter of grave concern to the people and the legislature. If Oklahoma is to have an effective and economical system of higher education, the legislature will have to lodge this authority in the hands of certain agencies that have the ability and courage to follow the lead of scientific evidence in making necessary reorganization. Observation and experience tend to show that efficient school systems are the results of capable school administration. That type of organization that gives greatest freedom to school administrators, if they are of the right sort, is likely to prove most successful. The more nearly education is administered by professional agencies as opposed to political dictators, the less oppor-

¹Anna Hyde and Richard Hyde, "Vocational Misplacements Among Elementary School Teachers." *Elementary School Journal*, June 1933.

²Laws, 1933, Chap. 160.

tunity there is for wastefulness, duplication, and general inefficiency. Hence, the kind of educational control that will encourage administrative unity and the proper kind of integration is the kind Oklahoma or any other state should strive hardest to attain.

Theoretically, these objectives are best attained through a single board; but, practically, it is extremely doubtful whether one board could unify the activities of 18 separate institutions, located as they are and designed to offer different types of education. If, however, these institutions can be so grouped that those with common objectives may be administered as a unit, thereby reducing the number of separate organizations, it would be a decided step toward simplification. Each group of institutions should be under one board. In line with this suggestion we would recommend the following administrative set-up.

The University of Oklahoma and the state junior colleges should be placed under the control of one board of regents; the A. and M. College at Stillwater, and the other A. and M. colleges and junior A. and M. colleges should be placed under another board of regents; the Women's College under still another board of regents; and the teachers colleges and other state colleges should be placed under the State Board of Education.

Each of the four boards should consist of seven members, appointed by the Governor for overlapping terms of seven years, and removable only by impeachment.

Under this arrangement the University of Oklahoma and the A. and M. College, at Stillwater, would be indirectly responsible for standards, developments, and integration of the many local colleges. The Board of Regents of the respective groups might well designate the presidents of the University and A. and M. College as the executive heads of the two groups, with local presidents, deans, or vice-presidents, as they see fit, in charge of each campus.

The Women's College, the six teachers colleges, and the colored A. and N. College should each retain its separate chief executive as president.

No change would be made at present in the Board of Regents of the University, except to place the state junior colleges under this board. It would, of course, be necessary to remove the A. and M. College at Stillwater from under the State Board of Agriculture. The recent legislature voted to submit a constitutional amendment to the people to do this. It is to be hoped that the people will approve the amendment.

Attention has been called to the fact that many of the state junior colleges, like the many municipal junior colleges, are serving local communities. Since they are limited in their sphere of influence to an area of 25 or 30 miles in most cases, they should eventually be placed under the control of local boards of education. Junior colleges are more and more coming to be regarded as a part of secondary education. The state is faced with the responsibility of state subsidy for junior colleges whether they are separate colleges or affiliated with local high schools; and a definite policy of grants should be determined upon by the proper agencies. Under the method of distributing school revenue passed by the legislature at its recent session, the state in many instances will supply almost half of the revenue for high school pupils. There seems no logical reason for not extending similar state subsidy for local junior colleges. However, if this is done the State Board of Education should prescribe standards governing the establishment and continuance of what are now local junior colleges.

The problem of coordination will be partly solved by lessening the number of institutions and by reconstructing the boards, as above provided. It can be largely solved if the Governor appoints to the boards men and women who grasp the problems of coordination and are willing to cooperate. It is not believed that any useful purpose will be served in the future by continuing the Co-ordinating Board.

The Co-ordinating Board should be abolished; and the respective boards of the institutions, or groups of institutions, should be made responsible for getting together for a discussion of their common problems.

Likewise, the State Commission for Agricultural and Industrial Education should be abolished.

Size of Junior Colleges. The respective boards should guard with great care the establishment of new junior colleges. Their creation and continuance should not be

left to local initiative or to the self-interest of an ambitious college president, but should be controlled on the basis of actual need and county and community reorganizations. One factor, to be considered in the establishment or continuance of a junior college, should be the number of students that can conveniently be brought together. Their number will depend upon the size of the county or counties to be served, the density of population, and the proximity of other colleges already established. It is important that Oklahoma adopt a definite policy for providing junior college opportunities; for, if the state commits itself to the policy of supporting senior college and graduate opportunities, it is difficult to refuse support to junior colleges. If it supports junior colleges, it must provide them at the least cost consistent with recognized standards. Whether these colleges are organized by local communities or by state authorities, the state directly or indirectly will bear a large part of the expense. Hence, junior colleges should only be established at centers that will meet actual needs as determined by scientific study, and operated at a cost within the resources of the taxpayers.

The state should certainly not make the mistake in establishing junior colleges that it has in creating small high schools. If Oklahoma continues to permit the establishment of small schools, one or both of two things will happen; either an excessive load will be placed on the taxpayers, or the pupils will receive an inferior brand of education.

In order to secure school environments of the proper sort, it will be necessary in many instances to establish junior colleges in conjunction with the larger high schools. Other states have proved that this can be done at less than half the cost required to operate the separate small college. The large high schools of 800 or 1,000 students invariably have better buildings and equipment than the small college of 200 or even 300 students. With comparatively little additional instructional force and almost no overhead expense, these large high schools can offer two years of standard college work to high school graduates of the immediate city and the surrounding territory.

In order to achieve a satisfactory standard of college education at a reasonable cost, the school center should have at least 300 students. This standard might well be set up by the State Board of Education for the separate junior college. But where the junior college is housed with the local high school and the same laboratories, libraries, and instructional force is utilizable to its maximum, the standard set up as to number of college students might be somewhat fewer than the 300 set for the separate college. It will be necessary, for the appropriate boards, if they are to forestall the present tendency to establish local colleges at almost every progressive center to set some standard below which junior colleges may not be established. These standards will have to be rigid. In order to protect the interests of the high school pupils, it will be necessary definitely to forbid the formation of college classes unless the standards for both high schools and junior colleges can be completely met. Unfortunately, many teachers neglect the lower levels of education in order to offer more advanced courses. The history of the junior college movement in other states has shown the difficulty of maintaining such standards and also the importance of doing so.

The two boards concerned should set up definite regulations under which junior colleges may be established and maintained at state expense. The minimum standard for separate colleges should be placed at 300 students, and the standard for local colleges, operated in conjunction with high schools, somewhat lower. Any college now in existence not meeting the standard, should be abolished.

The problem of guaranteeing to the youth of the state a standard quality in the matter of junior college grade is one of the most difficult problems in the entire school system. Unless the standard is correct and rigidly maintained, it will lower those that should be maintained in both secondary work and the work of the senior college.

ENROLMENTS

Table IV, giving the enrolments by classes in the 18 state-supported institutions for the second semester of 1933-34, reveals that the majority of college students attend the University, A. and M. College at Stillwater, and the teachers colleges. The percentage of students, taken as a whole, in the several classes, is much as we would expect, and,

over a period of years shows that class enrolment are remarkably stable, a fact which suggests that the various institutions year after year serve about the same areas. The fact that the junior and senior classes at the University are larger than the sophomore

TABLE IV
COLLEGE ENROLLMENT IN STATE-SUPPORTED INSTITUTIONS
SECOND SEMESTER 1933-34

Name of Institution	Freshmen	Sophomore	Junior	Senior	Special	Graduate	Total
University of Oklahoma	1,223	1,005	1,157	1,021	305	183	4,894
Oklahoma College for Women	323	162	119	116	--	64	784
Colored A. and N. University	193	167	124	58	--	7	549
Total	1,739	1,334	1,400	1,195	305	254	6,227
Oklahoma A. and M. College	771	620	619	529	97	94	2,730
Cameron State Agricultural College	303	179	--	--	--	9	491
Connors State Agricultural College	77	44	--	--	--	20	141
Panhandle A. and M. College	155	68	44	28	--	5	300
Murray State School of Agriculture	98	92	--	--	--	20	210
Total	1,404	1,003	663	557	97	148	3,872
Central Teachers College	452	314	207	192	--	62	1,227
East Central Teachers College	392	257	179	208	--	114	1,150
Northwestern Teachers College	348	194	134	108	--	24	808
Northeastern Teachers College	255	200	151	132	--	69	807
Southeastern Teachers College	204	174	145	99	--	32	654
Southwestern Teachers College	341	217	105	90	--	68	821
Total	1,992	1,356	921	829	--	369	5,467
Eastern Oklahoma College ¹	--	--	--	--	--	--	307
N. E. Oklahoma Junior College	157	72	--	--	--	15	244
Oklahoma Military Academy	53	42	--	--	--	2	97
University Preparatory School and Junior College	175	130	--	--	--	6	311
Total	385 ²	244 ²	--	--	--	23 ³	959
GRAND TOTAL	5,520 ²	3,937 ²	2,984	2,581	402	794 ²	16,525

class indicates that it is drawing rather heavily from the junior colleges. Undoubtedly, it is drawing from the agricultural colleges. The percentage of students enrolled in the last two years at the University is 49 per cent of the four-year enrolment; the percentage of students in the last two years at the A. and M. College is 45 per cent; whereas, the percentage in the upper years of the teachers colleges is only 34 per cent. No doubt a considerable number of students that go to teachers colleges for junior work go to the University and the A. and M. College for their senior work.

It appears from Table IV that two or more students are enrolled in graduate classes in every one of the 18 institutions. Graduate students are quite understandable at the University and the A. and M. College; but it is not so easy to see why there should be such a large number at the Women's College and at all the teachers colleges. One can understand how a few students might want to return to the college after graduation for an extra course, or to complete the work of a second semester, but 10 per cent of the total college enrolment, such as we find at one of the teachers colleges, indicates that graduate work is deliberately being encouraged. As previously stated, not one of the six teachers colleges has a set-up for preparing rural school teachers. It looks as if these colleges had forsaken the field of rural education for the sake of graduate work. The practice of offering graduate work through extension courses as well as residence courses became so general that the Board of Education forbade the offering of graduate work at any of the state institutions other than at the University and the A. and M. College. This action is to be commended.

Graduate work, maintained at the proper standard, is extremely expensive. A few

¹Figures for classes not given.

²Not including Eastern Oklahoma College for which class figures are not given.

years ago, for example, a survey of Princeton University showed that the cost there of offering graduate work was \$2,700 per student per year. Even though graduate work is expensive it should not be indiscriminately discouraged. In a state as new as Oklahoma it is desirable that there should be at least one graduate school in order to maintain the spirit of research which is essential to any state that desires to attack intelligently its social and public problems. No institution that is not specifically equipped for the purpose should be permitted to offer graduate work. The A. and M. College should not be encouraged to enter the field of graduate work above the masters' degree, and even then should restrict its field to agriculture and allied subjects. All other graduate work, including education and commerce, should be confined to the University of Oklahoma. In view of the needs that now exist in Oklahoma at the lower levels of instruction and the limited funds available, it is recommended:

All graduate work should be concentrated at the University of Oklahoma and the A. and M. College at Stillwater.

COURSE OF STUDY

Table V gives the enrolment by major courses and reveals that nearly every course in the college curriculum is offered in every institution in the state. Even engineering is found in every institution except the Women's College. All of the institutions would be expected to have a heavy enrolment in literature, language, the fine arts, science, and history; and every college should give work in these fields of social relationship. It is disturbing, however, to see all the colleges save one offering courses in education. From enrolment figures, it is difficult to learn just how much of these courses is actually taken. We assume, however, that if it is selected as a major, the individual is preparing to teach. It is likely that many students who are taking literature, science, history, agriculture, and home economics, are taking education as a minor with the idea of becoming teachers. This, we infer, is generally true of all the teachers colleges. But the fact that nearly every institution, including junior colleges, has several students majoring in education is evidence that there is no high degree of specialization in education. The State Board of Education has recently passed a commendable regulation forbidding junior colleges to offer courses in teacher-training.

Majors in Commerce. No less than 2,048 students out of 16,523, or one-eighth of the total number, are majoring in commerce. Of these students, 415 are registered in teachers colleges. Only 33 high schools have as many as 500 students; and one wonders how many graduates of the teachers colleges find positions teaching commerce. There were, it is true, 313 certificates issued in 1934; but, unfortunately, we do not know how many of those certificated received positions as teachers. If they did, a considerable portion of the combination teachers in the small high schools must be majors in commerce. If this is the case, it is an unusual situation. Apparently, both high schools and colleges are performing the function often performed by business colleges. There are comparatively few business colleges in the state; consequently, the demand is heavier upon public colleges for commercial work. Even so, commercial courses appear to be over-emphasized in the institutions of higher education.

Commerce, as a major subject, should be restricted to the A. and M. College at Stillwater and the University.

Agriculture. Enrolments in agriculture indicate a decided concentration in this field. Of the 481 registered in agriculture, 365 are students at the A. and M. College at Stillwater. This is as we would expect, since this college is established primarily as an A. and M. College. The fact that there are so few students majoring in agriculture in the other A. and M. colleges suggests that the major interest of the students in these colleges is in other subjects. To be more specific, in Cameron College, out of a total enrolment of 491 students, only 24 are reported as majoring in agriculture; of the 141 students at Connors, only 7 are reported as majoring in agriculture; of the 300 at Panhandle A. and M., only 15 are majoring in agriculture; and of the 210 at Murray, only 18 have chosen agriculture. If further evidence were needed to prove that the so-called agricultural colleges are not agricultural colleges, but junior colleges

TABLE V
COLLEGE ENROLMENT BY MAJOR COURSES IN STATE-SUPPORTED INSTITUTIONS
OF HIGHER EDUCATION, SECOND SEMESTER
1934

Name of Institution	Liter- ature, English Language, Art, and Music	Sci- ence	His- tory	Edu- ca- tion	Com- merce	Agri- cul- ture	En- gin- eer- ing	Home Eco- nom- ics	Speech and Pre- Law	Pre Medi- cine	Un- classi- fied and Others	Totals
University of Oklahoma	538	423	385	457	647	---	582	111	395	511	845	4,894
Oklahoma College for Women	125	36	19	26	77	---	---	77	3	---	421	784
Colored A. and N. University	71	70	29	129	11	29	29	50	---	---	131	549
Total	734	529	433	612	735	29	611	238	398	511	1,397	6,227
Oklahoma A. and M. College	318	137	49	282	582	365	572	247	22	33	123	2,730
Cameron State Agricultural College	149	100	---	---	151	24	43	24	---	---	---	491
Connors State Agricultural College	17	18	9	8	---	7	11	7	1	3	60	141
Panhandle A. and M. College	39	33	26	17	36	15	8	18	3	---	105	300
Murray State School of Agriculture	---	---	---	---	31	13	16	14	---	---	16	210
Total	523	389	84	328	793	429	650	310	26	36	304	3,872
Central Teachers College	225	269	101	175	95	2	29	70	10	3	348	1,227
East Central Teachers College	258	104	87	76	63	2	10	45	13	1	491	1,150
Northwestern Teachers College	188	124	113	135	92	---	28	65	10	3	50	808
Northeastern Teachers College	135	134	103	73	59	---	23	23	2	10	245	807
Southeastern Teachers College	120	102	88	49	66	8	10	50	8	3	150	654
Southwestern Teachers College	111	99	102	70	40	5	1	32	1	3	357	821
Total	1,037	732	594	578	415	17	101	285	44	23	1,641	5,467
Eastern Oklahoma College ¹	---	---	---	---	---	---	---	---	---	---	---	307
N. E. Oklahoma Junior College	19	14	5	26	8	3	12	18	5	2	133	244
Oklahoma Military Academy ¹	---	---	---	---	---	---	---	---	---	---	---	97
University Preparatory School and Junior College	35	24	13	39	97	3	35	8	9	9	39	311
Total	54	38	18	65	105	6	46	26	14	11	576	959
GRAND TOTAL	2,348	1,688	1,129	1,583	2,048	481	1,408	859	482	581	3,918	16,525

¹Major course not specified.

offering a general academic course, it may be had by studying a record of the graduates of these institutions. A report on 50 graduates from one of the agricultural colleges shows that only two are engaged in agriculture. By far, more of the students graduating from agriculture go into teaching than in any or all other occupations. In most of these colleges, at least ten go into teaching where one goes into agriculture. This is not intended as an argument that agriculture should not be offered. It does suggest, however, that a real service need be made of students attending these schools, and that the curriculum be adjusted to meet their needs. If, in the light of these studies, the governing board decides that they are serving a distinct agricultural need, students should be admitted on condition that they major in those subjects. Then these colleges should be equipped so that they can provide real training in agriculture. At present they are not so equipped. If the governing board decides that they are meeting the need of a general junior college course, they should be equipped with laboratories, libraries, and instructional staff, that they may give students a broad general background. If their size is below the standard the Board sets for separate state junior colleges, authority should be given by the legislature to the Board to open negotiations with local municipal or county boards, with the idea of converting them into local junior colleges.

Engineering. The big problem in regard to engineering is whether or not the state can afford to support two schools as expensive as an efficient engineering school is. This is not the first time the question has been raised in Oklahoma. There are 17 other states in which engineering instruction has been duplicated. Efforts to consolidate engineering schools in those states have met with about the same opposition that efforts to consolidate have met with in this state. When such questions reach the stage of controversy that this question has reached in Oklahoma, it is usually unwise to seek to settle them by executive orders or in the legislature. The arguments for and against consolidation are too well known to need further elucidation. The efforts that Oklahoma and other states have made to bring about consolidation suggest at least the desirability of doing so, and supports the general opinion that one such school is all that is needed. If the difficulty the state is experiencing in abandoning either school could be used as an example to ward off duplications in other departments less strongly entrenched, it would perhaps be economy in the long-run to retain this unfortunate arrangement. But on the other hand, if it is to be a precedent for duplications all along the line, the writer is disposed to recommend that the matter be reopened and settled on its merits by the constituted authorities once and for all.

Should the constituted authorities decide not to reopen the question of consolidating engineering instruction at a single institution, there remains a solemn obligation upon the two institutions to adopt policies of the strictest possible economy, and through a series of conferences adjust the undergraduate, graduate, and research program in engineering at the two institutions, so that while duplication in the major fields is frankly recognized, duplication in details will be avoided. In this way, the engineering program at the two institutions can be made to supplement one another.

In view of the limited revenues available for educational purposes, the boards in control of the State University and A. and M. College should canvass the situation thoroughly to determine the desirability of consolidating engineering instruction at one institution. Should they decide not to attempt to do this, the institutions should adopt a program of strictest economy and through a series of inter-institutional conferences, develop a joint program which will reduce duplication to a minimum.

Home Economics. Home economics furnishes a good example to show the possibilities of specialization. As a major, it should be limited to the A. and M. College, the Women's College, and possibly one of the teachers colleges, certainly not more than two. As a minor it should be offered at any of the other institutions; but those wishing to teach should be encouraged to take their training at the institutions named. One exception to this general recommendation would give to students at the University opportunity to pursue a major in nutrition. Some work in institutional management, with particular reference to hospitals, may also be continued at the University because of its hospital facilities.

Those desiring to teach or major in home economics should be encouraged to attend the A. and M. College, the Women's College, or a teachers college (one of possibly two). Other teachers colleges may be allowed to offer a minor to home economics teachers. All other institutions should be limited in their offerings to a minor, except that a major in nutrition and institutional management may be offered at the University.

Pre-Law and Pre-Medicine. Table V reveals that practically all of the pre-law and pre-medicine work is taken at the University. There is evidence that a few students get some preliminary work at A. and M. and the teachers colleges. One can easily imagine that these students are mainly freshmen and sophomores who eventually expect to take their senior college work at the University. If the junior colleges adopt the general program previously suggested, with the understanding that specialization be reserved for the senior colleges, it is altogether likely that many prospective medical and law students will take their first two years at a local junior college or teachers college. This arrangement might well be made, but it should be definitely understood that the junior and senior years in teachers colleges be devoted to special training for teachers.

All strictly pre-law and pre-medicine courses should be restricted to the University.

Medicine. Whether a state should attempt to support a medical school depends on the state's need for medical service, the proximity to other medical schools and the state's ability to support such a school. A medical school is expensive and if the question were viewed merely from the point of view of the state's offering its prospective doctors a medical education, it would, in most instances, be more economical for the state to provide scholarships so that students could go elsewhere for their training. There are other factors to be considered. Apart from these other questions, one may reasonably ask: Does the medical school offer such training as to guarantee to the public the service it has a right to expect?

Figures for the distribution of physicians in Oklahoma are available for the year 1931. In that year, Cimarron County had 4 physicians; Texas, 43; Beaver, 9; Harper, 6; and Ellis 9. Not one of these 71 physicians, according to the American Medical Directory, was a graduate of the University of Oklahoma. Of the 421 physicians practicing in Oklahoma County, 107 were graduates from Oklahoma University. Of the 2,487 physicians practicing in the state, only 259, or slightly over 10 per cent, were trained in Oklahoma University. Fifty per cent of local graduates are practicing in two counties, Oklahoma and Tulsa; 28 counties do not have a single doctor trained at the University; 17 more counties have only one each; 10 more have only two each; 8 more have only 3. Of course, the medical school of the University of Oklahoma was established only in 1907. Until recent years, it has graduated only a few students and naturally these have preferred practicing in the larger cities. Up to 1931 there were only 534 graduates. As the number of graduates increase, there is every reason to believe that they will reach into other counties in the state. If future analysis should show that this is not the case, there would be reason to doubt whether the medical school should be continued at state expense.

The service rendered by the medical school of the University appears excellent, and should, if possible, be continued. Oklahoma needs such service. The only question is, should it be supported as a municipal medical school, as a private institution, or as a state-supported university department? If it is retained as a state-supported institution, hospitalization fees should bear a greater part of the cost of maintenance and students should be required to pay rather heavy tuition. The institution, if retained as a state medical school, should be supplied with a full-time dean appointed by the president of the University and in all respects responsible to University officials.

The Medical School of the University of Oklahoma should be encouraged to extend its services to the more remote counties of the state. Its hospitalization fees should bear a larger part of the cost of maintenance; tuition should be increased to \$150 to \$200 per student, with an adequate differential in favor of students from within the states; and a full-time dean would be employed upon the recommendation of the president of the University.

Law. The records of the Bar Association show that there are 3,546 lawyers practicing in Oklahoma. Six hundred and ninety-eight, or 19 2-3 per cent, are graduates of the state University. Of the 698 graduates, 311, or 44 per cent, are practicing in two counties, Oklahoma and Tulsa. On the other hand, there are 36 counties each of which has three or less lawyers who are graduates of the state University. Like the medical school, the law school is a young institution. It was established in 1910. Up to 1933, it had graduated 918 lawyers; 76 per cent of these graduates are now practicing in Oklahoma. There is a wider distribution of lawyers than of doctors. There is every reason to believe that the law school is rendering a real service. Although not as expensive as the medical school, the law school is costly; and the question arises: What portion of this expense should be borne by the state and what by individuals?

TUITION FEES IN THE LAW SCHOOL SHOULD BE INCREASED

Pharmacy. The distribution of registered pharmacists throughout the state shows that a much larger percentage of the registered pharmacists, than of the physicians, have completed their requirements for license in the University of Oklahoma; and their services are also more widely distributed.

TEACHER-TRAINING

The most important factor in a good school system is a capable well-trained teacher. A school system with untrained teachers is laboring under an almost impossible handicap. A qualified, well-trained, and satisfied staff will go far to insure an up-to-date educational program. The teachers colleges in any state should be of the first class. No amount of money lavished on a school system will bring results if the standard for teachers is low.

The Teachers College President. The president of the teachers college should himself be a scholar. He should have a broad general education and a thorough training in the field of elementary and secondary education. In the selection of a president, the Board of Education should consider only persons who are especially interested in teacher-training work. If possible, a person with a Ph. D. degree in education should be selected. When selected, he should be given some security of tenure that he may carry out a continuous policy. A most unfortunate condition in the teacher-training institutions in Oklahoma is the feeling that positions in these schools are matters of patronage. The tenure situation over a period of years is revealed in Table VI.

TABLE VI
NUMBER OF CHANGES IN TEACHER COLLEGE FACULTIES BY YEARS

Year	Central	East Central	South-eastern	North-eastern	North-western	South-western	Total
1929	8	8	15	7	4	3	45
1930	4	4	3	4	1	3	19
1931	19	3	8	7	3	10	50
1932	5	1	7	3	3	15	34
1933	7	8	25	2	17	2	61
1934	4	2	2	1	1	2	12
Total	47	26	60	24	29	35	221

The shifting, or removing, as it is in most cases, of 221 teachers in six colleges over a period of six years is evidence that tenure in teachers colleges in Oklahoma is decidedly uncertain. We look, as a rule, upon the professors in our colleges as lieutenants in the teaching force. If the teachers of teachers are subject to such wholesale dismissal as we find in years 1931 and 1933, we can but imagine the restlessness created throughout the teaching profession. This no doubt explains the sentiment which prevails in all parts of the state among teachers for some kind of tenure law. The law requiring school boards to hire teachers every year should be changed. The teacher should not be allowed to feel that he or she has a vested right in any particular position, nor on the other hand should a teacher be allowed to feel that a career can be ruined to gratify the whims of influential parents or citizens.

The Teaching Staff. Second, the teacher in a teachers college should be well-trained in broad fields of general education, with specification in the field in which he teaches. A master's degree should be the minimum requirement for any place on the instructional staff. Teachers should be removed only on the recommendation of the president, and for cause.

The Training School. Every teacher-training school set-up should provide a training school of appropriate type. At least one such school should be on the college campus; and probably other schools in the immediate vicinity should be available for demonstration and practice teaching purposes. The director of the training school, next to the president, should be the most capable man or woman on the faculty. One of his chief duties should be the assembling of the highest grade of critic or demonstration teachers that he can obtain. His office should be in the campus training school; and he should be available for conferences with critic teachers and student teachers. One of the best indices of a good teachers college is the interest that all faculty members take in the training school. Only highly trained critic teachers should be allowed to direct the work of student teachers. They should receive the same salary as the members of the regular faculty. Any affiliated school used as a practice should be under the control of the teachers college.

The Student Body. The student personnel should be made up of selected high school graduates. Only those who show promise of making good teachers should be encouraged to take the senior college course in teachers colleges. Faculty members should be on the lookout during the two years of general education to find superior teaching material. Some kind of a comprehensive examination of a selective nature should be given at the beginning of the junior year designed to determine whether or not the student may go on with profit or whether he should divert his course into some other channel. Superintendents and principals should be urged to encourage graduates suited to teaching to go to teachers colleges.

Division of Field of Teacher-Training. All of the teachers for the numerous special kinds of teaching needed in the public school system must be trained by the institutions of higher learning; but no one institution can be expected to train all of them. In order that an institution may effectively train teachers, it should have special practice-teaching set-ups suitable for each type of teacher it desires to train. This prerequisite naturally limits the field of the average teachers college or department of education. In seeking to allot the work of teacher-training, it would be better to assign certain fields of teacher-training to a given institution rather than allot the various teachers colleges to a given number of counties.

Training of Elementary Teachers. Not only are courses in education offered in practically all of the 18 state-supported institutions, but all of the six state teachers colleges, the four other four-year colleges and the University are training teachers. Apparently nothing in the law nor in the regulations of any board governing these eleven institutions restricts in any way the scope of their teacher training. In practice, each institution is training teachers for any and all of the various specialties. Under such circumstances, no high degree of specialization can be attained. If the recommendation is adopted that all colleges including the junior colleges and the University devote the first two years to a general course in human relationships, which will be a broad preparation for the various professions, only two years would be left for specialization. As expensive as training schools are, it hardly seems advisable to fit up each of the eleven institutions with two practice school set-ups,—one for high school teachers and one for elementary teachers. It should seem only reasonable to divide the work among the institutions giving to each the work it is best prepared to perform.

In general, training of elementary teachers should be delegated to teachers colleges. Unless the location made it altogether desirable for a given teachers college to train both elementary and high school teachers, the institution should restrict its activities to the elementary field. The location of colleges is such in Oklahoma that not more than one teachers college would be needed to train both elementary and high school teachers. Institutions designated to train elementary teachers should make a careful service analysis of the demand and equip themselves to prepare the kind of

teachers needed. All colleges that train elementary teachers will be called upon to train rural teachers; hence, they should be provided with rural school set-ups. At present there are about 6,000 teachers in one and two-room rural schools. If the county unit is adopted this number may be rapidly reduced. But the turnover in this field is rapid; and the need of new teachers trained for this work is great. Teachers colleges designated to train elementary teachers will, of course, need practice schools for primary and intermediate grade teachers. It may not be advisable to attempt too high a degree of specialization in elementary education, but it is likely that some one institution will seek to emphasize this or that type of training, such as music, art, kindergarten, physical education, etc. Further research will reveal the number of such institutions that are needed to train elementary teachers. Certainly no more should be provided than the state can properly equip.

Training of High School Teachers. In outlining the work for the preparation of high school teachers, the State Board of Education should be supplied with a service analysis of the high school situation. In addition, it should require the Bureau of Research of the State Department to make a careful study of present and future demands for services in the high school field. If the county is made the unit of school administration, the demand for high school teachers will change rapidly. County school reorganization surveys should be made as rapidly as possible. These surveys will point out that a marvelous change can be made, with comparatively few additional buildings, in the number and size of high schools. Small high school enrolments can be transported bodily to larger centers, leaving room for elementary consolidations in the local buildings. In all instances, wherever possible the seventh and eighth grade pupils should be placed in six-year high school organizations. One can readily see that this will greatly increase the number of junior and senior high school pupils, and, let us hope, greatly reduce the number of small high schools. Hence, it is important that the future demands for high school teachers should be based upon a careful analysis of the probable effects of consolidation, should the county form of organization be adopted.

When the demand for high school teachers is determined, the State Board of Education, acting through the State Superintendent, with such counsel as it deems wise with college administrators, should allocate the training of high school teachers to the various institutions in the most economical manner possible that will at the same time provide specialized training in each field of secondary instruction. In making such allocation, it should be borne in mind that, in case the State Board decides that all institutions offering junior college work restrict their courses to the broad outlines of a general education, the senior college courses will of necessity be specialized. Obviously, it will not be possible for any one teacher to specialize in three or four high school subjects during the two years devoted to professional training. As high schools increase in size individual teachers will have fewer subjects to teach. Nor will it be possible for a single institution to train elementary teachers, and at the same time offer all the special courses for high school teachers.

Over-Supply of High School Teachers. The number of high school teachers actually needed in high schools is limited and will be even with increased high school enrolments. At present, practically all of the higher institutions in the state are permitted to train high school teachers. There seems to be almost no control in the matter of student enrolments. Selection of courses appears to be left entirely to the judgment of individual students. Institutions seem so eager to increase their enrolments that they permit students to register in any course they desire, be it English, engineering, pre-law, or agriculture. The recent biennial report of the State Superintendent contains a complete analysis of the certification of teachers in the various high school subjects. The over-supply in some subjects and the limited supply in others suggests the absence of effective guidance. Over a period of years, there are between 400 and 500 new high school teachers needed each year; but when this number is divided among at least six groups of teachers, the number in each group is small.

TABLE VII

CERTIFICATES OF THE SEVERAL TYPES ISSUED ON THE BASIS OF COLLEGE CREDITS DURING THE BIENNIUM ENDING JUNE 30, 1934

Kind of Certificate	Temporary 1933-1934		Two-year 1933-1934		Five-year 1933-1934		Life 1933-1934		Total 1933-1934	
	General High School -----	303	294	406	48	271	18	790	727	1770
Special High School -----	314	420	55	256	296	211	334	821	999	1703 ¹
Total -----	617	714	461	304	567	229	1124	1548	2769 ²	2795 ¹

Table VII is taken from the 1934 Biennial Report issued by the Superintendent of Public Instruction. Its most hopeful fact is that 714 temporary certificates will expire next year, the next most hopeful is that 304 more will expire in two years. The most discouraging fact is that 1,548 life certificates were issued last year, and 1,124 the previous year. Counting the number of degrees granted and the number of life certificates issued during the two years, there is practically a life certificate for every high school teacher employed at the present time. The problem of excess teacher-training institutions is further aggravated by the fact that there are five denominational colleges also training teachers, and a number of junior colleges, state and private, aspiring to do so.

Table VII shows that 2,769 certificates were issued in 1932-33; and 2,795 in 1933-34; besides the 492 degrees granted in 1932-33; and 212 in 1933-34. We have no record of the number of certificates outstanding. One might safely assume that there are two or three times as many high school teacher's certificates issued as there are high school teachers needed. The writer believes that this fact should be taken into consideration in deciding on the kind of tenure law Oklahoma should enact. It would hardly seem fair to the number of unemployed high school teachers holding certificates, to pass a tenure law that would tie the hands of superintendents and boards of education, and prevent their employing the best teachers obtainable.

Presidents of the teachers colleges contend that there is not as much unemployment as the figures on high school certificates would seem to indicate. They insist that most of their graduates secure positions. An analysis of the 400 graduates reported by one of the teachers colleges over a four-year period, shows that 97 are not teaching; 208 are married, but this does not mean that they are not teaching. In fact, of 163 of the 208 teachers reported married, 127 are teaching and 36 are not; on the others the records are incomplete. Alumni records show that a considerable number of the graduates of teachers colleges are teaching in elementary schools, and no doubt a number of teachers, who are trained as high school teachers, are teaching in the open country. Dr. Hyde's figures show that 20.4 per cent of the rural teachers were prepared as high school teachers. Up until 1932 a high school certificate permitted its holder to teach in grades from one to twelve. Since then, it has been limited to grades seven to twelve. What is happening, no doubt, is that teachers prepare for teaching in high schools and when they are unable to obtain a high school position, return to the teachers colleges or university, take one summer term, receive an elementary certificate, and take a job in an elementary school. There is practically no difference in the minds of prospective teachers, in the minds of college teachers, nor in the minds of superintendents and board members between an elementary teacher and a high school teacher.

This same lack of discrimination appears in the selection of college facilities, or even college presidents, if one may judge from their recorded training and experience. It is said that local principals and superintendents are employed on summer school faculties with the idea that they will bring a number of their teachers to the college, and encourage their high school graduates to go there. If such a motive is uppermost in the minds of the president, it is a reflection on his fitness to hold the presidency of a teachers college.

¹To this total should be added 212 degrees issued by the teachers colleges which carry teaching privileges.

²To this total should be added 492 degrees issued by the teachers colleges which carry teaching privileges.

Assuming that the rules and regulations of the State Board of Education prescribe a specialized program for elementary and high school teachers, it will probably be necessary to indicate the particular institution that would train each type of teacher. It is inconceivable that all six teachers colleges should be permitted to train high school teachers. Since the University, A. and M. College, and the Women's College are also training high school teachers, it is apparent that they must be taken into consideration.

The training of teachers in higher institutions, whether public or private, should be under the State Board of Education, which should have authority to say where elementary and high school teachers shall be trained, if trained at state expense, and prescribe standards under which private colleges may be allowed to train them.

In the case of the training of high school teachers, since the number is limited, the number of institutions should be limited, and special types of training allocated within these few. For example, at present the Women's College at Chickasha has an affiliation with the local schools that would enable it to do effective work in training home economics teachers. The college has no training school and no affiliation for providing observation and practice teaching in any other high school subject or in elementary subjects. Consequently, it should not be permitted to train any other class of teachers than home economics teachers. The A. and M. College is admirably equipped or could so adjust its equipment to train high school teachers in agriculture, commerce, mechanical arts, and home economics, and probably science. It should not attempt to train elementary teachers nor teachers in other high school subjects.

The University should be allowed to train high school teachers in English, mathematics, languages, commerce, and all other high school subjects save home economics and other vocational subjects. If it assumes this responsibility it should materially enlarge its training school and alter the curriculum of the school of education, so that it will contrast more sharply than at present with the general academic courses. Only those professors should be employed in the school of education that are in sympathy with the professional aspects of education. The amount of observation and practice teaching should be decidedly increased. In addition, affiliations should be made with local school systems that will increase training opportunities.

In addition to the institutions just mentioned, it is doubtful whether more than one or two of the present teachers colleges should be called upon to train high school teachers. If the distances were not so great, the ideal situation would be to have but one teachers college designated to train high school teachers. If but one were chosen to train high school teachers, it should be properly equipped for that specific purpose, and relieved of the responsibility entirely of training elementary teachers. But, because of the central location of the University and of the A. and M. College, it would perhaps be better to designate two of the present teachers colleges as colleges for training high school teachers. These should be permitted to give the general course prescribed for all junior colleges, but should restrict their professional training to high school teachers. This arrangement would leave the remaining four teachers colleges free to specialize on the training of elementary teachers.

Training of Principals and Superintendents. Should the county unit be adopted, it will completely change the demand for leadership in education in Oklahoma. The type of school administrator needed at the head of a county school system is altogether too rare. Instead of some 15 or 20 well-trained and capable city superintendents, Oklahoma will need 77 superintendents, not only capable of directing a city school system, but capable of organizing and administering education in the rural schools as well. In addition to the superintendents, there should be a considerable number of assistant superintendents and supervisors whose business is to assist the superintendent, and supervise the work of the entire county at the various educational levels and in the various functions of training. The entire supervisory staff should be organized as a unit and work from a central office. This point is essential, for the duties of each member of the county supervisory staff should be co-terminous with the confines of the county. To divide the county into regions or districts destroys the unity of organization which is one of the chief virtues of a county unit system.

Obviously the training of such a group of leaders is an important matter. There

are comparatively few universities throughout the country prepared to give these men and women the vision necessary to develop real county school systems. Oklahoma will need to build up a faculty and training school facilities that will enable her to properly supply this need. An experimental school is an obvious necessity. The University is the only institution in the state that should aspire to do graduate work of this nature; and if it is organized to do any graduate work it should be required to do all graduate work in education. Oklahoma should not allow the work in education to parallel the unfortunate complication that has arisen in regard to engineering. All graduate work then, save possibly that leading to a master's degree in vocational subjects, should be concentrated at the University. A well-organized graduate department for training high school teachers, principals, supervisors, and superintendents should be developed. It must be able to draw to it professors of outstanding ability. The University should pay enough to keep a valuable staff after it is once developed.

The junior colleges in all state-supported institutions should offer a general course in human relationships. The senior colleges should offer courses of a specialized nature, dependent upon the work they are established to perform. The training of elementary teachers should be restricted to four state teachers colleges. Training of high school teachers should be limited to two teachers colleges, the University, the Women's College and the A. and M. College, with the provision that the Women's College offer training only in home economics, and the A. and M. College in vocational subjects. All graduate work, except work leading to a master's degree in the vocational subjects, should be limited to the University.

COSTS

Much of the criticism leveled at educational costs is made because of different theories and because of ignorance of the facts. There are widely divergent views as to how far the public should go in providing educational opportunities. Many believe that public education should stop with the elementary schools and that they should be limited to six months or less. On the other hand, many insist that everyone should be given free access to all levels of education, up to and including graduate work in a university. Obviously, it is difficult for those responsible for educational expenditures to avoid criticism when such differences of opinion prevail.

Any comparative study of costs of higher education may be misleading. It is possible that considerable damage has been done in Oklahoma by attempting to apportion budgetary needs on the basis of the number of students in attendance. Before the number of students in a given institution can be made the basis of appropriation, it should be definitely determined what kind of an institution it is, the various functions it performs, and the number of teaching units and equipment required to perform those functions. In a state that provides as many different kinds of institutions of higher education as does Oklahoma, it is of interest to know the sources of income for each type of institution in other states.

TABLE VIII¹
DISTRIBUTION OF SOURCES OF INCOME ON A PERCENTAGE BASIS

Kind of Institution	Federal Taxes	State and Local Taxes	Gifts including Church Contributions	Student Fees	Endowments	Miscellaneous Sources
Nation-wide study -----	5.0	28.0	5.0	31.0	15.0	16.0
853 private institutions -----	.1	2.0	20.0	35.0	18.0	25.0
228 public institutions -----	8.1	53.8	2.7	12.9	2.8	19.7
Endowed institutions -----	--	3.0	20.0	41.0	22.0	14.0
White land-grant colleges -----	9.5	50.0	5.2	10.8	12.1	12.4
Negro land-grant colleges -----	11.1	45.2	4.2	5.6	26.7	7.2
Public institutions in the United States	--	77.7	--	18.2	4.1	--
34 Methodist colleges -----	--	--	6.0	56.0	22.0	16.0
17 liberal art colleges -----	--	--	--	64.0	25.0	11.0

¹"American Educational Research," *Finance and Business Administration*, April 1932, Vol. II, p. 12.

Table VIII will enable anyone interested in any particular institution to compare its income with the institutions of its class in other states.

Table IX shows how Oklahoma compares with 228 public institutions and also with all public institutions in the United States.

TABLE IX
COMPARISON BY PERCENTAGES OF INCOME

Institutions Compared	Federal Taxes	State and Local Taxes	Gifts including Church Contributions	Student Fees	Endowments	Miscellaneous Sources
Oklahoma public institutions -----	8.2	66.1	2.3	13.7	5.7	4.0
228 public institutions -----	8.1	53.8	2.7	12.9	2.8	19.7
All public institutions -----	--	77.7	--	18.2	4.1	--

Apparently, Oklahoma institutions are receiving about the same amount from federal taxes as in other states; they are receiving more from state taxes than the 228 public institutions; they get about the same amount from gifts and student fees; their income is twice as much from endowments, but much less from miscellaneous sources. When compared with all the public institutions, Oklahoma institutions receive less from state and local taxes, unless federal taxes are included; and if they are, the percentage would be practically the same. Oklahoma institutions are receiving considerably less from student fees than all public institutions. Oklahoma is not far from the national average as respects the portion of income for higher institutions derived from state and federal sources, but is not receiving as much from student fees.

Student Fees. There is considerable controversy in Oklahoma over the matter of tuition. Tuition, as such, is not charged, but as the above table shows, institutions do charge rather heavy fees which in the long run amount to the same thing. The arguments opposed to charging tuition are of the political type, namely, that it is undemocratic and prevents the worthy poor from getting a college education. The legislature has declared itself repeatedly against tuition. On the other hand, ad valorem taxes are dwindling rapidly as a basis of support for the common schools. At the present time, 50 per cent of the support of local schools must be borne by state taxes. Institutions of higher education, too, are forced to a rigid accounting of their income. There has been a general increase throughout the country in rates of tuition. In many cases, it is a question of securing a larger revenue for higher education, curtailing the amount of it, or cheapening the quality. These alternatives are presented to Oklahoma at the present time. It is not likely that the legislature will eliminate any of the colleges, nor is it likely to increase the state's contribution to support them. Hence, as a choice between cheapening the quality or increasing student tuition, increasing tuition seems preferable.

There are other reasons than increased revenues for charging a reasonable tuition. Students who make a sacrifice are usually more appreciative of a privilege than when it is provided gratuitously. In cases where a student is unable to pay tuition, the state could well afford to supply scholarships for worthy, capable students; but, for those able to pay, a reasonable fee should be charged. This fee for the junior college might be around \$20.00 per student. But for senior college students it should be somewhat higher, and considerably higher for graduate students. As pointed out previously, the graduate departments of the University do not serve equally all parts of the state.

All students should be charged a small annual tuition; In junior college about \$20.00 and in the senior about \$50.00; and a considerably higher tuition should be charged for a professional course such as law, medicine, and engineering, perhaps \$150.00 or \$200.00, allowing for an adequate differential in favor of residents of the state, as against non-residents. A system of scholarships should be provided as aids to worthy students that are unable to pay tuition.

TABLE X
TOTAL PLANT INVESTMENT AT STATE-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

Name of Institution	Land and Improvements	Buildings	Equipment	Total Plant Investment
University of Oklahoma -----	\$ 415,548.04	\$ 2,920,450.00	\$ 1,638,988.05	\$ 4,974,986.09
Oklahoma College for Women -----	74,486.75	1,055,389.32	239,003.94	1,368,880.01
Colored A. and N. University -----	40,581.00	575,970.00	25,395.00	641,946.00
Total -----	530,615.79	4,551,809.32	1,903,386.99	6,985,812.10
Oklahoma A. and M. College -----	303,076.49	2,346,793.75	1,085,400.33	3,735,270.57
Cameron State Agricultural College -----	42,396.42	176,469.04	47,437.23	265,902.69
Connors State Agricultural College -----	25,740.00	220,067.91	74,922.63	320,730.54
Panhandle A. and M. College -----	31,955.98	406,276.49	87,547.98	525,780.45
Murray State School of Agriculture -----	21,534.21	144,289.95	61,102.15	226,925.41
Total -----	424,703.10	3,293,496.24	1,356,410.32	5,074,609.66
Central Teachers College -----	116,328.03	526,725.35	134,714.89	777,768.27
East Central Teachers College -----	72,979.31 ¹	483,265.44 ¹	124,319.87	680,564.62
Northwestern Teachers College -----	23,285.28	301,848.39	105,881.49	431,015.16
Northeastern Teachers College -----	51,239.00	348,225.56	125,153.75	524,618.31
Southeastern Teachers College -----	73,792.37	520,385.40	125,269.91	719,447.68
Southwestern Teachers College -----	46,433.43	361,933.16	111,064.31	519,430.90
Total -----	384,057.42	2,542,383.30	726,404.22	3,652,844.94
Eastern Oklahoma College ² -----	-----	-----	-----	-----
N. E. Oklahoma Junior College -----	12,734.19	150,090.90	20,189.23	183,014.32
Oklahoma Military Academy -----	16,450.00	410,957.42	64,209.15	491,616.57
University Preparatory School and Junior College -----	34,000.00	385,000.00	143,966.71	562,966.71
Total -----	63,184.19³	946,048.32³	228,365.09³	1,237,597.60³
GRAND TOTAL -----	\$1,402,560.50³	\$11,333,737.18³	\$ 4,214,566.62³	\$16,950,864.30³

COST OF SCHOOL PLANT

Table XI gives an idea of the amount of money invested in property used by institutions of higher learning. Since most of these buildings have been built in less than a quarter of a century, Oklahoma has had a comparatively heavy annual outlay for college buildings. A number of buildings are needed. Many of the institutions are in need of libraries, laboratories, recreation halls, training schools, additional class rooms, and practically all are short on equipment of one kind and another. Oklahoma will need to put a considerable amount of money into buildings for a number of years if adequate housing facilities are to be provided. If the present number of junior colleges is continued, they will need a good deal of money for suitable buildings. A thorough survey of present building conditions and an analysis of the functions of each institution should be made before planning many new buildings.

TABLE XI
EXPENDITURE FOR BUILDINGS, IMPROVEMENTS AND NEW EQUIPMENT
ON EACH CAMPUS FOR 1933-34

Name of Institution	Equipment	Buildings and Improvements	Total
University of Oklahoma -----	\$31,892.38	\$10,861.46	\$42,753.84
Oklahoma College for Women -----	-----	-----	-----
Colored A. and N. University -----	8,489.08	2,817.30	11,306.38
Oklahoma A. and M. College -----	40,286.92	19,489.04	59,775.96
Cameron State Agricultural College -----	956.69	1,974.77	2,931.46
Connors State Agricultural College -----	480.46	-----	480.46
Panhandle A. and M. College -----	8,244.74	-----	8,244.74
Murray State School of Agriculture -----	708.25	921.62	1,629.87

¹Financial Report combined Land and Improvements and Buildings, arbitrarily separated on same percentage basis as other teachers colleges.

²Figures not yet submitted.

³Exclusive of figures for Eastern Oklahoma College.

Name of Institution	Equipment	Buildings and Improvements	Total
Central Teachers College -----	3,386.79	7,235.64	10,622.43
East Central Teachers College -----	2,984.48	267.22	3,251.70
Northwestern Teachers College -----	2,223.23	-----	2,223.23
Northeastern Teachers College -----	4,939.94	3,792.72	8,732.66
Southeastern Teachers College -----	6,061.80	15,004.56	21,066.36
Southwestern Teachers College -----	1,929.73	1,354.31	3,284.04
Eastern Oklahoma College ¹ -----	-----	-----	-----
N. E. Oklahoma Junior College -----	720.82	219.45	940.27
Oklahoma Military Academy ¹ -----	-----	-----	-----
University Preparatory School and Junior College -----	2,534.28	-----	2,534.28

Table XI shows that little building was done during the past year.

TABLE XII
RESIDENT INSTRUCTION COST PER STUDENT IN STATE-MAINTAINED INSTITUTIONS
FOR THE SCHOOL YEAR 1933-34

Name of Institution	Total Cost of Resident Instruction	Average Enrolment 1933-34	Resident Instruction Cost Per Student
University of Oklahoma -----	\$ 915,557.27 ²	5,299.58	\$172.76 ²
Oklahoma College for Women -----	95,693.48	768.13	124.58
Colored A. and N. University -----	57,462.95	647.38	88.76
Total -----	1,068,713.70	6,715.09	159.15
Oklahoma A. and M. College -----	595,162.44	3,263.68	182.36
Cameron State Agricultural College -----	29,562.75	476.70	62.02
Connors State Agricultural College -----	19,048.00	168.70	112.91
Panhandle A. and M. College -----	47,114.00	314.30	149.90
Murray State School of Agricultural -----	32,595.58	223.60	145.78
Total -----	723,482.77	4,446.99	162.69
Central Teachers College -----	93,492.52	1,487.05	62.87
East Central Teachers College -----	112,553.28	1,448.30	77.71
Northwestern Teachers College -----	75,055.62	882.50	85.05
Northeastern Teachers College -----	88,494.45	1,086.75	81.43
Southeastern Teachers College -----	109,586.50	942.75	116.24
Southwestern Teachers College -----	76,406.98	1,061.00	72.01
Total -----	555,589.35	6,908.35	\$0.42
Eastern Oklahoma College -----	----- ³	196.00	----- ³
N. E. Oklahoma Junior College -----	18,773.27	276.80	67.82
Oklahoma Military Academy -----	19,738.74	105.75	186.65
University Preparatory School and Junior College -----	42,150.63	363.77	115.87
Total -----	80,662.64 ⁴	942.32	85.60
GRAND TOTAL -----	\$2,428,448.46 ⁴	19,012.75	\$127.73

Cost of Instruction. Table XII gives interesting information. It is not always safe to judge efficiency by the per capita cost of students. One must always consider the type of work offered and the number to whom it is offered. There is less danger of forming rash conclusions from per capita figures based on the cost of instruction alone, than on the total cost, including equipment, building and other outlay.

The per capita cost at the University of Oklahoma is \$172.76, not excessive for efficient instruction at the university level. The per capita cost of instruction at the A. and M. College is \$182.36, again, not excessive; but one fails to see why it should be higher than at the University. Certainly, the state cannot find fault with the cost

¹Figures not yet submitted.

²Does not include maintenance cost of University Hospital.

³Financial report not yet submitted.

⁴Exclusive of figures for Eastern Oklahoma College.

of instruction in either of these institutions. The chief danger is that these institutions may not be able to hold their best professors.

The variation in cost of the other agricultural colleges can be explained, in part at least, by the number enrolled. The Cameron State College with 476 students has a per capita cost of \$62.02. At Murray State College, with only 223 students, it is \$145.78. The low per capita cost at Connors State College can be explained by the fact that that institution is decidedly undermanned for college work.

The outstanding mystery revealed in Table XII is the fact that instruction in state teachers colleges can be provided at a per capita cost of \$80.42. One might suspect, at first sight, that the state was employing convict labor to train teachers. It costs \$162.69 to train students in agriculture to raise livestock, and only \$80.42 to train those who instruct children. The enrollment figures suggest that mass production is operating to reduce costs. Fortunately, the size of each institution is such that maximum economy can be exercised.

The teacher is the most important factor in the entire educational organization; and these institutions should be equipped as teachers colleges and maintained on a high plane. Large schools can be maintained at a smaller per capita cost. United States Office of Education Bulletin No. 20, 1931 (Vol. 1, page 517), stated:

In the state teachers colleges, institutions with an average annual enrolment of fewer than 400 have an average per capita cost of \$439.67, while schools having an enrolment of 2,000 or more show an average annual per capita cost of \$263.46. It is evident, therefore, that states that have adopted the policy of establishing a number of small teacher-preparing institutions miss the mark widely if they wish to reduce the cost of their teacher-preparing program.

The prospective teachers trained at teachers colleges alone numbered 6,913, to say nothing of those trained at denominational colleges, the University, the A. and M. College, and the Women's College. The number of such institutions is under legislative control. The standards of quality in teacher-training is, or should be, controlled by the State Board of Education, which is held responsible for protecting the school children of the state and should be in a position to insist upon a standard quality of teacher-training. This quality is likely to cost a standard price, whether it is provided in Oklahoma, California, or New York. Low costs in these institutions mean one of two things: either the staffs are woefully underpaid, or an inferior quality of teacher-training is provided.

Appropriations. From the standpoint of effective school administration, both the state appropriations and the institutional funds should be placed at the disposal of the institutions in the simplest possible manner. Oklahoma is following the correct procedure in this respect. The legislature should make its appropriations on the basis of the respective needs of the higher institutions. It should not be called upon to enact into law all or any part of the individual items contained in the operating budgets. If the Board and the institutions are to be held responsible for dealing with the changes which are bound to prove necessary within the biennium following the meeting of the legislature, it must have the liberty, with the approval of the Governor, of making changes in the original estimates. The legislature should make appropriations under two general headings, namely, capital outlay, including land and buildings; and operation and maintenance, including salaries, equipment, supplies, and upkeep. The Board should not be given authority to transfer appropriations for land or buildings to operation, nor from operating appropriations to land and buildings. In order that there may be no question as to the responsibility for the wise expenditure of the funds appropriated to the institutions, the administration of them should be left to the board or boards in control, and their chosen representatives at the institutions, subject however to allotment by the Governor.

FACULTIES

TABLE XIII

DEGREES HELD BY FACULTY MEMBERS AT STATE-SUPPORTED INSTITUTIONS OF HIGHER EDUCATION

Name of Institution	Ph. D.	Master	Bachelor	No Degree	Total
University of Oklahoma	93	106	51	11	261
Oklahoma College for Women	8	17	14	7	46
Colored A. and N. University	1	15	16	2	34
Oklahoma A. and M. College	55	127	37	6	225
Cameron State Agricultural College	1	13	9	--	23
Connors State Agricultural College	--	--	--	--	--
Panhandle A. and M. College	1	13	6	--	20
Murray State School of Agriculture	--	10	6	--	16
Central Teachers College	5	39	8	1	53
East Central Teachers College	6	38	17	--	61
Northwestern Teachers College	2	28	10	--	40
Northeastern Teachers College	7	28	3	--	38
Southeastern Teachers College	4	31	5	--	40
Southwestern Teachers College	5	21	8	--	34
Eastern Oklahoma College ¹	--	--	--	--	--
N. E. Oklahoma Junior College	--	8	3	1	12
Oklahoma Military Academy	--	3	7	2	12
University Preparatory School and Junior College	--	13	6	3	22
Total	188	510	206	33	937

Table XIII shows the number of faculty members and the degrees held by each, indicating considerable differences with regard to academic qualifications. Of course, the degree a teacher holds does not conclusively determine his fitness to teach. There is a difference in the standards of different universities. Work required by some universities for a Bachelor's degree may be as high as that extracted by another university for a Master's.

TABLE XIV

PERCENTAGE OF FACULTY MEMBERS HOLDING EACH DEGREE IN STATE-SUPPORTED INSTITUTIONS

Name of Institution	Ph. D.	Master	Bachelor	No Degree	Total
University of Oklahoma	36	41	20	4	100
Oklahoma College for Women	17	37	31	15	100
Colored A. and N. University	3	44	47	6	100
Oklahoma A. and M. College	24	56	17	3	100
Cameron State Agricultural College	4	57	39	--	100
Connors State Agricultural College ¹	--	--	--	--	--
Panhandle A. and M. College	5	65	30	--	100
Murray State School of Agriculture	--	63	37	--	100
Central Teachers College	9	74	15	2	100
East Central Teachers College	10	62	28	--	100
Northwestern Teachers College	5	79	25	--	100
Northeastern Teachers College	19	73	8	--	100
Southeastern Teachers College	10	78	12	--	100
Southwestern Teachers College	15	62	23	--	100
Eastern Oklahoma College ¹	--	--	--	--	--
N. E. Oklahoma Junior College	--	67	25	8	100
Oklahoma Military Academy	--	25	58	17	100
University Preparatory School and Junior College	--	59	28	13	100
Average	20	55	22	3	100

Table XIV shows the percentage holding each degree in each institution. The University, naturally, has the largest percentage holding Ph. D. degrees. In fact, both the University and the A. and M. College have a reasonably large percentage of doctors. Master's degrees, appearing in such large percentages, leads one to inquire where the degrees are attained.

¹Figures not submitted.

TABLE XV
INSTITUTIONS FROM WHICH FACULTY MEMBERS IN OKLAHOMA EDUCATIONAL INSTITUTIONS TOOK MASTER'S DEGREES¹

Name of Institution	Oklahoma University	Oklahoma A. and M. College	Harvard Yale Chicago and Columbia	State Universities Outside Oklahoma	All Others
University of Oklahoma	51	--	25	23	19
Oklahoma College for Women	1	--	9	10	5
Colored A. and N. University	--	--	2	6	9
Oklahoma A. and M. College	6	28	29	65	9
Panhandle A. and M. College	3	4	1	5	--
Cameron State Agricultural College	6	7	--	--	--
Murray State School of Agriculture	2	6	--	1	--
Connors State Agricultural College ²	--	--	--	--	--
Central Teachers College	13	8	3	3	11
East Central Teachers College	8	4	14	7	7
Northwestern Teachers College	8	7	2	8	3
Southwestern Teachers College	7	1	5	5	5
Northeastern Teachers College	5	6	8	5	6
Southeastern Teachers College	10	2	6	5	10
Eastern Oklahoma College ²	--	--	--	--	--
N. E. Oklahoma Junior College	5	1	2	--	1
Oklahoma Military Academy	2	--	--	--	1
University Preparatory School and Junior College	4	1	3	3	1
Total	131	75	109	146	87

Table XV shows from what institutions the faculty members received their master's degrees. It appears that a total of 131 master's degrees were taken at Oklahoma University; 75 at the A. and M. College; 109 at Harvard, Yale, Chicago, or Columbia; 146 at other state universities; and 87 at other institutions. In general, the quality of the master's degree seems fairly good. At the University, 51 of the 118 master's degrees were obtained at the University of Oklahoma; but this possible inbreeding tendency at the University is not followed in the selection of Ph. D. professors. The A. and M. College has a much larger percentage of her masters from Harvard, Yale, Chicago, and Columbia than has the University, and still larger percentage from other state universities. It seems especially unfortunate that the University has employed no masters from the A. and M. College, and the A. and M. College has employed only six masters from the University, a situation that does not reveal mutual confidence. If more interchanges of this nature were made, it would be easier to coordinate the work of these two institutions. The other institutions seem more appreciative of local institutions.

TABLE XVI
INSTITUTIONS FROM WHICH FACULTY MEMBERS IN OKLAHOMA EDUCATIONAL INSTITUTIONS TOOK DOCTORS DEGREES

Name of Institutions	University of Oklahoma	Harvard Yale, Chicago and Columbia	State Universities Outside Oklahoma	All Others
University of Oklahoma	1	35	39	16
Oklahoma College for Women	1	2	4	--
Oklahoma A. and M. College	--	11	35	10
Central Teachers College	3	1	1	--
East Central Teachers College	1	1	2	4
Northwestern Teachers College	--	1	2	1
Southwestern Teachers College	1	1	1	1
Northeastern Teachers College	1	--	4	2
Southeastern Teachers College	--	1	2	2

¹Special degrees requiring the same amount of work as masters are included in this table.

²Information not available.

When the faculty members are classified according to the institutions from which they received their Ph. D. degrees, as in Table XVI, it is found that the University has 35 professors holding degrees from Harvard, Yale, Chicago, and Columbia. The A. and M. College, naturally, shows a majority of its Ph. D. professors trained at other state universities. On the other hand, only 5 of the doctors at the teachers colleges received their degrees at Harvard, Yale, Chicago, or Columbia. The number should be larger. Nevertheless, most of the doctor's degrees held by the teacher college faculty members are from reputable institutions. In general, creditable number of doctors are found in the state institutions of Oklahoma. While the percentage of teachers holding higher degrees is reasonably high, a number hold only the A. B. degree and some no degree at all. Some of these are undoubtedly excellent teachers and probably have held their places because of proved ability. Nevertheless, it seems that the supply of highly trained professors is such that Oklahoma might well adopt as a policy, in the selection of future faculty members, the appointment only of those holding doctor's and master's degrees in the ratio of 1 to 1. Thus, for every new member holding a master's degree, there would be employed a member holding a doctor's degree. Those faculty members who have only the bachelor's degree should be given an opportunity to qualify for the higher standard. The state would profit in the long run by establishing sabbatical leaves or some form of half-pay scholarships in order to encourage further training.

Personality in Teaching. Academic standards alone will not guarantee an ideal college faculty. Faculty members must possess personalities suited to their work. Their passport to continued service should be demonstrated efficiency. Oklahoma has not given to the selection of teaching personnel the consideration it deserves. The ruthless manner in which some of the ablest school men and women in Oklahoma have been dismissed from state colleges and public school systems must profoundly discourage young men and women from preparing for a career in education or, for that matter, in any other branch of public service.

Organization of College Staff. Table XVII presents the percentages of faculty members of various ranks, compared with similar institutions in other states. Oklahoma institutions must, of course, compete with outside institutions in obtaining and retaining staff members. Comparable data are found in seven North Central states, namely Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.

TABLE XVII
COMPARISON OF PERCENTAGES HOLDING THE SEVERAL RANKS IN OKLAHOMA
AND IN SEVEN NORTH CENTRAL STATES

	Deans and Professors	Associate Professors	Assistant Professors	Instructors
Seven North Central States -----	27.2	11.2	22.9	38.7
Oklahoma State Institutions -----	38.0	21.7	22.9	18.0
Oklahoma University -----	26.0	20.0	34.0	20.0
A. and M. College -----	28.0	28.4	29.3	13.0
Oklahoma College for Women -----	39.0	19.5	21.7	19.5
Teachers Colleges -----	50.0	26.7	14.0	9.0
All Other Institutions in Oklahoma -----	53.0	5.0	6.0	36.0

Standards of instruction are affected by the organization of instructional staffs as much as by the average salaries paid. By the organization of instructional staffs is meant the proportion of staff members holding the ranks of professors, associate professors, assistant professors, and instructors, respectively. Too large a proportion of faculty members in the higher ranks is symptomatic of a policy of advancing staff members in title as a reward for long service instead of advancing them upon the basis of merit. Particularly in institutions where funds are somewhat limited, promotion in rank may be, and often is, passed out in lieu of a salary increase. In the seven North Central states, only 38.4 per cent of the faculty hold a rank above the assistant professor. The median person in the seven North Central states is an assistant professor; whereas the median person in Oklahoma is an associate professor. Only 26 per cent of the University faculty rank as deans and professors, 20 per cent as as-

sociate professors, 34 per cent as assistant professors, and 20 per cent as instructors. This is a much better showing than the state as a whole. The A. and M. College has about the same percentage of deans and professors as the North Central colleges, but has 28.4 per cent of its faculty in the rank of associate professors, whereas only 11.2 per cent of the faculty have this rank in the North Central states. The percentage in the Women's College are still less favorable, and the percentages in teachers colleges make a decidedly poor showing. Where 76.7 per cent of the faculty are professors, associate professors, and deans, it looks as if the standards for the rank were thrown to the winds.

Number of Departments. Another indication of a well-organized staff is a comparatively small number of department heads. The University has 34 separate departments; the A. and M. College has 33; the Women's College, 14; and the teachers colleges range from 13 to 18. Evidently the same tendency prevails here as in the assignment of ranks. The distinction of being the head of a department in a university or college is not much distinction where there are 199 such head professors in the state-supported colleges of the state. Obviously, Oklahoma cannot afford to pay outstanding professors as heads of departments.

Salaries of Faculty Members. Table XVIII gives the average salaries paid faculty members in state-supported institutions, including summer school salaries. Institutions of the same general type, unless too small to function economically, should have more or less equal salary schedules. In some instances, the salaries of full-time instructors and assistants are low for college teachers. Since the salaries quoted in Table XVIII are averages, many salaries must be considerably below standard. Salaries paid to professors and associate professors are below the standards set in most institutions of higher education for those ranks; but, since the rank of assistant in standard colleges is equal to that of associate professor in the University and A. and M. colleges, and to that of professor in the teachers colleges, not much can be said for increase in salaries until the standards as indicated by ranks are raised. Salaries everywhere are now adjusted to a depression level. As the cost of living increases and as competition decreases, teachers' salaries should be made flexible so as to keep pace with salaries in other professions.

CONCLUSIONS

Oklahoma as compared with most of the other states in the Union has a large number of institutions of higher education. Considering the density of population in the various sections of the state, the institutions are fairly well located and yet the distances that students have to go to college vary greatly. The large number of college students per 1,000 population is a strong argument for maintaining the present number of colleges. Oklahoma ranks eleventh among the 48 states in this respect. Institutions that are serving such a large number of young men and women deserve support. The failure of many of the colleges to maintain proper standards is reflected in high schools and rural elementary schools. There are marked variations with regard to the educational opportunities offered by the different institutions. Administration in the future should seek to equalize these opportunities wherever possible. The number and function of some of the higher institutions should be adjusted to the needs of the state. Such a reorganization would avoid duplications and permit economies that in turn could be made to improve standards. Oklahoma is deserving of the best leadership obtainable. If the higher educational system as a whole is removed from political control, these institutions can provide, in greater measure than in the past, the trained leadership needed by the state. It should be clearly understood, however, that no change in set-up will alone accomplish the purpose. The people of the state must adopt a new attitude toward their institutions; and governors, in appointing members of the boards, must consistently select men and women of outstanding competence and high ideals.

TABLE XVIII
AVERAGE SALARIES OF THE INSTRUCTIONAL STAFF

Name of Institution	President	Dean	Professor	Associate Professor	Assistant Professor	Instructor	Institutional Staff
University of Oklahoma	\$9,000.00	\$4,877.57	\$3,596.85	\$2,828.86	\$2,372.51	\$1,795.45	\$2,744.69
Colored A. and N. University	3,600.00	2,100.00	1,542.78	---	1,188.63	1,062.63	1,234.70
Oklahoma A. and M. College	7,500.00	3,798.33	2,678.11	2,173.33	1,804.74	1,608.04	2,162.91
Panhandle A. and M. College	3,360.00	2,000.00	1,661.67	---	1,416.74	---	1,602.11
Cameron State Agricultural College	3,240.00	1,920.00	---	---	---	1,348.06	1,378.16
Conners State Agricultural College	3,240.00	1,760.00	---	---	---	1,218.46	1,257.14
Murray School of Agriculture	3,240.00	---	---	---	---	1,342.50	1,342.50
Central Teachers College	4,500.00	---	2,381.27	1,917.93	1,291.71	825.00	1,988.17
East Central Teachers College	4,500.00	---	2,133.60	1,760.63	1,454.64	---	1,852.27
Northwestern Teachers College	4,500.00	3,000.00	2,196.60	---	2,137.00	1,750.80	2,129.43
Southwestern Teachers College	4,500.00	---	2,672.50	2,258.40	1,590.00	1,395.00	2,331.69
Northeastern Teachers College	4,500.00	3,132.00	2,408.57	1,953.40	1,846.00	1,220.00	2,169.58
Southeastern Teachers College	4,500.00	2,640.00	---	---	---	1,930.00	1,946.55
Eastern Oklahoma College	3,700.00	1,900.00	---	---	---	1,650.00	1,675.00
Oklahoma Military Academy	3,257.48	1,536.77	---	---	---	1,386.79	1,401.55
University Preparatory School and Junior College	3,900.00	2,208.00	---	---	---	1,484.36	1,509.31

CHAPTER V

PUBLIC WELFARE

For the fiscal year 1930-31 the state and its local units spent for the support of public welfare institutions, agencies, and services about \$8,000,000. For the year 1933-34 disbursements were reduced to \$6,500,000.¹ To this last sum, however, should be added \$22,000,000² spent through the Emergency Relief Administration. For the application and control of these expenditures, the state has a constitutionally created Commissioner of Charities and Corrections with only supervisory duties and with a total budget of \$8,470 annually; a Board of Public Affairs which has control functions but no constructive or carefully correlated program for the institutions under its control; a Commission for the Blind without funds and without a program; A Commission of Pensions; a Soldiers' Relief Commission interested in aid for a single group and lacking coordination with any general welfare program; a Deportation Officer who draws a salary of \$200 a month. Emergency relief last year was in the hands of an administrator appointed directly from Washington because the state had not set up an agency for the administration of these funds acceptable to the federal government.

Oklahoma arrived at statehood when one of the phases of the evolution of public welfare administration in this country was drawing to a close. When the Oklahoma Constitution created a supervisory Commissioner of Charities and Corrections, older states were already finding their boards of charities with mere supervisory powers, inadequate. The concept of a distinct field of governmental service, preventive and constructive as well as remedial, was forming. By 1917, this concept had in many states taken quite definite form; and since that time there has been a rapid development in volume of work and in techniques and in centralized state administrative organization to handle the work.

Oklahoma also has felt the need for centralized institutional administration and has attempted to meet this need, first by placing her children's institutions under a single board of managers and later by consolidating this board with the Board of Public Affairs. Aside from a constitutional obstacle, therefore, Oklahoma, as she contemplates the reorganization of her public welfare services, has an easier task than many another state where each institution was or still is under a separate managing board.

STATE AGENCIES

State agencies performing public welfare functions include: the Commissioner of Charities and Corrections; the State Board of Public Affairs; the Board of Managers of Children's Institutions; the Board of Commissioners for the Blind; the Soldiers' Relief Commission; the Commissioner of Pensions; the State Emergency Relief Administrator; the Bureau of Pardons and Paroles; and the Deportation Officer.

Commissioner of Charities and Corrections. The Constitution provides that a Commissioner of Charities and Corrections shall be elected in the same manner, at the same time, and for the same term as the Governor. The Commissioner may be of either sex, must be 25 years of age or over, and in all other respects shall have the qualifications which shall be required of the Governor;³ namely, that he "shall have been three years next preceding his election, a qualified elector of this State."⁴

The Constitution makes it the duty of the Commissioner to investigate the entire system of public charities and corrections of the state; to examine into the condition and management of all prisons, jails, reformatories, reform and industrial schools, almshouses, hospitals, infirmaries, dispensaries, orphanages, and public and private retreats and asylums, which are supported in whole or in part from public funds. In

¹Figures compiled by Oklahoma State Chamber of Commerce.

²Statement of Emergency Relief Administrator.

³Art. VI, Sec. 27.

⁴Art. VI, Sec. 3.

the performance of these duties the Commissioner may require in writing information from officials of any institution under supervision, may summon persons and papers, and may exercise the powers of a notary public in taking depositions. The Commissioner reports to the Governor on investigations and makes a "full and complete" report to the Governor on the first day of October of each year.¹

The statutes have defined certain of the Commissioner's duties somewhat more in detail and have added other powers and duties. Among the duties thus defined or added are the following:

To visit and inquire into the condition and management of all state penal and correctional institutions, and all eleemosynary institutions of whatever name or character at least once a year.²

To visit all county penal, correctional, and charitable institutions at least once a year and make recommendations in writing to the board of county commissioners.³

To visit all city jails, holdovers, hospitals, dispensaries, and all other city penal, correctional, and charitable institutions at least once a year and make recommendations in writing concerning their management and condition to the mayor and city council.⁴

At the request of the Governor, or with his sanction, to make special investigations of state penal, correctional, or charitable institutions and to report to the Governor.⁵

To inspect and license for one year hospitals, infirmaries, dispensaries, retreats, lying-in hospitals, rescue homes, orphanages, and foundling institutions.⁶

To examine complaints against any type of institution enumerated in the last paragraph, or any baby farm or orphanage of whatever name or character and to close such institution if the investigation warrants this course.⁷

To issue certificates to "orphanage children's aid home-finding societies, and all other similar organizations" and to revoke such certificates for cause and ask that the charter of such organization be revoked.⁸

Upon sworn complaint of any citizen, to investigate and order abatement of wrongful conditions in any county, city, or private institution, or organization under the supervision of the Commissioner, and to prosecute in case of failure to obey such order.⁹

To appear as next friend in all actions concerning minor orphans, dependents, defectives, and delinquents.¹⁰

To receive annual reports from county court clerks on the number and disposition of cases of delinquent children handled by the court.¹¹

These duties involve 619 public and private institutions and agencies. In her report for the year 1929, the Commissioner says:

In the past the Commissioner has been allowed by the Legislature five assistants, i. e. two assistant commissioners, two inspectors, and one stenographer. The Eleventh Legislature (1926) cut this number to one assistant commissioner and one stenographer.¹²

For 1930 and 1931, under the head of Extra Help, the Commissioner was allowed, in the appropriations, three inspectors and one extra stenographer. The appropriation for these assistants was vetoed by the Governor because the positions had not been created by statute. The staff of the Commissioner now consists of one assistant commissioner and one stenographer. Recent appropriations for the support of the office have been: 1930, \$19,401.75; 1931, \$19,401.75; 1932, \$14,350; 1933, \$14,350; 1934, \$8,470; 1935, \$8,470.

¹Const. Art. VI, Sec. 29.

²Stat. 1931, Sec. 3601.

³Stat. 1931, Sec. 3602.

⁴Stat. 1931, Sec. 3603.

⁵Stat. 1931, Sec. 3604-5.

⁶Stat. 1931, Sec. 3606.

⁷Stat. 1931, Sec. 3607.

⁸Stat. 1931, Sec. 3608.

⁹Stat. 1931, Sec. 3609.

¹⁰Stat. 1931, Sec. 3616.

¹¹Stat. 1931, Sec. 1732.

¹²*Report of the Commissioner of Charities and Corrections, Jan. 1, 1929 to Jan. 1, 1930, p. 7.*

State Board of Public Affairs. The Board of Public Affairs is created by statute. It consists of three members appointed by the Governor and approved by the Senate, for a term of four years. Not more than two may be of the same political party. The Board has general financial supervision of all state institutions and control of the construction, repair, and maintenance of buildings, and the purchasing of materials and supplies.¹ "The government and sole and exclusive control" of the several hospitals for the insane is vested in the Board. This includes "the general direction and control of all the property and concerns" of the several hospitals; appointment of the medical superintendent and, upon his nomination, members of the hospital staff; fixing of salaries; establishment of rules and regulations for the appointment and duties of officers, attendants, assistants, and employees; determining the conditions of admission, support, and discharge of patients, and of the internal government, discipline, and management of the hospitals; maintenance of an effective inspection, for which purpose a committee shall visit each hospital once every three months and the whole board at least once a year; and the making of a detailed report to the Governor in January of each alternate year.² The Board has the appointment of the wardens and other personnel of the state prisons.³ The Board of Public Affairs has "jointly with the State Board of Public Health," the supervision of the revolving fund of the State Tuberculosis Sanatoria.⁴ Finally this Board has the administration of a fund for the support of dependent children not in state institutions.⁵

Apparently without legal authority, the powers of the Board of Managers of Children's Institutions have been transferred to the Board of Public Affairs by appointing the three members of the Board of Public Affairs as the Board of Managers of Children's Institutions, in lieu of the five members provided by law. Thus, the Board has control of the four industrial schools for delinquent children, the two state homes for dependent white children, and the Deaf, Blind, and Orphans' Home for Negro children.

Potentially a powerful agency in the control and direction of the charitable and correctional institutions, the Board of Public Affairs has failed to formulate any program for the work of these institutions or to set up standards for the selection of personnel on a basis of merit. The Board has been mainly an agency for the purchase of materials and supplies and for the appointment of personnel, quadrennially, on a patronage basis.

In addition to its three members, who are full time salaried officers, the Board has an office staff of 18 with total of payroll of \$37,760 a year. Recent appropriations for administrative purposes have been: 1930, \$58,000; 1931, \$58,000; 1932, \$56,900; 1933, \$56,400; 1934, \$43,960; 1935, \$43,960.⁶

Welfare expenditures by the Board and the institutions under its control have been as follows:

	1932-3	1933-4
General Supervision:		
State Board of Public Affairs' -----	\$ 21,000.00	\$ 21,000.00
Charities:		
Care of children in State Institutions -----	163,539.86	121,918.08
Other care of children -----	14,656.25	14,323.98
Care of blind, deaf and mute -----	112,358.67	86,326.45
General State hospitals -----	556,354.47	452,813.75
State insane hospitals -----	1,227,889.84	1,079,304.87
Home for feeble minded -----	135,888.34	115,030.71
Total charities -----	<u>2,210,687.43</u>	<u>1,869,717.84</u>
Corrections:		
Adults -----	1,003,550.10	1,177,310.36
Minors -----	475,515.69	395,205.72
Pardon and paroles -----	5,500.54	4,971.13
Total corrections -----	<u>1,484,566.33</u>	<u>1,577,487.21</u>
Grand total: charities, hospitals and corrections -----	<u>3,716,253.76</u>	<u>3,468,205.05</u>

¹Stat. 1931, Secs. 3569-3600.

²Stat. 1931, Sec. 5000.

³Stat. 1931, Sec. 5352.

⁴Stat. 1931, Sec. 5453.

⁵Laws, 1933, Chap. 81.

⁶Laws, 1929, 1931, 1933, Appropriations.

⁷Estimated as applicable to institutions under its control.

Board of Managers of Children's Institutions. An act approved March 29, 1919 created a Board of Managers of Children's Institutions composed of five members appointed by the Governor without term. At this time the Board of Public Affairs had been in existence for ten years. The act provides that the Board of Managers shall select the superintendent, matron, and other officers and employees of the seven institutions placed under its control. The Board is also empowered to employ an industrial supervisor for these institutions. The act fixed a salary of \$150 a month and necessary expenses for the industrial supervisor and a per diem of six dollars and necessary traveling and hotel expenses for the members of the Board.¹ As stated above, the duties of this Board have been transferred to the Board of Public Affairs.

Board of Commissioners for the Blind. The Commission for the Blind is a non-salaried board, created by statute in 1919 and consists of five members appointed by the Governor for a term of four years. The President of the State Association for the Blind must be a member. The Board employs a secretary and a home teacher. The secretary is designated field worker and must devote his time to obtaining information concerning adult blind and finding employment for them. He makes financial reports quarterly to the State Auditor and to the Board of Public Affairs and annually to the Governor.² Appropriations for the Commission have been: 1930, \$7,575; 1931, \$7,425; 1932, \$6,500; 1933, \$6,500; 1934, \$4,825; 1935, \$4,825.³

Formerly the legislature provided for the salary of a stenographer. Now there is only the secretary and one home teacher. The secretary has all the office work. She reports visits to 297 homes in 1934. The home teacher gave 865 lessons within the year. Out of her salary of \$1,500 a year she pays a guide. There is aid in an occasional case of failing sight that comes to the attention of the workers, but no program of preventive work.

Soldiers' Relief Commission. The Soldiers' Relief Commission, created by statute in 1921, comprises three members appointed by the Governor from a list of ten, five from each of the two major political parties, furnished by the American Legion. Not more than two of the members of the Commission may belong to one political party. Members of the Commission serve two years and are paid a per diem and actual expenses. Among the legally prescribed duties of the Commission are the following:

To do and perform all acts necessary or proper to afford emergency, temporary and permanent relief for honorably discharged, disabled and diseased ex-service persons of the late World War and other wars of the United States of America and ex-Confederate Soldiers.

To select and procure a site in or near the Platt National Park, Sulphur, for a permanent Tubercular Sanitarium, and to erect and establish such sanitarium for tubercular ex-service persons.

To select a site for and to erect and establish a general hospital and vocational training building to be known as the Oklahoma Soldiers' Memorial Hospital.

To direct the building of a separate ward building at the Central Oklahoma State Hospital, to be devoted exclusively to the care and treatment of honorably discharged ex-service persons of the late World War, and other wars of the United States of America, and ex-Confederate Soldiers, suffering from mental and nervous afflictions.⁴

To administer a fund "for aiding the minor dependents of destitute, disabled and diseased soldiers, sailors, nurses and marines, of the late World War, Philippine Insurrection and Boxer Rebellion."⁵

Appropriations for the Commission have been:

	1930	1931	1932	1933	1934	1935
Administration -----	\$11,860	\$11,860	\$ 14,000	\$ 14,000	\$ 8,950	\$ 8,950
Relief -----	75,000	75,000	110,000	110,000	72,560	72,500
Total -----	\$86,860	\$86,860	\$124,000	\$124,000	\$81,450	\$81,450

¹Stat. 1931, Secs. 5147, 5151.

²Stat. 1931, Secs. 4359-4364.

³Laws, 1929, 1931, 1933, Appropriations.

⁴Stat. Secs. 12084-12100.

⁵Laws, 1931, p. 17.

The Commissioner of Pensions, appointed by the Governor for a four-year term, must be a Confederate Veteran or a descendant of a Confederate Veteran.¹ He administers the Confederate pension fund. Appropriations for the current biennium are:

	1934	1935
Commissioner -----	\$ 1,005.00	\$ 1,500.00
Secretary -----	1,200.00	1,200.00
Extra Help -----	1,200.00	1,200.00
Communication -----	400.00	400.00
Office Supplies -----	150.00	150.00
Office Equipment -----	50.00	50.00
Payment to Confederate Soldiers -----	447,760.00	447,760.00
Total -----	\$452,260.00	\$452,260.00

Emergency Relief Administration. The legislature of 1931 created an advisory congressional committee in each congressional district. The Board was charged with the distribution of relief funds; but the actual distribution of funds was to be made by requisition upon the State Auditor signed by the Governor as authorized by a majority of the Emergency Relief Board. Upon the receipt of such requisition the State Auditor would issue a warrant directing the State Treasurer to pay the amount specified to the treasurer of the county designated. Within the county, the county commissioners acting jointly with the county judge, were to use the money to provide food, clothing, fuel, and shelter, under such rules and regulations as the State Emergency Relief Board might prescribe. The legislature appropriated \$300,000 for emergency relief.² This organization ceased to function February 26, 1934 when the Federal Emergency Relief Administration, dissatisfied with the administration of relief in Oklahoma, assumed direct administration of federal relief funds within the state.

With the inauguration of Governor Marland in January, 1935, the Federal Administration withdrew from the direct administration of federal relief funds in the state. These are now in the hands of an administrator appointed by the Governor and responsible directly to him. The appointment of a board, however, has been under discussion in the legislature recently in session. Relief is now administered locally by county administrators appointed by the State Administrator.

The total obligations incurred by the relief administration during the eleven months ending January 31, 1935, were \$21,904,369.83. This financial burden was distributed as follows:

Federal funds -----	\$18,582,759.07
State funds -----	126,065.10
Local funds -----	3,195,545.66 ³

Bureau of Pardon and Parole. The Constitution provides that "the Governor shall have power to grant, after conviction, reprieves, commutations, paroles, and pardons for all offenses except cases of impeachment, upon such conditions and with such restrictions and limitations as he may deem proper, subject to such regulations as may be prescribed by law."⁴ In 1908 the legislature created a Board of Pardons composed of the State Superintendent of Public Instruction, the President of the State Board of Agriculture, and the State Auditor. The act provides that the Superintendent of Public Instruction shall be chairman of the Board and the Secretary to the Governor shall be its secretary. This Board is required by law to hear applications for pardons, paroles, and commutations, file its decisions with the Secretary of State and transmit a copy of each decision to the Governor. The act reaffirms the constitutional power of the Governor "subject, however, to the regulations hereinbefore prescribed."⁵ In 1913 duties similar to those of the Board of Pardons were conferred on the Board of

¹Stat. 1931, Sec. 12042.

²Laws, 1931, pp. 354-5.

³Statement by State Emergency Relief Administrator.

⁴Const. Art. VI, Sec. 10.

⁵Stat. 1931, Secs. 3266, 3267.

Prison Control whose functions have been transferred to the Board of Public Affairs.¹ In 1919, the legislature created a Bureau of Pardon and Parole consisting of a pardon attorney and a clerk and stenographer. The attorney, appointed by the Governor and serving at his pleasure,² acts as assistant to the Governor in preparing pardon and parole cases.

Little could be learned at the office of the pardon attorney concerning the actual operation of the office. The present attorney has been in office less than a month. He knew that there is a large volume of correspondence and that there are 30,000 records in his files. The week before the interview with the attorney, 27 cases had been considered and clemency had been recommended in seven of these cases.

Appropriations for the Bureau of Pardon and Parole have been as follows 1930, \$4,800; 1931, \$4,800; 1932, \$4,850; 1933, \$4,850, 1934, \$4,400; 1935, \$4,400.³

STATE INSTITUTIONS

"Educational, reformatory, and penal institutions and those for the benefit of the insane, blind, deaf and mute, and such other institutions as the public good may require shall be established and supported by the State in such manner as may be prescribed by law."⁴ Under this constitutional provision the state maintains three institutions for dependent children, four for juvenile delinquents, four for physically handicapped children, four hospitals for the insane, one institution for the feeble-minded, four correctional institutions, three institutions for veterans, two sanatoria for the tuberculous, and one general hospital. Direct expenditures on these institutions amounted in 1930-31 to \$5,501,351 and in 1933-34 to \$4,238,764.

Institutions for Dependent Children. Of the institutions for dependent children, two of these, for white children, which under Oklahoma law means all children except negroes, are for the care of dependent children exclusively. The laws establishing these institutions indicate that they were intended to be primarily child-placing agencies;⁵ but the act for the West Oklahoma Home provides also that the child may be kept as long as its best interests require.⁶ While a considerable number of children are placed by the institutions, it is evident that they are largely orphanages, not child-placing agencies. It is difficult to determine the exact extent to which this is true since the figures on the number of children placed in private homes include the older boys and girls for whom some sort of arrangement is made for entrance into a private home upon their final dismissal from the institutions.

These institutions like the other public welfare institutions, are under the Commissioners of Charities and Corrections, who has the power to visit and inspect and to require reports,⁷ and the Board of Public Affairs, which according to law has control of the finances but which actually has superseded the Board of Managers in administrative control.⁸

The East Oklahoma State Home for White Children, designated in the reports of the institution, Whitaker State Orphan Home is located at Pryor in the northeastern part of the State. The institution is planned and operated on the cottage plan. There are ten two-story buildings with an average of 32 children to the cottage. One building has recently been condemned as unsafe, making it necessary to crowd the children from that cottage into the other nine. Each cottage has its own dormitory, dining room, and kitchen. The institution has a school building which cost \$75,000; and the school, including the high school, is accredited by the State Department of Education. There is a domestic art department and a trade school. The bakery also is used for vocational training.

¹Stat. 1931, Secs. 5299, 5305.

²Laws, 1919, Chap. 66.

³Laws, 1929, 1931, 1933, Appropriations.

⁴Const. Art. VI.

⁵Stat. 1931, Secs. 5200, 5220.

⁶Stat. 1931, Sec. 5220.

⁷Const. Art. VI, Sec. 28.

⁸Stat. 1931, Secs. 3572, 5147, 5751.

The Home has a farm of 600 acres, with a dairy barn; and the herd of Holsteins furnishes a daily average of 100 gallons of milk, which, the Superintendent says, is sufficient to furnish the children whole milk three times a day and a large part of the butter used. But if 329 children are given sufficient milk, it is evident that no great amount of butter is used.

The West Oklahoma Home for Dependent children is organized on the congregate plan, with a dormitory for boys and one for girls and a central kitchen and dining room. Hospital facilities are poor. An old three-story building, originally erected for a school building, houses the administrative offices, quarters for the staff, and the school. The latter, through the high school, is accredited by the State Department of Education and is ranked second in the county where it is located. Recently a graduate of the State College of Agriculture has been added to teach agriculture and manage the farm. The latter comprises 240 acres of good wheat and alfalfa land, fairly good also for gardening. A dairy herd of 35 cows produces 100 gallons of milk a day.

The superintendent has held his position eight years; and during that time 1,200 children have been admitted. Five hundred have been placed in private homes; and 309 were in the institution when it was visited. Attached to each institution is an "agent" whose duty is to supervise placement of children in private homes. Such placements, it appears, range all the way from adoption to old-fashioned indenture.¹ At Helena, the superintendent's wife is the agent; but her other duties in the home are so numerous that evidently she has little time to find homes for children or to supervise those placed. She has had no training for the work except from her experience during the past eight years. At Pryor, the position has become a subject of political patronage. The present incumbent is (without training, or, apparently, other fitness for the position.

State Subsidies to Private Institutions. The legislature of 1931 appropriated \$75,000 for the ensuing biennium to be expended by the Board of Public Affairs, with the approval of the Governor, for the maintenance of orphans not in state institutions. The legislature of 1933 continued the appropriation in the amount of \$20,000 a year. The act provides that the Board may contract with "any reputable person or persons, who are residents and citizens of Oklahoma to furnish food, clothing, shelter, supervision or general upkeep for orphan homes and institutions."² Under this act subsidies have been granted to about 20 private orphanages. According to the procedure apparently used, the individual institution presents its needs to the Board of Public Affairs and a grant is made on a per capita basis, and divided among the various institutions on a percentage basis. A bill before the recent legislature proposed an appropriation of \$25,000 for the remainder of the fiscal year ending June 30, 1935, and \$100,000 for each of the next two fiscal years. This bill authorized the Board to expend the funds appropriated:

... by contracting with the Superintendent or other chief officer of orphan homes or institutions within the state and otherwise qualified under the provisions of this Act, to furnish food, clothing, shelter and general upkeep for Oklahoma Orphan or destitute minor children. Such contracts shall be made upon a per capita basis not to exceed one hundred fifty (\$150.) dollars per year.

To be eligible to receive any contractual benefits intended by this Act, such orphan home or institution must have been regularly organized, operated and maintained, for at least two years prior to the passage of this Act, and must make satisfactory proof to the State Board of Public Affairs that it is adequately equipped and operated in a manner sufficient to provide properly for such orphan or destitute minor children under its care and supervision.

The State Board of Public Affairs does not contract for the care of particular children, does not prescribe standards of care, and has no facilities for visiting the institutions or supervising the expenditure of the funds appropriated.

Another fund amounting for the present biennium to \$72,500 a year is administered by the Soldiers' Relief Commission "for aiding minor dependents of destitute, disabled, and deceased soldiers, sailors, nurses and marines, of the late World War, Philippine

¹Stat. 1931, Sec. 5201.

²Laws, 1933, Chap. 81.

Insurrection and Boxer Rebellion." Of this appropriation \$35,000 a year is allotted to the American Legion Home School at Ponca City for the Support of 100 children. The remainder is used to support small groups in two foster homes and to aid children in their own homes.

State Institute for Deaf, Blind, and Orphans. The State Institute for Negro Deaf, Blind, and Orphans at Taft is even more of a catch-all than its name implies. On January 30, 1935, it housed 10 blind children, 14 deaf children, 344 dependent children, and 44 delinquent girls. The blind and deaf children at this Institution are being fearfully neglected. One teacher is attempting to instruct both the blind and the deaf. One building is used for delinquent negro girls and is designated the Industrial School for Delinquent Negro Girls. The superintendent appears to lack technical fitness for his position; and there is, moreover, the worst possible type of divided authority. There is a white business manager, who is also Superintendent of the Hospital for the Negro Insane, and whose qualifications for either position seem to be mainly his political connections.

The superintendent, on the day the institution was visited, was quite proud of his store room; but the evening meal was meager and the children probably went to bed hungry. The store room contained a supply of new cups; but several children at one table were drinking water from one cup. Out of a dairy of 25 cows, 18 were being milked, producing 22 gallons a day. It is apparent that these cows are unprofitable boarders.

State Training School for Boys. The State Training School for Boys at Pauls Valley has been a political foot ball in greater degree than any other institution, perhaps, except the two state prisons; and it should be ranked at the foot of the list. The buildings with perhaps one single exception are disgracefully shoddy. The superintendent and his staff do not possess the requisite qualifications. Changing every four years, they have no chance nor incentive to maintain a continuous program. The children committed to the institution are sacrificed to a vicious system of political patronage.

At the time of the visit, the superintendent was an elderly man who had been in charge less than four years, apparently earnest, conscientious and slowly groping his way toward a program. The principal of the school was a man of about 35 years who had failed at the law. He gave no evidence of being an alert school man or a potential leader of boys. There are four teachers including the principal, three of whom teach eight grades. The fourth has an ungraded group. A study made by T. I. Folsom in 1930 showed that 24.0 per cent of the boys were properly placed in school grade; 1.3 per cent retarded; 44.3 per cent accelerated; and another 29.8 per cent with half a year of correct placement. There is a mere pretense of vocational training. Since the institution was visited a new superintendent has taken charge. There has been no opportunity to appraise this appointment.

Industrial School for White Girls. On the other hand, the buildings at the Industrial School for White Girls at Tecumseh are of a superior type; there is cleanliness everywhere; there is a form of government by cottages, which is, in a measure, self-government; the atmosphere appears reasonably wholesome. The population on July 1, 1934 was 258. The school work is accredited through the first eight grades; the method of accrediting appears different from that applied to the institutions for dependent children. In the latter, the Department of Education examines into the quality of work done; but, in the case of the Industrial School, the accrediting is for only one year and is based upon an examination prepared by the Department. If the required percentage of the students pass, the school is accredited for one year only. One suspects that the annual accrediting examination may cause too much time to be spent in coaching for the particular type of questions expected. The 9th and 10th grades are given largely to vocational education, featuring typewriting and stenography.

The law is not specific as to the type of girl who may be sent to this institution. Apparently county judges sometimes send neglected as well as delinquent girls.

Release on parole is earned by the girl. Entering as a probationer, she remains in this group at least three months. She may then be promoted to the "climbers" group, and at the end of two months to the "honor" group. In another month, she

may earn an "honor letter." Then comes the "honor stripe" which she must wear three months before she is eligible for parole. The highest honor, carrying extra privileges and responsibilities, is to become a "pilot." Most of the girls earn their paroles. "Very few go out because of gaining their majority, not their honors."¹

There are other methods of discipline beside loss of honors. There is the "gloom house," described by the superintendent as a three-room building with a runway, modern conveniences, electric lights and water,² but in fact a jail with concrete walls and steel-barred cells. When girls show by their attitude that they are not worthy to associate with others they are confined in the jail for a period. For example, two girls were punished in this way for thinning each others eyebrows. For using vile language or fighting, a girl may be spanked, but only after the matron and the student council in the cottage report that other measures have failed. The spanking witnessed by four members of the staff, is done by a woman. "The humiliation awakens the girl, as two men members of the staff witness the spanking, and the girls do not like them to know they have been naughty, as the men umpire their games, take them on hikes, sometimes nut and persimmon hunting, etc."³

Under the preceding administration apparently other and even more objectionable methods of control were used involving the use of salt peter.⁴

Finally, when the girl has earned her parole an attempt is made to get some one to sign an agreement to take her and give her proper care and protection. Certain conditions are imposed upon her:⁵ but no provision is made for parole officers, either connected with the institution or in the community to which the girl is sent, and there is no real supervision of girls on parole.

Since this institution was visited, a new superintendent has been appointed, reported to be a younger, intelligent, cultured woman, but without training or experience for this position.

State Training School for Negro Boys. The State Training School for Negro Boys is located at Boley. The present superintendent, in office only a short time, had been a practicing lawyer prior to his selection. He is a young man, interested in his new work, and apparently capable. In outlining a program for the School he sets forth his aims as follows:

This program exists for the purpose of providing for the unfortunate, under privileged, delinquent, and incorrigible Negro boys committed to this institution, a course of training which will prepare them for rehabilitation in society. The ability to earn for one's self in a respectable manner a comparatively competent livelihood is recognized as an effective **deterrent** to one's entry or re-entry into the practice of obtaining one's subsistence in ways prohibited by our various divisions of Government. By following the program outlined herein, the institution aims to give its students such training as will make them **proficient in doing those things which they will be called upon to do as a means of earning for themselves livelihoods**, and to permeate the institution with an atmosphere such that within each boy's mind will be created the **determination to live the life of a peaceful, law-abiding citizen.**⁶

There are four teachers in the academic department. The assistant superintendent and principal has a B. S. degree from Wilberforce. The three other teachers also have college degrees, one each from Wilberforce, Tuskegee, and Wiley College, Texas. The institution needs a trained farm manager.

School for the Blind and the Deaf. The School for the Blind at Muskogee and the School for Deaf at Sulphur are primarily under the control and direction of the State Department of Education. There has been no change in personnel with the change in political administration. In plant, equipment, personnel, and evidence of continuing program, these schools offer a marked contrast to the institutions for delinquent children. There is criticism by some deaf persons in the state, who are

¹Superintendent's Report, 1932, pp. 5-6.

²Superintendent's Report, 1932, p. 8.

³The same, pp. 8, 9.

⁴The same, p. 9; 1933, p. 1.

⁵The same, 1932, p. 11.

⁶State Training School for Negro Boys—Program MS.

advocates of the lip-reading method, of the methods of instruction used in the School for the Deaf; but this is a matter for decision by the Department of Education.

In the case of both of these institutions, it may be questioned whether the state is insuring training to all blind and deaf children. The School for the Blind, for instance, is exactly filled to capacity—144. The finding of children thus handicapped is already provided for in the law relating to the enumeration of school children;¹ and steps should be taken to assure special education at public expense to all those in need of it.

Crippled Children's Hospital. Oklahoma has taken special interest in the hospitalization of children and in 1927 created the "Crippled Children's Fund." Each county is required to levy a tax of not less than one-tenth of a mill which may be in excess of the maximum levy prescribed by the general law on taxation.² Any child of indigent parents, afflicted with any deformity or malady that may be cured by surgical operation or hospital treatment is eligible for treatment under this plan.³ A hospital for crippled children has been erected, largely by private donations. It is a division of the University Hospital, connected with the School of Medicine.

In a recent decision, the State Supreme Court held that the county levy to create the crippled children's fund is valid; but that it is unconstitutional for the University Hospital to accept pay for its services from the counties.⁴ This Legislation has recently been enacted to remedy this situation.⁵ This decision has in no way curtailed the services rendered by the Hospital to the children of the state.

Work for crippled children in Oklahoma is done as in many other states with the cooperation of a private association, the Oklahoma Society for Crippled Children, organized in 1925; and legal provision is made, as in other states, for the holding of clinics and the reporting of cases by the public health officials. Under the law of 1927, more than 11,000 children have been committed; and there were reported to be early in 1935 over 1,500 children on the waiting list at the Crippled Children's Hospital.

Hospitals for the Insane. Of the four state hospitals for the insane, the oldest is the Central Hospital at Norman. The present superintendent has been in charge since its establishment about 30 years ago. He has built a creditable institution, comparable with the best hospitals in the South, and compared with other Oklahoma institutions, remarkably free from political interference. The Eastern Hospital at Vinita, also a creditable institution, has been fortunate likewise in the matter of tenure for its staff, though not quite so advanced in regard to meritorious appointments as the Central Hospital. Its superintendent has worked during the last four years under constant threat of dismissal. But the hospital has suffered no actual disruption of its staff. Both institutions are overcrowded and understaffed. The Western Hospital at Supply has not had so fortunate a history, having been in recent years peculiarly a victim of the spoils system. Only one member of the present professional staff and not more than ten persons, counting every one from superintendent to janitor, were employed in the institution four years ago. The present superintendent, a capable man, has had experience as a member of the Central Hospital staff.

The Hospital for the Negro Insane at Taft has been opened within the last year. The building, outwardly a rather attractive building of brick, is within a highly inflammable structure. In several of the so-called strong rooms, the patient has climbed up the window, which is of a type easily converted into a ladder, torn the ceiling off with his bare hands, pulled himself into the attic, and reentered one of the main wards by breaking another hole through the ceiling. There is trouble also with the water supply. The shortage is so serious that some days there is no water. The superintendent says he is about to solve this problem by digging additional wells. Another serious difficulty is presented by dual control. The chief medical officer, a well trained negro physician, appears to be capable; but he is without experience in running a

¹Stat. 1931, Sec. 6950.

²Stat. 1931, Sec. 1751.

³Stat. 1931, Sec. 7229.

⁴Pacific Reporter, 34, 2d Series, pp. 274-6.

⁵S. B. 15, approved May 10, 1935.

hospital for the insane. Over him is a white superintendent who is not a physician, without experience and apparently without any technical qualifications. The chief of the medical staff lacks control of his own subordinates and cannot direct the diet of his patients. Control and direction of such matters are necessary for successful operation of a hospital.

Establishment of this institution was probably a mistake. It will hardly be possible to provide competent services in a separate institution for the small percentage of negroes in the state's population. It might have been better to improve and enlarge the negro section at the Central Hospital, where additional professional services could have been provided without additional administrative cost. In this way these patients would have received the special services of a first class hospital, which they do not have in the separate institution.

State Institution for the Feeble-Minded. The State Institution for the Feeble-Minded is another of the special victims of political patronage. Under superintendents without particular qualifications, the institution has become a mere custodial agency accumulating an ever increasing number of wards to be supported at public expense. There has been no intelligent effort to furnish training for the trainable. On the other hand, the institution was clean; and, while there may have been little knowledge of the dietary needs of the inmates, they appeared to have been abundantly fed. A new superintendent, who was for several years head of the Western Hospital for the Insane, has just been appointed. He has definite plans for making the institution a real training school for the care and treatment of mental defectives.

State Penitentiary. On January 15, 1935, the State Penitentiary at McAlester, with a capacity, not counting the women's ward, of 1,050, one man to a cell had a total population, omitting the women, of 3,310. Of these 2,204, were actually housed within the prison. Two men to a cell was the rule. The overflow, about 100, slept on cots in the corridors. The remainder, 1,206, a few more than one-third of the total population, were "trusties." Of these, 430 were housed in temporary buildings at Stringtown, where a new prison was being built; 333 were in two highway camps; more than 400 were quartered in the "trusty building" just outside the walls; a few others were scattered here and there, two at the Pittsburg County Home for the aged.

In this prison where there is an atmosphere of extreme suspicion and lack of trust of anyone connected with the institution, whether prisoner or employee, the promotion of so large a number to the position of "trusty" necessarily brought its problem. From July 1, 1931 to June 30, 1934, 4,030 prisoners were made trusties. There were 373 escapes from this group. Of these, 314 were recaptured. From the other two-thirds of the prisoners there were for the same period 29 escapes, of whom 23 were returned.

This is the only institution in the country in which all those entering the prison, even if only to go into the administration offices, are subject to search . . . This is also the only institution in which a constant patrol of the outer walls is kept up by men on horseback . . . The prison seems to be suffering from an escape complex, which is bad for the morale of both officers and inmates.¹

Visitors are still searched. The prison officials state that every one, including all officials of the prison from the Warden down, is subjected to the same treatment. Aside from these evidences of distrust there were no indications of extreme repression.

It is impossible to determine from a short visit many questions concerning discipline and morale. Men whose conduct is bad, it was reported, are reduced to third class. They may be sent to "weed row," which means they are confined to the cells in a section set apart for this purpose; or they may be sent to the "hole," a group of dark, very poorly ventilated, unfurnished cells in the basement. The prisoner who escapes upon return is put in stripes. He may by good conduct be restored to first class and his stripes removed. There is no second class. On January 16, 1935, there were in the prison 52 third class prisoners; but no one was in the "hole."

Medical service for the prisoners is inadequate. A physician is employed for part time; and two surgeons, one with an excellent rating, give their services for operations.

¹Handbook of American Prisons and Reformatories, 1929, p. 795.

The hospital is a mere makeshift in an attic-like room, with poor ventilation, and no facilities for separating different classes of cases. In an effort to overcome these conditions some tubercular prisoners had been placed in a tent inside the prison wall. The day before the prison was visited, four of these had tunneled their way under the wall to freedom. There are no psychiatric or psychological services.

An inmate principal and a group of prisoner-teachers, under the nominal direction of the chaplain, without sufficient space and with the most meager facilities, are making a rather creditable attempt to operate a school. There are 17 full-time and seven part-time teachers. Two are college trained. The others range from eighth grade up. The space available limits instruction to a small group.

This is a somewhat highly industrialized prison. The industries are under a superintendent who is appointed by the State Board of Public Affairs and over whom the warden has no control. This division of authority appears detrimental. One of the largest industries is the making of pants on contract. The prison is facing the necessity of changing to a state's use program. Because of the large number of prisoners and of the curtailment of the market for prison products, the idle group is large. To the Governor's budget committee the warden reported 369; but the budget committee reported that on the day of its visit there were 1,200 idle.¹

Since this institution was visited a new warden has been appointed. He has previously served as warden of this prison. He is reported to be a strict disciplinarian of the military type. As deputy warden a young man, formerly an athletic coach at the State A. and M. College has been selected.

The women's building located some distance from the main prison is under the immediate supervision of a matron and women assistants. It housed on January 15, 1935, 111 prisoners, of every class from women detained for treatment for venereal diseases to the most serious offenders. "This building is overcrowded, there being 112 women inmates living in cells and rooms having a capacity of 70. There is also an extremely dangerous existing condition due to the venereal diseased women, about 20 in number, being housed in the same cells as other inmates."² In most rooms two women were occupying a small single bed. The place, however, was as clean and attractive as an old type of prison, crowded beyond capacity, can be made. The proximity to the men's prison makes it necessary to keep the women more closely confined than otherwise would be desirable for many of them.

The legislature of 1933 directed the State Board of Public Affairs to build a new prison to be a department or "substation" of the Penitentiary, the initial structure to be located in Atoka County near Stringtown.³ The act provides that the new prison shall be used for prisoners afflicted with tuberculosis and other infectious diseases "and such other prisoners as the said Board shall deem it expedient to have cared for at the said substation."⁴ For the construction of this prison the legislature appropriated \$150,000 from the revolving fund of the Penitentiary and \$150,000 from the revolving fund of the twine plant of the Penitentiary.⁵

Under this act the State Board of Public Affairs planned a prison to consist of four cell buildings, four stories high, with a capacity of 900 men each, and a hospital of 100 beds, with the necessary office and other accessory buildings. The hospital, a two story brick building, is 75 per cent completed. The Board has spent \$410,923.13. This includes about \$200,000 worth of material on hand. The budget committee estimated that the completion of the hospital and one cell house with the necessary accessory buildings will cost \$1,022,500 and that the completion of the prison as planned by the Board of Public Affairs will cost about \$2,000,000.⁶ The plan is for a prison of maximum security surrounded by a stone wall 18 feet high.

State Reformatory. The Oklahoma State Reformatory was established by an act

¹Report of Budget Committee, Jan. 1935, MS., p. 39. This is a committee appointed by the Governor to report on the needs of the institutions.

²Report of Budget Committee Survey, MS., p. 41.

³Laws, 1933, Chap. 98, Sec. 1.

⁴Laws, 1933, Chap. 98, Sec. 2.

⁵Laws, 1933, Chap. 98, Sec. 6.

⁶Report of Budget Committee Survey, MS., pp. 42-4.

approved March 11, 1909, providing that all persons between the ages of 16 and 25 years whose sentence to imprisonment shall not exceed five years, shall be confined in either the reformatory or the state penitentiary at the discretion of the court imposing the sentence.¹ In 1913, the legislature permitted commitment to the reformatory, in the discretion of the judge passing sentence, felons, except the following classes; confirmed criminal recidivists; those sentenced for life or 99 years; those convicted of manslaughter of the first degree; those convicted of assault with intent to kill, committed in a cruel or inhumane manner; and those convicted of rape of the first degree.² The requirements of this second act are not observed. There are many recidivists in the reformatory as shown by finger-print records; but they are not transferred to the Penitentiary. Granite has become merely a second state prison, not a reformatory.

"The management of this institution is somewhat handicapped by the class of personnel recommended by various influences." Thus, on the night of the visit of the Budget Committee engineer, something went wrong with an electric transformer, and an inmate had to be summoned to make the necessary repairs.³ The entire staff under the warden was of low type. Among those who appeared especially incompetent were the principal of the school, the chaplain, the physician, and the steward. The warden stated that she did not have a single subordinate who was competent to fill the position which he held.

Since this institution was visited and following damaging disclosures concerning the punishment of prisoners in the institution and a later prison break in which a guard was killed, eight prisoners wounded, and 17 escaped, the warden was replaced by a former sheriff.

There is little in the way of industrial employment or vocational training in this institution. There is a mountain of stone which can furnish building stone and crushed stone for road building; but little use is being made of it. A tannery is not operated. In a shop, farm machinery, etc., is repaired and a few prisoners are making shoes while another group makes clothes for the inmates. Farming is seriously hampered by lack of rain. Under the direction of the State Agricultural College, some terracing is being done which it is hoped will so conserve moisture on a part of the land as to make it productive.

The prisons of Oklahoma are characterized by serious crowding, idleness, lack of medical and educational facilities, political control of personnel, and a general feeling of unrest and insecurity on the part of officials, all of which make efficient and economical administration almost impossible.

Institution for Veterans. The state maintains at Ardmore a Home for Confederate Veterans and their wives and widows, having a total membership on October 31, 1933, of 95 persons, 45 men and 50 women.

The state formerly operated a Union Soldiers' Home near Oklahoma City, which was closed because the appropriation for its maintenance was vetoed by Governor Murray. It is reported that only eight of the inmates were bona fide soldiers of the Civil War.

Veterans' Tuberculosis Sanitarium. The hospital for tubercular soldiers at Sulphur, open to veterans of all wars of the United States, was established through the interest of the American Legion primarily for veterans of the World War. Crowded beyond capacity, it cares for a few more than 100 patients.

Tuberculosis Sanatoria. The state maintains two other sanatoria for the treatment of tuberculosis, one at Tahlequah in the eastern part of the state and one at Clinton in the western part. The Eastern Sanitarium has a population of more than 250 patients, more than 50 of whom are children; the Western has a patient population of more than 200. Negro patients are treated in a ward of this institution. These hospitals are under the supervision of the State Department of Health.

The University Hospital is operated in connection with the University School of Medicine. It furnishes teaching facilities for the School of Medicine and incidentally,

¹Stat. 1931, Sec. 5307.

²Stat. 1931, Sec. 5296.

³Report of Budget Committee Survey, MS., p. 38.

with the Crippled Children's Hospital annex, affords hospital treatment for indigent patients. There are few pay patients. For the year ending June 30, 1934, the hospital admitted a total of 6,036 patients.

LOCAL PUBLIC WELFARE ACTIVITIES

Relief. "The several counties of the state shall provide as may be prescribed by law for those inhabitants who by reason of age, infirmity, or misfortune, may have claims upon the sympathy and aid of the county."¹

The county commissioners are overseers of the poor.² They may establish a county home, for which including land they may expend a maximum sum of \$5,000, \$10,000, \$15,000, or \$40,000, depending on the taxable valuation of the county.³ Instead of building a home the county may rent suitable quarters.⁴ To the poor farm, designated "The Oklahoma Home"⁵ the commissioners may admit under such rules and regulations as they may prescribe, poor and indigent persons lawfully settled in the county.⁶ In counties not having a home the commissioners may provide for the keeping of the poor by contract after advertising for sealed bids.⁷ Instead of support in an almshouse, the commissioners may allow to poor persons or to parents of defective children an amount not greater than the cost of their maintenance "in the ordinary mode."⁸ Thirty-six counties, according to the Commissioner of Charities and Corrections, have county homes or poor farms. At least one of the 36, Cleveland, does not operate the poor farm as such.

In a county having a population of more than 115,000, that is, in Oklahoma and Tulsa counties, the commissioners may appoint one or more assistants for care of the poor at a salary not to exceed \$200 a month.⁹ Under this provision, Oklahoma County has created a department of social service. The staff consists of a director and five assistants, none of whom is a trained worker. As a rule, the force is changed with each new board of commissioners.

The Oklahoma County social service department has nominal supervision of the county home and of the boys' home and the girls' home. The county court administers the widows' pension fund. In this county, the judge has a full time probation officer; and the social service department cooperates with the probation officer in investigating widows' pension cases. The Taylor Home for Dependent Boys and the Home for Dependent Girls are maintained by the county for the care of dependent children under 16 years of age.

The Oklahoma County Social Service Department for the year ending June 30, 1934, administered the expenditure of a budget of \$398,882.75.¹⁰

Tulsa County has created a department which it calls "Tulsa County Welfare." The staff consists of a supervisor, three case workers, a health department investigator, a stenographer, and an office clerk. There is no evidence that the workers are appointed exclusively on the basis of merit. Tulsa County during the last fiscal year spent welfare funds to the amount of \$198,813.91.

No other county has any organized welfare work. No other county, of course, approaches the wealth of Oklahoma and Tulsa. Muskogee, for example, has one-fourth the taxable wealth of Oklahoma or Tulsa; but Muskogee's expenditure of \$22,442, are less than one-tenth of Tulsa's and less than one-twentieth of Oklahoma's. Le Flore County, with an assessed valuation of \$15,000,000, spent only \$151. on relief;

¹Const. Art. XVII. Sec. 3.

²Stat. 1931, Sec. 7543.

³Stat. 1931, Sec. 7544.

⁴Stat. 1931, Sec. 7556.

⁵Stat. 1931, Sec. 7583.

⁶Stat. 1931, Sec. 7553.

⁷Stat. 1931, Sec. 7557.

⁸Stat. 1931, Sec. 7567.

⁹Stat. 1931, Sec. 7589.

¹⁰It is not clear whether this amount includes the cost of the negro poor for whose care the county contracts with a negro church organization that formerly operated a private home for the aged and orphans. The county pays \$14.00 per person per month. About 20 are cared for. This item apparently would add about \$3,000 to the annual expenditures.

and Comanche, with assessments totaling \$13,500,000, spent \$8,250. Expenditures in other counties ranged from \$70, in Marshall to \$46,729 in Kay. Twelve counties spent less than \$1,000 each; and 24 counties, more than \$10,000 each. Five counties—Kay, Oklahoma, Osage, Tulsa, and Washington—spent more than \$25,000 each. The total spent by all counties in the fiscal year 1933-4, for welfare services, not including corrections or contributions to emergency relief, was \$1,193,989.

The law provides that "it shall be the duty of the overseers of the poor at least once a year to appoint three well-informed, substantial citizens, not of kin to nor interested in, the superintendent, who shall serve without compensation, to visit said asylum (County Home) and report its condition to said overseer."¹ The extent to which this requirement is observed has not been determined by this survey.

Child Welfare. The county is the unit in Oklahoma for the administration of various child welfare laws. The total funds available for widows' pensions are appropriated by the county. The mother to be eligible must have a child or children under 14 years old; her husband must be dead, or insane, or confined in one of the state prisons. The mother may be allowed \$10 a month for the first child and \$5 for each additional child; but the total amount that may be appropriated for this purpose by any county is \$8,000 a year. The fund is administered by the county court.²

Tabulations by the Oklahoma Chamber of Commerce show 46 of the 77 counties of the state administering widows' pensions in the fiscal year 1933-4. The total amounts spent for this purpose ranged from \$100 in Payne County to \$10,501 in Lincoln. Only three counties reached the limit set by law—\$8,000. Lincoln exceeded the limit by \$2,501. The grants per month in a few counties studied by the Citizens' Committee varied from \$3.00 to \$8.00 with few mothers receiving \$8. The total spent for this purpose in the fiscal year 1933-4 was \$103,461.

In any county having a population of more than 75,000 the county commissioners may establish a county home for dependent children. Such a home when established is under the control of a board composed of the county judge, the chairman of the board of county commissioners, and the county superintendent of public instruction.³

The Crippled Children's Fund has already been mentioned.

Juvenile Court. The statutes provide that the county court shall be the juvenile court in every county.⁴ Municipal criminal courts have coordinate jurisdiction in all juvenile delinquency cases.⁵ The county court as such, has original jurisdiction in all bastardy⁶ and adoption proceedings.⁷ As a juvenile court it has exclusive original jurisdiction in all cases of dependent and neglected children and coordinately with municipal criminal courts in cases of delinquent children.⁸ The county court also passes upon the eligibility of children for treatment under the crippled children's act of 1927.⁹

The law provides for the appointment of probation officers in Oklahoma, Tulsa, and Payne counties. The probation officer for each county is appointed by the juvenile court judge; and assistant probation officers may also be appointed by him with the approval of the county commissioners.¹⁰ The law prescribes no qualifications for probation officers. There is a provision for the possible future appointment of combined truancy and probation officers by county boards of public welfare.¹¹ There are, apparently, seven probation officers in the state.

The latest figures available on the juvenile courts are for the year 1930. These

¹Stat. 1931, Sec. 7565.

²Stat. 1931, Sec. 7600.

³Stat. 1931, Sec. 7533-5.

⁴Stat. 1931, Sec. 1730.

⁵Stat. 1931, Sec. 6514.

⁶Stat. 1931, Secs. 1717-8, 3951.

⁷Stat. 1931, Secs. 1701-16.

⁸Stat. 1931, Secs. 1729, 6514.

⁹Stat. 1931, Secs. 1748 ff.

¹⁰Stat. 1931, Sec. 7845.

¹¹Stat. 1931, Sec. 7003.

figures, based on reports from 55 counties, show 14 places for the detention of juveniles, 3 counties where children under 12 years were locked up, and 5 where children were confined in jail with adults. In that year, 552 children were placed in the custody of their parents and 724 in the custody of institutions.

The average court judge has little acquaintance with approved juvenile court method. He has, moreover, no facilities for obtaining the social investigation on which to base an enlightened decision. After he has heard the case, he has no choice but to send the child to an institution or release him without supervision by any public agency. Under these conditions it is not surprising that a large percentage of the children brought before the courts are committed to institutions.

Truant Officers. The enforcement of the compulsory school attendance law in rural districts is also placed upon a county unit basis. The law provides that a truant officer shall be appointed by the county superintendent of schools, or if one should be established, by the county board of public welfare.¹

County Jail. The statutes provide that there shall be established and kept in every county a prison for the safe keeping of prisoners lawfully committed,² persons charged with offenses and awaiting trial, persons detained as witnesses, and persons sentenced to a state prison and awaiting removal.³ The sheriff has charge of the jail and custody of prisoners.⁴ The judges of the district courts are required to prescribe rules for the administration of the county jails, with regard to sanitation, the classification, care, and discipline of prisoners, etc.⁵ These rules are supposed to be filed with the Secretary of State, but in March, 1935, rules for only one county jail were on file.

The law requires that the following classes of prisoners be separated in the jail: prisoners who are not criminals; felons and other criminals; the sexes;⁶ prisoners with contagious diseases.⁷ It is further provided that juvenile prisoners shall be kept, if the jail will admit it, separate from experienced and hardened prisoners.⁸ It thus appears that six separate compartments are mandatory and that eight are considered desirable. Cruelty to prisoners is forbidden, but a disorderly prisoner may be chained or put in solitary confinement and fed on bread and water.⁹

The statutes make it the duty of the State Commissioner of Charities and Corrections to visit the jail at least once a year and make recommendations concerning it in writing, to the county commissioners.¹⁰ The State Commissioner may order the jail put in sanitary condition at any time.¹¹ The sheriff must visit and examine the jail in person at least once a month and once within each term of the district court.¹² It is the duty of the grand jury to inspect the jail.¹³ The county commissioners also must visit and inspect the jail at least once a year.¹⁴

That the jails constitute a highly important part of Oklahoma's penal system is evidenced by the fact that in the year ending October 31, 1930, persons sentenced to jail in 50 counties numbered no less than 17,707.

City and Town Welfare Activities. Cities and towns in Oklahoma apparently engaged in few welfare activities. Oklahoma City has a department of public welfare through which it spends a total of \$5,000 a year. It employs a director and sometimes a helper. The department, says the director, supplements the work of other

¹Stat. 1931, Sec. 7003.

²Stat. 1931, Secs. 3280, 7668.

³Stat. 1931, Sec. 3281.

⁴Stat. 1931, Sec. 7632.

⁵Stat. 1931, Sec. 3282.

⁶Stat. 1931, Sec. 3295.

⁷Stat. 1931, Sec. 3314.

⁸Stat. 1931, Sec. 3309.

⁹Stat. 1931, Secs. 3306, 3307.

¹⁰Stat. 1931, Sec. 3602.

¹¹Stat. 1931, Sec. 3313.

¹²Stat. 1931, Sec. 3292.

¹³Stat. 1931, Sec. 3296.

¹⁴Stat. 1931, Sec. 3301.

agencies and serves as a place of appeal for clients who cannot get adequate treatment elsewhere. The city of Tulsa maintains a juvenile court which is doing much the best juvenile court work in the state. It has jurisdiction only in cases of delinquency. In connection with the juvenile court the city operates a detention home for boys.

CONCLUSIONS AND RECOMMENDATIONS

The public welfare services of the State of Oklahoma and its subdivisions, omitting both regular county poor relief and emergency relief, involve every year services or treatment for nearly 100,000 persons. Of these 50,000 are children. This program since 1930 has cost the taxpayers of the state from \$6,000,000 to \$8,000,000 a year. Through the Emergency Relief Administration, \$22,000,000 a year is being spent. The total annual budget for public welfare services amounts to about \$30,000,000.

The state has thus far established no properly organized or adequately equipped agency to assure the wise, economical and effective expenditure of these funds. The State Board of Public Affairs seems to have interpreted its powers as extending only to the financial and business affairs of the institutions and the quadrennial appointment of personnel largely on a political patronage basis. The Constitution and the statutes, furthermore, specifically place the supervision of these same institutions under the Commissioner of Charities and Corrections, who has no administrative power and can only recommend.

Scattering of functions among many uncorrelated agencies may be well illustrated in the field of child welfare. Adoptions, the care of illegitimate children, and the determining of the eligibility of children for hospital treatment are functions of the county court as such, which also administers widows' pensions. All other cases involving dependent children and neglected and delinquent children are within the jurisdiction of the county court sitting as a juvenile court. The child is committed to an institution which is under the general control of a Board of Public Affairs that derives its authority from the fact that it has been designated by the Governor to act in lieu of a Board of Managers of Children's Institutions provided for by statute. The institution is supervised by the Commissioner of Charities and Corrections. When the child is released from the institution, although he remains a ward of the state, no agency is charged with his further supervision and no facilities are provided for such supervision.

In the case of children outside of institutions inadequacy and disorganization are equally apparent. With respect to the adoption of children and the administration of mothers' aid, county agencies have no facilities for social investigation or far-sighted planning. The responsibility for the administration of special funds for dependent children has been so placed as to preclude the possibility of a well-planned and coordinated state child welfare program. One such fund, amounting during the last two bienniums to \$75,000 and \$40,000, respectively, is administered by the Board of Public Affairs; and another of \$72,500 a year, by the Soldiers' Relief Commission. Neither agency has personnel training for such work.

In placing its welfare institutions under a single board, Oklahoma took a step toward unified welfare administration which has not yet been taken by a number of other states. For the most part, however, it has been the legislative habit in Oklahoma to create a new agency whenever a new need has arisen. For this practice, there may be justification in some cases. But when the social and administrative meaning of a function is fully understood, when its relationship to other functions has become clear, and when the need of coordination has become apparent, the continuance of a separate agency for the administration of a single function is symptomatic of weak social leadership and popular apathy. Too pronounced a lag between social facts and administrative organization spells waste of public funds and of human resources. For illustrations of the multiplication and persistence of small and ineffective agencies one may point to the Board of Commissioners for the Blind, the Soldiers' Relief Commission, the Commissioner of Pensions, the Deportation Officer, the Board of Pardons, the Pardon Attorney, and the recently established State Crippled Children's Commission.

Finally there is the State Emergency Relief Administrator, with a large staff, with agents in every county, and with an enormous fund. This organization, if continued, would parallel and in large part duplicate, the work of other agencies administering recognized public welfare services.

Another outstanding characteristic of welfare administration in Oklahoma is the absence of any program of prevention. The juvenile court is an essential part of a coordinated preventive program; but the juvenile court in Oklahoma, with perhaps only one exception, looks mainly to the institutions. The Commission for the Blind was evidently intended to be a preventive agency; but it is without funds that would enable it to function with any appreciable degree of effectiveness. The resulting extreme emphasis upon institutional care is at once costly and comparatively ineffective.

The work of the institutions is hampered by the existing type of control. In practically none of the institutions is the merit system established. Of those discussed in this chapter, the Schools for the Blind and for the Deaf appear free from political patronage. The Central and Eastern hospitals for the insane, also, are comparatively free from political interference; but even in these institutions there is an occasional political pensioner placed in a position for which he is in no way qualified, or for whom a useless position has been created at the expense of other services badly needed. Occasionally, an efficient employee in an important position is dismissed by the Board of Public Affairs to make a place for a political appointee. In the other institutions, it appears to be considered legitimate for every new Board of Public Affairs to change any member of the staff, or the whole staff, to make places for political and personal favorites, and for a state senator to demand the privilege of naming a successor to anyone from superintendent to janitor.

Preliminary to any effective reorganization of public welfare activities, therefore, two conclusions of major importance must be accepted. First, the various institutions, with the exceptions pointed out later and the scattered activities, whether state or county, which have been discussed, should be treated as inter-related and inter-dependent, constituting a vast problem of social maladjustment. It is the conclusion of the survey that they should be so organized as to make possible a coordinated and effective state wide program, preventive as well as custodial and remedial. The second conclusion is that the agency or agencies carrying out the program must be established on a basis of non-partisan, effective service. There must be a clear understanding, supported by enlightened public opinion, that destitution, unemployment, the welfare of children, mental illness, and delinquency are not conditions that can be prevented or effectively treated on a partisan or factional basis. In order to meet these two fundamental needs, it is proposed that Oklahoma establish a State Department of Public Welfare, so constituted as to make possible a comprehensive, enlightened and continuous program and give reasonable assurance of a trained personnel selected on the basis of qualification for the particular work to be done.

In order that this reorganization may be accomplished, certain amendments of the Constitution are desirable.

Article VI, Section 1, of the Constitution should be amended by striking out the words "Commissioner of Charities and Corrections."

Article VI should be amended by striking out Sections 27 to 30 inclusive.

This action would repeal the provision for the election of a Commissioner of Charities and Corrections by popular vote and the constitutional enumeration of powers and duties of such an official, and would leave the matter of public welfare organization to the discretion of the legislature.

Article VI, Section 10 should be amended to permit the legislature to provide by statute for a system of probation and parole.

Having thus removed constitutional obstacles, it is recommended that substantially the following reorganization should be brought about.

A Department of Public Welfare should be created for the management and control of all state welfare institutions and agencies and the performance of all state public welfare functions.

The Department should be headed by a Board of Public Welfare of five members appointed by the Governor, the initial appointments being one for two years, two for four years, and two for six years.

Subsequent appointments should be for a term of six years. Members of the Board should be selected from the state at large on the basis of their fitness for the duties to be performed. Not more than three should be of the same political party. The members should serve without pay except for necessary traveling expenses. The Board should meet quarterly or oftener at the call of the chairman.

The Board of Public Welfare should appoint a Commissioner of Public Welfare, who should be a person qualified by training and experience in welfare administration, who should serve at the pleasure of the Board. The Commissioner should be the Executive Officer of the Department, in direct charge of all executive and administrative work, and with authority to appoint and remove the subordinate personnel.

The Commissioner of Public Welfare, with the approval of the Board, should be empowered to create such bureaus or divisions as may be necessary for effective and economical administration. At least six bureaus seem to be essential.

(1) A Bureau of Administration, in charge of strictly administrative, business and fiscal matters: Disbursements, accounts, purchases, construction and repair, and personnel.

(2) A Bureau of Assistance, administering all state relief funds, including emergency relief, old age pensions, state pensions for veterans, all other special relief funds for the benefit of adults, and any federal relief funds that may be administered through a state agency; cooperating with public health and educational agencies in work for the blind, deaf, and other physically handicapped groups; supervising county and other local relief institutions and agencies; licensing private organizations soliciting funds for charitable purposes; and assisting in the organization of county or district public welfare agencies.

(3) A Bureau of Child Welfare, directing all state institutions for dependent, neglected, delinquent, and physical handicapped children, except medical and surgical hospitals and the schools for the blind and the deaf; licensing and supervising all private child-caring and child-placing institutions and agencies, boarding homes for children, and maternity homes; promoting boarding home and foster home care for children; administering state funds for mothers' aid, any other state funds for the aid of dependent children not in institutions, and any federal funds which may be allocated to be spent through a state agency for the aid of dependent children; supervising, in cooperation with other interested agencies, the expenditure of the crippled children's fund and other similar funds for handicapped children; and in general, leading and cooperating in the development of a well-rounded child welfare program for the state.

(4) A Bureau of Mental Hygiene, supervising the hospitals for the insane and epileptic and institutions for the feeble-minded; and, in cooperation with public health and educational agencies, with the state hospitals for the insane, and with the University, developing a mental hygiene program, to include the extension of the clinical work already being done by the Central Hospital for the Insane, and active promotion of educational and other measures for the control and prevention of mental illnesses and mental deficiency.

(5) A Bureau of Correction, supervising state penal and correctional institutions; regulating and inspecting local jails and lock-ups, so long as these are locally controlled; having charge of the parole of all prisoners from state institutions, or at least the making of social investigations and reporting in all cases to the authority granting paroles; and, directly and in cooperation with local public welfare agencies, supervising all paroles from correctional institutions and all persons placed on probation by the courts.

(6) A Bureau of Research and Statistics, serving as the fact-finding, evaluating, and planning branch of the Department and especially charged with the assembling, classification, and interpretation of all information that may be useful in the development and carrying out of the state welfare program.

The State Department of Public Welfare should be given the function of certifying the qualifications and training of local social workers.

This function might be assigned to the Bureau of Assistance or, perhaps, to the Bureau of Administration; or it might be deemed advisable to have it exercised by a committee, representing the bureaus of Assistance, Child Welfare, Mental Hygiene, and Correction, and headed by the Commissioner or Assistant-Commissioner of Public Welfare.

All the Powers and Duties of the Board of Public Affairs pertaining to welfare institutions and activities should be transferred to the Department of Public Welfare.

The State Emergency Relief Administration should be consolidated with the Department of Public Welfare.

The duties of the Commissioner of Charities and Corrections should be transferred to the Department of Public Welfare at the expiration of the term for which the present Commissioner has been elected.

The law providing for a Board of Managers of Children's Institutions should be repealed and the powers and duties enumerated therein should be transferred to the Department of Public Welfare.

The Commission for the blind should be abolished and its duties transferred to the Department of Public Welfare.

The Soldiers' Relief Commission should be abolished and its responsibilities transferred to the Department of Public Welfare. The administration of the fund for dependent children of ex-soldiers should also be transferred to the Department and consolidated with the fund now administered by the Board of Public Affairs into a fund for the support of dependent children without regard to any other classification of their parents.

The office of Commissioner of Pensions should be abolished and its duties transferred to the Department of Public Welfare.

If sentiment demands it, so long as there is a Confederate veteran left who is in any way capable of acting in the capacity, the position of Commissioner might be retained but attached to the Department of Public Welfare whose staff could do the work required.

The position of Deportation Officer should be eliminated and its duties transferred to the Department of Public Welfare.

The matter of determining legal settlement is everywhere recognized as a function of a department of public welfare.

The position of "State Agent" as now constituted, at each of the two state institutions for dependent white children should be discontinued.

These institutions should become practically adjuncts to the Child Welfare Bureau of the Department and procedure for the placing and supervision of children should be worked out under the supervision of that Bureau.

The position at the Western Hospital for the Insane at Supply, concerned with examining the ability of patients to pay for their treatment, should be dropped and this work done by the Department of Public Welfare.

The Commissioner of Charities and Corrections reports that this official collected \$4,000 last year and received \$3,000 as remuneration for his services.

The Bureau of Pardons and Paroles should be abolished and the work of the Pardon Attorney should be performed in the Department of Public Welfare. The Board of Pardons should be eliminated.

Entire management of the State School for the Blind and the State School for the Deaf should be transferred to the State Department of Education.

Entire management of the state sanatoria for tuberculosis should be transferred to the State Department of Health; and that Department should be made responsible for the supervision of sanitation and for consultative services at other institutions and for cooperation in the promotion and operation of mental health clinics.

The University Hospital, including the division known as the Crippled Children's Hospital, is a part of the State University's School of Medicine, and should be under the control and direction of the State University.

Responsibility for the education of crippled children in convalescent homes, whether maintained in connection with the hospital or under other auspices should be definitely assumed by the State Department of Education.

County departments of public welfare should be established in all the counties of the state.

It should be provided, however, that, with the approval of the State Department of Public Welfare, two or more adjacent counties may combine to establish and maintain such an agency if conditions render combination necessary. No such combination, however, should include different counties than those included in a combination for any other purpose.

The county public welfare department should be headed by a board of public welfare, which should consist of three members appointed by the board of county commissioners, the initial appointments being for one, two, and three years, respectively, and subsequent appointments for three years.

At least one member of the board should be a woman. The qualifications for the board of visitors for the county home for the aged, of which this board may be considered a development, might also apply to the members of the new board.¹ In case of a combination of counties, the board should consist of representatives from the cooperating counties, appointed by the respective boards of county commissioners.

A superintendent of public welfare should be appointed by the board of public welfare from a list of qualified persons certified by the State Department of Public Welfare.

It will be necessary for the state to extend financial assistance in the payment of the salaries of the local superintendents of public welfare. Such assistance should be made available on an equitable basis and with proper control by the State Department of Public Welfare. The system of financial aid to be established requires further study.

The functions of the county department of public welfare should be:

(1) To administer all public relief funds of the county and, as agent of the State Department, of all state and federal relief funds.

(2) To act as the agent of the State Department in all matters pertaining to the state welfare program.

(3) To make social investigations for all adoptions and to supervise children placed temporarily pending adoption.

(4) To provide probation service for juvenile and other courts.

(5) With the approval of the State Department of Education, to enforce the compulsory school attendance law.²

(6) To provide supervision for persons on parole or probation in the county.

(7) To supervise local penal, correctional, and other welfare institutions.

(8) To furnish the State Department of Public Welfare and the state institutions such information or service as may be necessary or desirable for the proper operation of these agencies.

(9) To coordinate the work of all public and private agencies in the county to the end that social services may be effectively given and the public's resources conserved.

In order to carry out effectively the program of public welfare suggested in this report it will be necessary to modify the organization and administration of certain institutions and to rewrite the laws pertaining to specific phases of public welfare.

In the field of child welfare.

(1) *The adoption laws of the state should be amended to provide for social investigation*

¹Stat. 1931, Sec. 7565.

²Stat. 1931, Sec. 7003.

before adoption, both of the background of the child and of the adopting family, and for a period of trial placement under the supervision of the juvenile court pending final adoption.

(2) *The Juvenile Court Act should be rewritten, with the emphasis on adequate social investigation and probation service.*

In most counties in Oklahoma the only practicable juvenile court is one with an ex-officio judge. There are two possibilities. One is to make the county court judge the juvenile court judge. The other is to place jurisdiction in juvenile cases in the district court and provide for referees for juvenile cases. The first possibility is probably preferable. It should be made possible for any county to set up a special juvenile court, and a few of the larger counties should be required to do so. The jurisdiction of every juvenile court should be county-wide. The probation work for the court should be a part of the services of the county public welfare unit.

(3) *Steps should be taken immediately to bring the educational work in all the institutions for delinquent children to a creditable standard, with the advice and under the supervision of the State Department of Education.*

(4) *The institutions for dependent children are badly crowded; but no general program of enlargement should be undertaken until a well-organized Department of Public Welfare shall have determined that such enlargement is desirable.*

It is probable that with an adequate child welfare program a number of the children now sent to institutions could be better and more economically cared for in their own homes or in foster homes.

(5) *The widows' pension act should be rewritten to provide for state participation in the appropriation of funds and state supervision of administration.*

The inappropriate name, of course, should be changed and adequate grants for the care of dependent children in their own homes provided. The fund now administered by the State Board of Public Affairs for the support of dependent children and the fund now administered by the Soldiers' Relief Commission for the support of dependent children of ex-soldiers might well be diverted to this purpose.

(6) *The policy of subsidizing private child-caring institutions, unfortunately begun within the last four years, is unwise and should be discontinued.*

The state faces a serious problem in connection with its prisons. There are at McAlester and Granite about four thousand prisoners. It is impossible to care for them in these two prisons. The industries of the prison at McAlester formerly on a paying basis are facing a crisis. The demand for its products has fallen off. One of its most profitable industries is on a contract basis. The wisdom of attempting to solve the first of these two problems by carrying out the original plans for the new prison at Stringtown is being seriously questioned.

In considering the problem of additional room for prisoners the state may want to consider certain facts concerning the prison population of the state penitentiary. Of the 6,559 prisoners committed to the penitentiary within the three-year period from July 1, 1931 to June 30, 1934, 1,935 were sentenced for one year or less. Of the 9,794 prisoners who were in the penitentiary at some time within this three-year period, 4,030 were made trustees by the warden. While there was a large number of escapes, 373, more than 90 per cent of these men, under a poorly organized system, did not betray the trust imposed in them.¹

With these facts in mind, the state should give careful attention to the type of prison necessary for the different classes of prisoners under its control.

No one style of prison can serve all purposes. Developments in classification and individual treatment show the necessity, from the standpoint of custody, for at least three kinds of institutions, each designed to meet the needs of a particular group of inmates. There are, and always will be, some dangerous and intractable prisoners whose safekeeping is of paramount importance. The old-fashioned "bastile" with modern improvements and facilities serves this

¹Triennial Report of Warden, 1931, 1932, 1933, pp. 6-27.

purpose, provided its capacity does not exceed 1200 inmates and that the rule of one man to a cell is strictly observed. The larger proportion of prisoners, however, can be housed in medium-security or minimum-security institutions which have the two-fold advantage of providing more normal living conditions and of costing less to build and maintain. Conservative estimates, based on careful studies of the penal populations of New York and New Jersey, show that from 59 to 63 per cent of the prisoners in those states could safely be cared for in open or semi-secure institutions. The successful use of medium and minimum-security units depend upon the careful selection of the inmates assigned to them, but where this requirement has been observed, the records show that escapes averaged less than one per cent.¹

Careful study should also be made of the size of prison desirable.

The American Prison Association at its annual Congress in 1929 arrived at the following conclusion:

RESOLVED, that it is the sense of the delegates present at the 59th Annual Congress of the American Prison Association, that the maximum limit on the number of prisoners to be housed in any one penal or reformatory institution be fixed at 1200.

In order to provide adequate study and treatment of the individual prisoner a lower limit would be advisable, but under no circumstances should state or federal prisons be designed to house a population greater than 1200.

By the development of a thorough-going state's use system, including not only the articles that may be manufactured within the walls, but also the production of brick and stone for buildings, and of road material including brick and crushed stone and possibly cement, the demand for prison products within the state may be greatly enlarged. There seems to be no good reason why prison labor in Oklahoma should not produce a large part of the building materials, and other supplies needed by the public institutions and agencies of the state.

No plan of organization or program of operation of a state penal system is adequate or effective unless it includes the local jail. Jails in Oklahoma are catch-alls for the undesirables of the community. The witness, the misdemeanant, the felon, the mentally ill, and often the child and the physically ill, are herded in these institutions, condemned in general to idleness and to physical and moral deterioration.

The commitment of children or of the mentally or physically ill to local jails should be strictly prohibited. All persons convicted and given definite sentences should be transferred to appropriate state institutions where they can be profitably employed. An effective adult probation system should be established. The local jail should be used exclusively for the detention of those awaiting trial; and, in order further to reduce the number of such persons, the bail system should be studied and if possible extended.

In April of this year it will have been 70 years since the close of the war between the states. Very few bona fide Confederate soldiers remain. The institution at Ardmore is becoming merely an old folks' home. With the coming of old age pensions with federal assistance, it may be wise to consider whether this institution might be closed with profit to the state and without injury to any of the old people now in the institution. There are at the Tuberculosis Hospital at Sulphur a few more than 100 men, everyone of whom according to the superintendent of the hospital is eligible for admission to a federal hospital. It is a grave question whether the state should continue this service.

If the hospital is to be continued, it should be under the supervision of the State Department of Health.

The plant of the Union Soldiers' Home closed after the veto of the appropriation for its maintenance by the Governor, belongs to the state, and is being used to some extent as a convalescent home for children from the Crippled Children's Hospital.

The state may well give careful consideration to the rehabilitation of this plant and its dedication to this purpose. Such a plan, it appears, would make it possible for the hospital to extend its services to a much larger number of children.

In all the state institutions, and especially in those for children, there should be inaug-

¹Handbook of American Prisons and Reformatories, Vol. I., 1933, p. XIX.

wrated, in cooperation with the State Department of Health, a system of medical and dental care that will insure to every inmate the most thorough possible physical rehabilitation.

The goal of a mental hygiene program, of course, will include adequate services in all institutions.

The inauguration of the program suggested in this report involves time. Constitutional amendments are necessary. They must be voted upon by the legislature and then submitted to a vote of the people of the state. The Constitution of Oklahoma provides that "in no case shall the salary or emoluments of any public official be changed after his election or appointment, or during his term of office." This constitutional provision rightly prevents the abolition of the office of Commissioner of Charities and Corrections until the end of the term for which the present Commissioner has been elected, which is the close of the year 1938. Apparently it would be legal now, however, to create a State Department of Public Welfare consisting of a State Board of Public Welfare and an executive officer as hereinbefore recommended. This Department would have charge of all the administrative duties and responsibilities now scattered among a number of administrative agencies. The Commissioner of Charities and Corrections would continue during her present term of office the advisory and supervisory powers and duties set forth in the Constitution for this office. At the expiration of the term of office of the present Commissioner, at the close of the year 1938, all the duties and responsibilities of the Commissioner of Charities and Corrections would be transferred to the State Department of Public Welfare. The divisions suggested could be organized and begin to function.

In no event should the powers proposed in this plan be placed in the hands of an elective official.

CHAPTER VI

LAW ENFORCEMENT AND PUBLIC SAFETY

Practically every administrative agency is charged with the enforcement of law; and a variety of functions and agencies are concerned with the protection of the public safety. No term, such as law enforcement, public safety, policing, justice, or criminal law administration, adequately describes or comprehends all of the activities which call for discussion in this chapter. Such activities are old as government itself. Indeed, along with the military functions of the state, they constituted probably the first justification of government, the first form of social control. These activities include the pursuit, detection, apprehension, and arrest of lawbreakers, their detention, prosecution, and trial, protection of life and property, and furnishing legal counsel, representation, and defense to public officials. In the United States, these activities were provided for at the beginning of established government. Their organization was largely determined by early political ideas, which stressed decentralization and local self-government, by the nature of law and criminality at that time, and by the economic, transportation, and population conditions of a rural society. Law enforcement, therefore, was early identified with local self-government, distributed among local units, and assigned to elected officials. This early organization is inconsistent with modern conditions and modern needs. Yet, deeply rooted in custom, tradition, and political habit, it is extremely difficult to change.

The administrative functions in Oklahoma now to be considered may be classified under the following general heads: (1) Apprehension and detention; (2) protection from hazards and accidents; (3) regulations; (4) prosecution, counsel, representation, and defense; (5) trial; and (6) prevention, statistics, and research. The agencies which require examination include: (1) The Attorney General; (2) attorneys attached to state departments other than the Attorney General's office; (3) the State Bar; (4) the State Bureau of Criminal Identification and Investigation; (5) the State Fire Marshal; (6) the enforcement officers of the Oklahoma Tax Commission; (7) the Motor Tag Division and the motor license agents of the State Highway Department; (8) the stolen car division of the Highway Department; (9) the oil and gas inspectors under the Conservation Department of the Corporation Commission; (10) county attorneys; (11) the sheriffs; (12) the coroners (justices of the peace); (13) the constables; (14) municipal police departments; (15) town and village marshals; and (16) the courts.

APPREHENSION AND DETENTION

Officials in a number of different departments are concerned with detecting violations of law and are given the powers of peace officers. Fish and game wardens are an outstanding example. Such officials, engaged in specialized regulatory functions, with their incidental law enforcement activities, should for the most part be left where they are; and attention will be concentrated on those agencies which are more definitely concerned with the apprehension and detention of lawbreakers.

Sheriffs. Though mentioned in the Constitution, the county sheriff is in effect a statutory officer. He is elected for a term of two years. The 77 counties spent on their sheriffs' offices in 1933-34 a total of more than one million dollars. In 35 counties reporting in March and April 1935,¹ the sheriff was serving his first term in 19; but, in 12 of these counties, he had had previous experience as deputy sheriff. In a few counties, this official had served prior to his election as a police officer, chief of police, or deputy United States marshal. In 5 counties, the sheriff had had no previous experience as sheriff, undersheriff, police officer, or other similar position.

Out of 34 sheriffs reporting, 14 were, before their election, farmers, ranchers, or cattlemen. The others included a machinist, two garage operators, a factory foreman,

¹Adair, Atoka, Beaver, Beckham, Blaine, Canadian, Carter, Choctaw, Cleveland, Comanche, Cotton, Dewey, Grant, Harper, Haskell, Kingfisher, Love, McClain, McCurtain, McIntosh, Nowata, Okfuskee, Okmulgee, Ottawa, Payne, Pittsburg, Pontotoc, Pottawatomie, Pushmataha, Sequoyah, Tulsa, Wagoner, Washita, Woods, and Woodward.

two butchers, two salesmen, an oil man, a plasterer, a social worker, a school teacher, a grocer clerk, a drug clerk, and a business man. Only one or two could be said to have made a career of police work. Although Oklahoma counties, in the selection of their sheriffs, appear to attach value to experience, it may be inferred that the sheriff is not ordinarily selected because of special qualifications or training for the work. Sheriffs, as a rule, are conscientious and hard-working officials; and they are probably better qualified in Oklahoma than in some other states; but popular election is not adapted to the selection of technically qualified men or to their retention in office.

The sheriff's office has three important types of work: (1) The detection and apprehension of lawbreakers; (2) the custody and care of the jail and of jail prisoners; and (3) service as an officer of the court, in connection with criminal trials, summonses, subpoenas, foreclosures, tax sales, etc. These latter services, which constitute the civil work of the sheriff's office, take on the average, probably, about a third of the time of the sheriff's force; police work and the care of the jail and of prisoners accounting for the remaining two-thirds. Obviously, one man must be at the jail continuously; and either this man or another must be on call in the sheriff's office. For the performance of his office and field duties, the sheriff, according to the law, may appoint an undersheriff; and he may also employ deputies, with the approval of the board of county commissioners. Furthermore, the sheriff may, apparently, appoint any number of deputies provided they are paid from the fees earned by them. In certain counties, there are special provisions relating to the employment of deputies. Unfortunately, it is not possible to state exactly from the data available how many deputies, jailers, or other assistants are employed in each sheriff's office. Oklahoma and Tulsa counties have of course the largest staffs. In some of the other counties, however, the entire permanent staff, including the sheriff and jailer (where there is one), apparently numbers not more than two men; in perhaps 16 counties the force consists of only three men; and probably in over 30 counties, it comprises only four men. Such a limited staff does not permit any continuous patrolling; nor does it make possible any degree of specialization, intensive or thorough investigations, working in pairs, or respectable show of force in an emergency.

The sheriff's salary, as fixed by statute in 1933,¹ ranges from \$1,500 per year in counties of 14,500 population or less to \$4,000 in Tulsa County and \$5,000 in Oklahoma County; though in these larger counties the maximum statutory salary does not appear to be appropriated. Deputies' salaries range as low as \$70 a month; and jailers' salaries as low as \$50. The sheriff is allowed a mileage of 7½ cents a mile for travel on official business. But the total for fees and mileage appropriated for the fiscal year 1934-35 ranged from \$25,000 in Oklahoma County to \$250 in Dewey County. In a number of counties, the mileage appropriation is exhausted before the end of the fiscal year; and the sheriff and his deputies are required to pay their own travel expenses, a situation that evidently does not contribute to effective law enforcement. The sheriff apparently has no specific appropriation for investigating work. He is reimbursed the actual cost of feeding prisoners up to a maximum of 50 cents per day per prisoner. This system does not encourage nor make possible contracting for supplies in quantity. Each county transports its own prisoners to state institutions and pays the expense. A substantial saving could be made by having all transportation handled by the Department of Public Welfare, which is proposed in a preceding chapter.

From the information at hand, it appears that most of the sheriffs' offices have finger-printing equipment; many of them have radio-receiving sets; a few have radio-equipped cars; and perhaps one or two have supplied themselves with bullet-proof vests.

It is evident that the scattering of law enforcement work among the counties results in the maintenance of 77 different and separate organizations, most of which are untrained, underpaid, and inadequately equipped, inflexible and ill-adapted to emergencies, neglecting essential aspects of law enforcement work, and, on the whole, inefficient and uneconomical. That the difficulty is partly due to the number of coun-

¹Laws, 1933, Chap. 11.

ties may be illustrated by presenting and comparing certain data for the three counties in the 17th judicial district: Choctaw, McCurtain, and Pushmataha.

	Choctaw	McCurtain	Pushmataha	Total
Number of:				
Sheriffs -----	1	1	1	3
Undersheriffs -----	1	1	1	3
Deputies -----	1	2	1	4
Jailers -----	1	1	0	2
Monthly salary of:				
Sheriffs -----	\$163	\$184	\$144.58	
Undersheriffs -----	75	90	125.00	
Deputies -----	75	90	125.00	
Jailers -----	75	60		
Number of sentenced prisoners in jail -----	0	4	6	10
Number awaiting trial -----	15	10	1	26
Total appropriation, 1934-35 -----	\$9,801	\$12,350	\$9,503	\$31,654
Population -----	24,142	34,759	14,744	73,645
Appropriation per capita -----	\$.41	\$.36	\$.65	\$.43
Valuation (1933) -----	\$7,335,114	\$7,383,343	\$4,811,991	\$19,530,448
Appropriation per \$1000 valuation -----	\$1.33	\$1.67	\$1.98	\$1.62

Choctaw has a sheriffs' force of four men; McCurtain, five; and Pushmataha, three. If three counties had a single sheriff's office, twelve men at their present salaries would be available. But the inequalities in the salaries of undersheriffs and deputies could be removed. One jail could care for the 10 convicted prisoners and the 20 persons awaiting trial, many of whom are probably out on bail. With two men in the office and one taking care of the jail, nine men would be available for patrol duty and investigations. At present, Pushmataha County with less than half the population of McCurtain pays almost twice as much per capita for protection; and, with a lower valuation, the tax burden in Pushmataha is heavier. What is true of these three counties may be true of any other group of contiguous counties in the state. Combination of counties for law enforcement purposes would make possible a more efficient and more mobile force and would equalize both cost and protection.

Municipal Police Departments. In the policing of Oklahoma, the municipal police departments are more important and more costly than the sheriffs' offices. Expenditures on city police in 1933-34 amounted to more than \$1,300,000, about one-third more than the cost of sheriffs' forces. Municipal police organizations are necessarily developed most highly and operated most efficiently in the larger cities. Thus, the city police in Muskogee, Oklahoma, and Tulsa counties accounted in 1933-34 for more than one-half of the total cost of city police in the state.

In 1933-34, the five urban counties, Garfield, Muskogee, Oklahoma, Pottawatomie, and Tulsa spent a total of \$1,048,608 on their sheriffs' offices and police departments, or about \$1.80 per capita. The remaining counties of the state spent \$1,322,575, or about \$.73 per capita. In the 27 wholly rural counties,¹ total expenditures on sheriffs' forces and town marshals in 1933-34 were \$244,043, representing an outlay per capita of only \$.64. The rural sections of the state are not receiving per capita either the same quality or the same quantity of police protection that is received by the urban counties. It is true that their need per capita is not so great. Crimes, particularly against property, are relatively more frequent in the centers of wealth and population. Yet, as a matter of fact, over extensive areas in Oklahoma there is practically no local police protection whatever. Under present-day conditions, apprehension of the more dangerous criminals in a state like Oklahoma is likely to be a rural, as much as an urban, problem. Moreover, highway patrolling is necessary wherever the highways are. Traffic is heaviest in, but it is not restricted to, the urban sections. Taxable resources in rural counties, however, are too meager to provide a mobile or efficient force.

Constables. The statute law provides² that the board of county commissioners must divide the county into six justice of the peace districts; and one justice of the peace and one constable are elected biennially from each district. Additional justices

¹Adair, Alfalfa, Atoka, Beaver, Blaine, Cherokee, Cimarron, Coal, Cotton, Delaware, Dewey, Ellis, Grant, Harper, Haskell, Jefferson, Johnston, Latimer, Love, McIntosh, Major, Marshall, Mayes, Pushmataha, Roger Mills, Sequoyah, and Texas.

²Stat. 1931, Sec. 4131.

of the peace and additional constables are established in the cities and towns. The constable, besides acting as officer of the justice court, has duties and powers as a police or peace officer, similar to those of the sheriff. It is impossible to say how many scores of constables there are in the state; but it is probable that few of those elected are actually functioning as law enforcement officers.

State Bureau of Criminal Identification and Investigation. The State Bureau of Criminal Identification and Investigation, established in 1925, is headed by a superintendent appointed by the Adjutant General, with the approval of the Governor, serving without term and removable by the Adjutant General at pleasure. In practice, appointment and removal are entirely controlled by the Governor. In 1929, an amount of \$44,000 was appropriated for the Bureau, decreasing to \$18,350 for 1934-35. The personnel of the Bureau on March 29, 1935, was as follows:

<u>Position</u>	<u>Salary</u>	<u>Length of Service</u>
Superintendent -----	\$3,600	3 weeks
Assistant superintendent -----	3,000	3 weeks
Record Clerk ¹ -----	2,400	6 months
Stenographer-bookkeeper -----	1,800	5 years 5 months
Investigator -----	2,500	2 years 7 months
Investigator -----	2,500	2 months
Investigator -----	2,500	3 weeks
Investigator -----	2,500	2 weeks
Classifier ¹ -----	1,800	Just appointed
Clerk -----	1,500	4 years 8 months
Stenographer ²		
Clerk ²		

The law prescribes that no person shall be appointed to a place in the Bureau "until he has satisfactorily passed a physical and mental examination, based upon standards fixed by the superintendent with the written approval of the Governor and in addition thereto, each applicant must be a citizen of the United States, in good health and of sound body and good moral character."³ Nevertheless, the superintendent, assistant superintendent, and investigators are political appointees; and it is understood that the investigators are selected on the recommendation of state senators.

The members of the Bureau have the powers of peace officers; they may, with the approval of the Governor, assist any other state agency in enforcing its laws and regulations; the Bureau is required to cooperate with county and municipal officers; it is charged with establishing a complete system of criminal identification; and it must report biennially to the Governor. The bulk of the activities of the Bureau relate to the receipt, classification, identification, firing, and exchanging of fingerprints; the receipt, making, printing, and enlarging of photographs; the maintenance of an alias index; work in ballistics; and some laboratory work. It has teletype connections.

The Bureau has been of value to local sheriffs and police departments; but its shortcomings are conspicuous. Its personnel is insufficient and largely untrained. It does practically no statistical work; and makes little contribution to the training or coordination of sheriffs and police officers.

PROTECTION FROM HAZARDS AND ACCIDENTS

All police and peace officers have protective duties; but two classes of such duties are commonly looked upon as having a more or less specialized character. Reference is to (1) the work of the State Fire Marshal and (2) motor vehicle traffic regulation.

The State Fire Marshal. The State Fire Marshal, established in 1911, is appointed by the Governor with the advice and consent of the Senate for a four-year term and is removable by the Governor at pleasure.

¹Finger-printing.

²Employed with expectation that salaries would be appropriated.

³Stat. 1931, Sec. 4740.

The personnel of the Fire Marshal's office in March 1935, was as follows:

<u>Position</u>	<u>Salary</u>	<u>Length of Service</u>
State Fire Marshal -----	\$3,000	2 months
Chief assistant -----	2,500	4 years
Assistant -----	2,000	1 month
Assistant -----	2,000	1 month
Assistant -----	2,000	1 month
Assistant -----	2,000	4 years
Secretary -----	1,500	8 years

Every fire which destroys or damages property must be investigated by the State Fire Marshal, as well as by the chief of the local fire department (or by the mayor where there is no fire department) and also by the sheriff. The officer making the investigation must report to the State Fire Marshal, who must keep in his office a record of all fires occurring in the state. He is especially charged with investigating cases of suspected arson and causing the prosecution of persons alleged to have committed arson. He seems to be given ample power for the conduct of investigations. The law appears weak with respect to building inspections; and few such inspections appear to be made. The State Fire Marshal reports annually to the Insurance Commissioner and is an ex-officio member of the State Insurance Board.

The usefulness of this office depends on the cooperation of local officials and on the qualifications and experience of the investigating staff. In both respects the office has been deficient, though there are indications that improvement is taking place.

Motor Vehicle Regulation. With respect to traffic regulation and the prevention of accidents on the highways, Oklahoma is noticeably backward. Neither the state nor any local unit licenses motor vehicle operators; anyone (except when intoxicated) may drive an automobile; there is no state highway patrol; and outside of two counties, where something of the sort may be attempted, no patrolling of rural roads is done by sheriffs' offices. No system of reporting and publishing automobile accident statistics exists. Statistics, probably incomplete, of deaths from automobile accidents are published by the Department of Health.

For the issuance of tags and titles, the State Tax Commission maintains throughout the state a total of about 130 motor license agents, who report to the Motor Tag Division of the Tax Commission, and are compensated by fees. These fees amounted in 1933 to \$276,239 and in 1934 to \$321,319.75. These agents are supposed to act also as enforcement officers; and, in some instances, they do report violations of the motor vehicle license law. They are supposed also to be instructed and supervised by the Enforcement Division of the Tax Commission.

This Division consists of 14 officers, who have the duty of enforcing all laws, rules, and regulations pertaining to the public highways of the state and to the operation of motor vehicles thereon, the collection of taxes and fees payable by motor carriers under the jurisdiction of the Corporation Commission, and general inspectional and collection work for the Tax Commission. This Division is endeavoring to serve three departments. Its officers are not uniformed and do not function as a highway patrol. They are not administratively coordinated with the sheriffs and police departments, with the tag agents whom they are supposed to instruct, with the Bureau of Criminal Identification and Investigation, or with the Stolen Car Division of the Highway Department.

The Stolen Car Division maintains four enforcement officers who are not patrolmen but who investigate titles and registrations. They have the powers of peace officers. Sheriffs and chiefs of police are required to report all stolen motor vehicles to this Division. It is stated that in 1934, stolen cars reported numbered 1,312, of which 651 were recovered.

REGULATION

As a general rule, officials engaged in inspectional or other regulatory work are not considered in planning the organization of law enforcement. There may be cases, however, where such officials may be advantageously transferred from the agency that they primarily serve to a general law enforcement agency.

Oil Inspectors. From this point of view, significance attaches to the oil inspectors of the Bureau of Oil and Gas Conservation of the Corporation Commission.

Each oil inspector is authorized to retain during each month 85 per cent of the fees collected by him until the amount so retained reaches \$150 and afterward to retain 25 per cent until he receives \$200, all the balance being remitted to the Corporation Commission. Each inspector is required to reside within the district for which he is appointed and none is permitted to make an inspection outside of his district except by direction of the Corporation Commission.

Early in 1935, there were no less than 123 oil inspectors. All were apparently political appointees. They seemed to be subjected to practically no supervision or control. No records were available showing the number of inspections made by them or the time that they give to their work.

Their collections are shown below:

<u>Year</u>	<u>Total</u>	<u>Inspectors' Fees</u>	<u>State Portion</u>
1932 -----	\$245,424.52	\$168,976.92	\$76,449.60
1933 -----	249,760.93	168,842.63	80,918.30
1934 -----	267,653.28	180,499.88	87,153.40

The work of the oil inspectors is comparatively simple and requires no special training or technical competence; and could apparently be done by highway patrolmen.

PROSECUTION, COUNSEL, REPRESENTATION, AND DEFENSE

Prosecution of those violating the law is an essential and important step in criminal law enforcement. Those officials who represent the state in prosecutions are also usually those who give legal counsel to public officials and represent the latter when made defendants in suits.

County Attorneys. The backbone of the prosecuting machinery is the county attorney, a statutory official elected in each county by popular vote for a two-year term. In Oklahoma he is not permitted, during his term of office, to engage in the private practice of law. His salary, corresponding except in the most populous counties to that of the sheriff, is fixed by law in proportion to population and ranges from \$1,500 to \$5,000. He also, apparently, may receive certain fees and commissions. Expenditures in 1933-34 for the county attorneys' offices totaled \$340,132. The number of assistant county attorneys is prescribed by law and to a large extent is subject in many counties to the approval of the board of county commissioners.

Out of 41 county attorneys replying to the survey questionnaire,¹ 23 had been educated at the University of Oklahoma Law School. The percentage of locally trained county attorneys will probably steadily increase, giving to the University an opportunity to lead in raising the standards of public legal work. It is surprising that three county attorneys should have had no experience in the practice of law before their election and that no less than ten others should have had two years or less of private practice. On the other hand, five of these officials had had fifteen years or more of private practice. Apparently, many county attorneys and assistant county attorneys are inexperienced young men just out of law school; while a few are middle-aged men who have failed in private practice. Such a situation seems almost inescapable under present conditions; for few counties can afford to offer adequate salaries and none of them can guarantee security of tenure, so as to attract and hold successful lawyers. Only 12 of the 41 county attorneys had served as assistant county attorney before their election. No less than 16 had no assistant or stenographer. Nine others had a stenographer, but no assistant; while 7 more had an assistant but no stenographer. In some cases, legal and stenographic assistance is hired for a few days or a few weeks during the year. In 35 of the 77 counties in 1933-34 the expenditures on

¹Replies were received from all counties except Atoka, Beckham, Bryan, Caddo, Canadian, Carter, Cherokee, Choctaw, Cimarron, Cleveland, Comanche, Craig, Creek, Delaware, Grady, Greer, Harmon, Haskell, Jackson, Johnston, Latimer, LeFlore, Mayes, McClain, McCurtain, Murray, Oklahoma, Okmulgee, Ottawa, Pontotoc, Pottawatomie, Pushmataha, Stephens, Wagoner, Washington, and Washita.

the county attorney's office were less than \$3,000; and in 10 counties the total was under \$2,000.

County attorneys furnish legal advice to county officials. This work takes a minor portion of their time and it is impossible to appraise its quality.

No matter how efficient police organizations may be, law enforcement will break down unless prosecutors are approximately equal, in skill, experience, and office equipment, to those who defend the criminal. That they are not equal in Oklahoma is evident; and it is quite as evident that prosecution can not be made measurably sufficient so long as the present system persists.

Sheriffs' organizations and police departments on the one hand and prosecutors on the other do not perform distinct functions; they have different but overlapping activities in the exercise of the same function. They must cooperate closely, particularly in the gathering of evidence. Neither the county attorneys nor the sheriffs have in general the training, time, or specialized assistants required for the efficient collection of evidence. While there is willingness to work together, cooperation can not be satisfactory under present administrative arrangements.

Much improvement could be effected in the local prosecuting organization if groups of rural counties could be consolidated or districted. Pooling of resources would make possible higher salaries for the county attorney, more assistants, specialization in legal counseling, investigational and other work, secretarial assistance, and adequate, up-to-date law libraries. Even so, however, the state-wide organization would still be defective. It would not permit selection on the basis of merit nor insure security of tenure to those who are competent and courageous; it would preclude the standardizing of salaries; it would render impossible a coordinated prosecuting policy; it would prevent the shifting of personnel from one county to another to strengthen a county attorney for the prosecution of an important case; it would still be rigid and inflexible and discriminatory against the rural counties.

Coroners. In Oklahoma, the justice of the peace acts as coroner. The duty of the coroner is to locate a special kind of evidence. The coroner's work is preliminary to that of the prosecutor; and there is little doubt that it would be better done if transferred to the county attorney. At present, much of the work is actually done by the county attorney.

The Attorney General. The Attorney General is a constitutional officer elected by the people for a four-year term and removable only by impeachment. His duties are to appear for the state and prosecute or defend in all actions in the Supreme Court and Criminal Court of Appeals in which the state is a party; when requested by the Governor or by either branch of the legislature, to act in a similar capacity in any other court; to give legal advice but only to the legislature, state officers, and county attorneys; to pass on the legality of official forms, contracts, and bonds; when directed by the Governor, to bring action against public officials for official misconduct; and with the Governor and the State Treasurer to select state depositories. Legal work, however, is by no means completely centralized in the Attorney General's office. Certain other agencies appoint their own attorneys; and the Governor has power to employ counsel. Under conditions existing in Oklahoma, it would appear advisable to concentrate all legal work in the Attorney General's office.

The personnel of this office as of March 29, 1935, was as follows:

<u>Position</u>	<u>Salary</u>	<u>Length of Service</u>
Attorney General -----	\$4,560	2½ months
Assistant attorney general -----	4,000	15 years
Assistant attorney general -----	4,000	17 years
Assistant attorney general -----	4,000	10 years
Assistant attorney general -----	4,000	4 years
Assistant attorney general -----	4,000	5 years
Assistant attorney general -----	3,600	2½ months
Assistant attorney general -----	3,600	2½ months
Assistant attorney general -----	3,600	2½ months
Secretary -----	2,400	2½ months
Chief (bond) clerk -----	1,800	2½ months

Position	Salary	Length of Service
File clerk -----	1,800	2½ months
Stenographer -----	1,500	13 years
Stenographer -----	1,500	9 years
Stenographer -----	1,500	3 years
Stenographer -----	1,500	2½ months
Stenographer -----	1,500	2½ months

The Attorney General has practically no control over the county attorneys. He cannot assist them, except on their request; he cannot supersede one of them except on the request of the Governor or a branch of the legislature; he cannot transfer a local prosecutor temporarily from one county to another; he advises them, but only on their request; and they appear to make no reports of any kind to him.

The State Bar. Oklahoma is to be congratulated on its State Bar Act, enacted in 1929. At the head of the Bar is a Board of Governors, consisting of one member from each Supreme Court judicial district and four from the state at large. The members of the Board are nominated by petition and elected by the active members of the Bar. With the approval of the Supreme Court, the Board of Governors fixes qualifications for the practice of law; examines applicants for admission to the Bar; recommends applicants to the Supreme Court for admission; with the approval of the Court, formulates and enforces rules governing professional conduct; prescribes rules relative to suspension, disbarment, and other disciplinary measures; and has power to disbar, subject to a right of appeal to the Supreme Court. The rules and regulations adopted by the Board of Governors are binding on all members of the Bar; and a wilful violation is punishable by suspension for not to exceed one year.

The Law School of the University of Oklahoma. A state-supported law school has a definite responsibility for maintaining legal and judicial standards at a high level. In this country, lawyers become in large numbers our government officials and political leaders. Their professional training, therefore, is a matter of the first importance. But a law school faculty should do more than teach. It should cooperate in law revisions and codifications, actively participate in movements for judicial organization, and form a center of authoritative research in law and its administration.

TRIAL

The courts occupy a strategic position in every field of administration; but, in law enforcement, they bear a responsibility that is fundamental and practically final. If the judiciary falls down on its job, policing and prosecution, however well organized they may be, are certain to lose much of their effectiveness. There is reason to believe that Oklahoma's judicial system as a whole is second only to the legislature in general disorganization, and inefficiency. Judicial administration is not within the scope of this survey; and no presentation of facts, conclusions, or specific recommendations will be attempted. The situation is well known to the leaders of Bench and Bar and is not entirely unknown to the lay public. The present organization and leadership of the Bar are encouraging; and the unofficial Judicial Council is a promising development. The time appears to be ripe for the deliberate formulation and vigorous prosecution of a planned program looking to comprehensive judicial reorganization. The Board of Governors of the State Bar is given power by law "to aid in the advance of the science of jurisprudence and in the improvement of the administration of justice."¹

The legislature should provide for a comprehensive expert survey of the judicial administration of Oklahoma, to be conducted under the general direction of the Board of Governors of the State Bar.

PREVENTION, STATISTICS, AND RESEARCH

Due to absence of statistical information, little can be said regarding the extent, increase, or decrease of lawbreaking in Oklahoma. With respect to reported homicides, Oklahoma in 1929-31 occupied an intermediate position, the rate for white persons being higher than in most of the northern states but lower than in most of the southern; while

¹Stat. 1931, Sec. 4232.

the rate for colored persons was about the same as in Arkansas, Louisiana, and Mississippi and lower than in Colorado, Kansas, and Missouri. The **Uniform Crime Reports**, issued by the United States Department of Justice, contain reports from 26 Oklahoma cities. While these figures are not representative of conditions throughout the state, the rates for certain offenses known to the police per 100,000 of population are given below for Oklahoma and neighboring states for the year 1934:

State	Murder, Non-negligent Manslaughter	Manslaughter by Negligence	Robbery	Aggravated Assault	Burglary, Breaking or Entering	Larceny, Theft	Auto Theft
Oklahoma -----	11.6	2.1	105.6	49.9	616.3	1199.8	264.3
Texas -----	20.6	6.9	82.8	110.4	568.3	1515.6	528.9
Arkansas -----	32.9	15.8	124.0	86.4	462.6	988.2	370.8
Kansas -----	7.7	1.6	105.3	28.1	496.7	1165.6	224.4
Missouri -----	10.2	4.0	93.1	38.0	303.9	1068.5	276.6
New Mexico -----	8.9	2.2	57.5	8.9	502.3	1467.4	254.5
Colorado -----	5.4	3.5	155.8	20.3	784.3	1298.3	441.9

No figures, either for urban or rural districts, are available to show the number of unsolved crimes, or the relation of arrests to known offenses, the relation of prosecutions to arrests, or the relation of convictions to prosecutions. It is understood, however, that thefts in the rural districts are numerous and that a considerable proportion of these thefts are unsolved.

The State Health Department reports 587 motor vehicle deaths in Oklahoma in 1934, a lower rate than the national average whether figured on the basis of population or of gasoline consumption. The motor vehicle deaths in 1933, however, are reported as totaling 463. If this figure is comparable to that for 1934, there was a percentage increase of 27, or about double the national percentage increase.

General statistics, however, do not reflect accurately the efficiency of law enforcement agencies. The causes of crime ramify throughout the entire social environment and many of them are deep seated. Policing, prosecution, trial, and conviction are not primarily crime-prevention functions; and it is a common error to place the whole blame on law enforcement officers for an apparent increase in criminality. No less shortsighted is the common assumption by law enforcement officers that crime can be curbed merely by increasing the severity of punishments or by abolishing parole. It is now generally recognized by competent students that the public treatment of crime should be proportioned to the character—or lack of character—of the criminal, and not to the crime which he happens to commit or for which he may be convicted.

Convictions are not facilitated, justice is not furthered, and society is not protected by a law which makes the stealing of a chicken grand larceny, punishable "by imprisonment in the penitentiary not exceeding five years, or by fine not exceeding two hundred dollars, or by confinement in the county jail not exceeding two months, or by both such fine and imprisonment."¹

Similarly objectionable is a provision by which a person infected with smallpox, syphilis, or gonorrhoea may, if he or she intentionally **or recklessly** spreads the disease, be sent to the penitentiary for from two to five years.²

What is needed, obviously, in Oklahoma as in other states is a scientific understanding of the crime situation, based on a systematic accumulation of statistical and other facts, the conclusions to be embodied in an enlightened criminal code and in a modernized, efficient public welfare, educational, and law enforcement administration.

An unpaid commission should be appointed, representing the legal profession, the courts, the Attorney General's office, the police, the sheriffs, educational authorities, child welfare leaders, and the penal, correctional, and training institutions, to devise, with expert assistance, and recommend to the legislature a comprehensive system of statistics covering juvenile delinquency and adult crime, this system to provide for mandatory and coordinated statistical reporting by the schools, local welfare agencies, the police, sheriffs, county attorneys, courts, jails, and the state public welfare, educational, and law enforcement agencies.

¹Stat. 1931, Sec. 2276.

²Stat. 1931, Sec. 2434.

REORGANIZATION

To give reasonable assurance of effective law enforcement, reorganization should include revision of the criminal law and a recasting of the entire judicial system. Definite improvement and substantial long-run savings may be brought about by reorganizing a number of the agencies described in this chapter. Such reorganization should recognize the fact that crime under modern conditions can only be successfully combated by a closely integrated state organization, coordinated with similar organizations in other states and with the federal Department of Justice.

The changes called for in the creation of such an organization in Oklahoma can probably best be made in steps, rather than all at once.

First Step. The first step in reorganization should create (1) a state police force and (2) an improved prosecuting and legal organization.

A Department of Public Safety should be established, headed by a superintendent appointed by the Governor. This Department should include:

- (a) *The present Bureau of Criminal Identification and Investigation;*
- (b) *In addition to the present personnel of that Bureau, 25 or 30 uniformed police to patrol the highways and assist local police officers;*
- (c) *The present staff and functions of the State Fire Marshal;*
- (d) *The functions and revenue of the oil inspectors of the Corporation Commission;*
- (e) *The stolen car division of the Highway Department;*
- (f) *The enforcement functions of the motor license agents of the Tax Commission, these agents to be abolished and their licensing duties transferred to local officials;*
- (g) *Probably two of the enforcement officers now operating under the State Tax Commission.*

A drivers' license law should be enacted and its enforcement assigned to the Department of Public Safety.

Unless or until the personnel system recommended in a later chapter is adopted, all members of the Department of Public Safety except the superintendent, all local police officers not under municipal civil service, and all undersheriffs, deputy sheriffs, and jailers should be employed only after competitive examinations, the examining board to consist of the Superintendent of Public Safety, the Attorney General, and the Chief Justice of the Supreme Court.

The Department of Public Safety should conduct annually a training school for sheriffs and other peace and police officers.

Transportation of convicted offenders from the counties to state institutions should be a function of the proposed State Department of Public Welfare.

All county attorneys should be appointed without term and removable by the Attorney General. He should be authorized to appoint, in lieu of the county attorneys in any judicial district, a single district attorney. The county and district attorneys should be paid by the state, and should be solely responsible to and directed by the Attorney General. Such attorneys should be permitted to engage in private practice with the permission of the Attorney General and under rules and regulations formulated by him.

All legal officers attached to any state agency should be appointed and assigned to that agency by the Attorney General.

Second Step. The changes outlined above are not likely to prove permanently sufficient. Eventually, a further advance will have to be made.

The sheriff should be appointed by the district court; he should serve only as an officer of the court and as keeper of the jail. This institution should be a place of detention only for adult persons awaiting trial. The sheriff's law enforcement duties should be transferred to the State Department of Public Safety, the state police increasing in number to provide adequate protection throughout the state.

Third Step. Assuming the accomplishment of the second step, the state would still lack a unified law enforcement organization.

All city chiefs of police and town marshals should be appointed, after competitive examinations, by the State Superintendent of Public Safety.

Constables should be abolished.

Justices of the peace should be eliminated, their judicial duties transferred to other courts and their coroner's duties to the county or district attorney.

Fourth Step. Ultimately, the law enforcement organization should be completely integrated.

The Constitution should be amended to provide for the appointment of the Attorney General by the Governor; and the Attorney General should head a Department of Justice, formed by combining the Department of Public Safety with the Attorney General's office.

CHAPTER VII

PUBLIC HEALTH

The Constitution¹ directs the legislature to create "a Board of Health, a Board of Pharmacy, and a Pure Food Commission, and prescribe the duties of each." Instead of establishing a board of health, however, the legislature provided for a Commissioner of Health, appointed by the Governor for a four-year term coterminous with that of the Governor.² In 1911, the first appropriation was voted for the actual organization and functioning of a State Department of Health.

GENERAL PROBLEMS

Functions and General Organization. In the act of 1907-08, the Commissioner of Health was empowered to make and enforce any and all needful rules and regulations for the prevention and cure of disease, for restricting the spread of any contagious and infectious diseases, and for the promotion in general of the public health. In 1909, provision was made for a state laboratory, the work to be done at the University of Oklahoma; but the laboratory, given more adequate facilities, was definitely placed in 1915 under the Commissioner of Health. Purchase and distribution of biologies were provided for in 1911. Registration of births, deaths, and marriages was established in 1917. In 1919, legislation for the control of venereal diseases was enacted, and two tuberculosis sanatoria established. Legislation has also been enacted for the treatment of ophthalmia neonatorum and the free distribution in this connection of nitrate of silver. Appropriations were voted for maternity and infancy hygiene in 1923. Legislation followed in 1927 for the manufacture of typhoid vaccine in the state laboratory and for malarial control. A law was passed in 1929 authorizing the establishment of local health departments; but parts of the act were declared unconstitutional and the whole was so considered.

The Commission of Health, at first serving part time, was made a full-time official in 1919. An assistant commissioner was provided for in 1915. In that year, "Food Inspectors" were created; and the birth of the Vital Statistics Bureau occurred in 1917. The Bureau of Maternity and Infancy was created in 1923.

A perusal of the state laws affecting public health since Oklahoma was admitted to statehood reveals a constructive and encouraging trend. From a mere skeleton organization in 1907, with no fiscal recognition, and beginning with 1911 when the first appropriation was made, the Health Department has gradually grown, with organizations of state health service in its various branches which are recognized as sound public health procedure. However, some new legislation is necessary, certain changes in the existing law should be made, and certain new positions provided for.

Although the Constitution specifically authorized the legislature to create a Board of Health and although the legislature of 1907 did legally create such a board, to date this Board has never been appointed. Boards of health are recognized as invaluable adjuncts to state health departments and it is through a board of health that the advantages of group thought can be obtained whereby the state commissioner of health can better coordinate his activities and cooperate with various unofficial health organizations, educational institutions, and the medical profession.

A State Board of Health should be established by law and should consist of either seven or nine members, appointed by the Governor. The majority should be doctors of medicine. The Board should elect the Commissioner of Health, with the approval of the Governor. This Commissioner should possess recognized qualifications and should meet with the Board but not having voting power. Members of the Board should have staggered terms, so that at all times a minority number would be new appointees.

Under the statutory provisions in force since 1907, the inauguration of a new governor every four years generally meant the appointment of a new health commissioner. Since 1907, there have been eight Governors and two Lieutenant-Governors

¹Art. V, Sec. 9.

²Stat. 1931, Secs. 4443-44.

who served as Governors, and nine Health Commissioners, including the present one. In fact, with the exception of the first appointee, who served two terms, each administration has seen a new Commissioner. These frequent changes tend to create vacillation in policy and confusion in office organization.

The law should be amended so that the State Health Commissioner may be appointed for an indefinite term.

The general laws of the state provide statutory positions for technical supervisors, administrators, clerks, and janitors. Not only are positions statutory, but fixed salaries are provided for. The result is, when old and tried employees, who have served at the same salary for many years, are replaced by political appointees, the replacements receive, at the beginning, the same rate of pay. The turnover in the Health Department is 50 per cent or more every four years.

It is accordingly recommended that the Health Commissioner be given an appropriation for clerical salaries in such form that the maximum need not be paid at first and promotions might be given in proportion to service and experience.

One of the greatest handicaps in the proper functioning of the State Health Department is the feeling of employees regarding tenure of office. Wide-spread political patronage is the inevitable result at every change of administration, working to the disadvantage of effective and economical administration. From the point of view of public health administration, a state civil service system would be beneficial. For example, this year the State Registrar, who had been in the Department for twelve years, was replaced by a new appointee, who had never had any experience with vital statistics work other than serving as county registrar for a short time. The Assistant Registrar, with four years' experience, was replaced by one quite unfamiliar with these duties. The state is making fairly large appropriations for the payment of registrars for reporting vital statistics, but this money is not wisely spent, in fact much of it may be wasted, if an untrained force is expected to handle the reports as received.

Although the state statutes provide for a Bureau of Engineering in the State Health Department, curiously enough the engineer alone is the Bureau. No provision whatever is made for any clerical assistance, nor for any assistant sanitary engineers.

There is no statutory provision for any other physician in the Department than the Commissioner himself. By all means there should be an epidemiologist appointed to supervise the collection of morbidity statistics, the development of rural health units, and to act as Assistant Commissioner of Health in the absence of the Commissioner.

Appropriations. The first appropriation for a State Health Department in Oklahoma, that voted in 1910, amounted to \$33,600 for the biennium, or ¹\$16,800 per year. In 1923-24 there was an appropriation of \$183,670 for each year, the first to contain funds for the operation of the Maternity and Infancy Bureau and for a Bureau of Venereal Disease. Provision was also made for sanitary inspectors with traveling expenses. The 1925-26 appropriations were made in amounts of \$129,879.48 for each year, a marked decrease, which is partly explained by a reduction in the amounts allowed for the Maternity and Infancy Bureau for each year by about \$5,000. There was an allowance of only \$7,000 for venereal disease instead of the \$20,000 appropriation for each of the previous two years, as well as other disallowances in contingent and travel funds. In 1927-28 the annual appropriations, \$143,526 and \$142,725 show an increase which provided for \$2,500 for the manufacture of typhoid vaccine; \$5,000 for control of malaria, together with certain increases in travel and supplies.

The legislature of 1929-30 allowed for these fiscal years the sum of \$196,950 and \$195,950, respectively. In these years large appropriations for the Maternity and Infancy Bureau were made, with a printing allowance alone for this Bureau of \$7,000. Inspectors were increased from four to six in number, with one supervisor over them; \$10,500 was appropriated for venereal disease control, and \$35,000 was allowed for

¹\$4,600 of this appropriation was vetoed by the Governor.

rural sanitation activities. A Governor's veto reduced the amount for each year to \$183,450. In the fiscal years of 1931-32 again is found a reduction in the appropriations made, \$168,900 and \$166,900, respectively, due to bad business conditions and the general depression which extended over the country and the economy wave following. The Governor vetoed certain amounts providing for printing, supplies, contingent fund for automobiles and for the Maternity and Infancy Bureau, approximately \$6,000 for each year. In 1933-34 the appropriations were for \$97,210 for each fiscal year, but the Governor rendered the Maternity and Infancy Bureau inactive by vetoing the entire appropriation therefor for the two-year period, amounting to \$16,300 for each fiscal year. Nothing was vetoed for this period of time except funds for the Maternity and Infancy Bureau. Although this appropriation was responsible for reductions in certain salaries, contested cases resulted in a favorable ruling by the Supreme Court of the state to the effect that the exact amount as provided by general law must be paid, which was done from funds other than the appropriation.

There follows the annual budget under which the Department of Health is now functioning. This, however, does not represent the true scale of salaries, as each employee, according to a Supreme Court decision, is receiving the amount provided for by general law.

Administration :	
Commissioner -----	\$ 3,840
Assistant Commissioner -----	2,100
Secretary-stenographer -----	1,320
Bookkeeper -----	1,500
Maternity and Infancy Bureau :	
Director ¹ -----	2,100
Secretary ¹ -----	1,200
Field nurses (4 at \$1,500 each) ¹ -----	6,000
Bureau of Diagnostic Laboratory :	
Chemist -----	2,400
Assistant chemist -----	1,500
Bacteriologist and director -----	1,800
Assistant bacteriologist -----	1,800
Record clerk -----	1,200
Extra help (Janitor) -----	900
Manufacture of typhoid and toxoid vaccine -----	2,500
Bureau of Sanitary Engineering :	
Sanitary engineer -----	2,800
Bureau of Pure Food, Drugs and Sanitary Inspection :	
Inspectors (4 at \$1,500) -----	6,000
Bureau of Vital Statistics :	
Registrar -----	2,000
Assistant registrar -----	1,200
Statistical clerks (2 at \$1,200 each) -----	2,400
Contractual Services :	
Travel in the state—administration -----	6,000
Travel in the state—M. and I. ¹ -----	4,000
Communication -----	3,500
Printing—administration -----	2,500
Printing and office supplies—M. and I. ¹ -----	3,000
Supplies :	
Office supplies -----	500
Medical supplies -----	7,000
Equipment :	
Office equipment -----	250
Laboratory equipment -----	900
Bureau of Epidemiology :	
Bureau of Rural Sanitation of Disease Control in Rural Districts and County Health Units and Dental Health Education -----	17,500

¹Vetoed by Governor

Bureau of Malaria Control -----	7,500
Total-----	\$97,210
Less amount vetoed-----	80,910
Plus back salaries -----	90,050

With due allowance for depression years there has been marked fluctuation in appropriations and policies. For example, a Bureau of Maternity and Infancy was established in 1923 with funds to operate; in 1925, after it was firmly established and rendering good service, the appropriation for its maintenance was greatly reduced, and this during prosperous times. Furthermore, in 1929 large appropriations, much larger than in the past, were made for the continuance of this Bureau, indicating an appreciation for the good service being rendered; but in 1931, although the legislature made fiscal provisions as in the past for this Bureau, certain of its activities were curtailed by a Governor's veto; while in 1933 we find that the Governor completely stopped all maternity and infancy activities by vetoing the entire appropriation for this Bureau. Since that day, this Bureau has ceased to exist. Venereal disease control started in 1923 with an appropriation of \$20,000, which was reduced to \$7,000 in 1925, then increased in 1929-30 to \$10,500. For the past four years there has been no special appropriation for this work, but it has been carried on to a certain extent by the purchase of supplies from the rural sanitation disease control fund and the medical supplies fund.

Intensive rural sanitation activities were started as early as 1925, with the assistance of the Internal Health Board and the United States Public Health Service; and in 1929 a state appropriation of \$35,000 was made for this purpose. Although the legislature still makes small appropriations for this service, none of the eleven counties that were operating under full-time health units now has this service, with the exception of two—LeFlore and Seminole—both recently revived.

Such striking fluctuations in appropriations, due to the different personal ideas of governors and state health officers, who simultaneously hold office for four years before a new Governor and a new Commissioner are chosen, causes lack of stability in public health policies, makes future planning impossible, creates uncertainty in the minds of employees as to tenure of office, and is not conducive to economy in public health administration.

The percentage of all state appropriations taken by the Department of Health has varied from 0.630 to 2.24.

Appropriations per capita for public health in Oklahoma since 1929 have been:

1929 — 8 cents	1932 — 7 cents
1930 — 8 cents	1933 — 4 cents
1931 — 7 cents	1934 — 4 cents

The average per capita amount appropriated for the 48 states is about nine cents per capita.

General Morbidity and Mortality Rates. A brief review of available sickness and death rates, from submitted reports on file, will indicate the need for a proper functioning State Health Department, as well as furnishing a compass by which such an organization can steer its activities. The tabulations here given, prepared from records for the past five years, may be considered fairly accurate with respect to mortality, Oklahoma being in the Registration Area, but denote merely a trend in morbidity, as only about 60 per cent of practicing physicians report diseases as required by law. This is evidenced by the death rate exceeding the case rate in some diseases, and being out of all proportion in others. There is, however, an encouraging decrease in the incidence of certain reportable diseases, considering the same variable of error, notably, diphtheria, malaria, pellagra, scarlet fever, smallpox, and typhoid fever.

All of these are preventable and are indicative of control measures through investigations and health education. In the last annual report of the State Health Commissioner, submitted December 15, 1934, covering the period of December 1, 1932 to December 15, 1934, are found these statements:

During the past two years, over 200,000 children have been immunized against diphtheria.

There is no doubt that typhoid vaccination by County Superintendents of Health and by local physicians over the state, on a large scale, has played a vital part in the reduction of this disease. Vaccine has been mailed out from the State Laboratory covering the period from December 1, 1932 to December 1, 1934 in sufficient amounts to immunize 166,500 people.

During this period covering two years, the State Laboratory furnished sufficient smallpox vaccine to vaccinate 96,848 people.

The use of these biologics, the campaign against malaria, and the building of sanitary privies through work relief and the distribution of yeast as an anti-pellagra measure are shown in the aggregate by the curve downward of the morbidity index.

Immunizations through vaccinations and inoculations are only temporary. They must be repeated and initiated in the case of new babies born each year. Serious consideration must also be given to great numbers of people coming into the state, many non-immunized, following mining developments or the opening of new oil or gas fields. The state, through its Department of Health, has a distinct responsibility to protect its own citizens against disease, following such an invasion.

Yet no epidemiologist is provided for in the health budget to develop better morbidity reporting and to assist the State Health Commissioner in general disease prevention.

Morbidity and mortality figures, based on reports on file in the State Health Department, are shown below:

	1930		1931		1932		1933		1934 ¹
	Morbid-ity	Mortal-ity	Morbid-ity	Mortal-ity	Morbid-ity	Mortal-ity	Morbid-ity	Mortal-ity	Morbid-ity
Diphtheria -----	1217	277	2072	290	1834	333	1462	294	607
Influenza -----	2443	500	3792	467	26256	720	5805	506	2893
Malaria -----	2219	135	1518	12	1161	96	1581	111	870
Measles -----	4222	9	755	9	920	7	2646	7	9432
Meningitis ² -----	88	171	64	167	36	167	81	211	62
Mumps -----	246	-----	214	5	307	2	425	3	522
Pellagra -----	503	321	706	239	178	161	107	103	-----
Pneumonia ² -----	1628	1823	1951	1537	1878	1364	1656	1248	2232
Scarlet Fever -----	1385	41	1490	37	1235	35	1020	16	873
Smallpox -----	2560	18	1968	11	533	1	177	-----	109
Tuberculosis ² -----	485	1205	600	1284	731	1187	856	1252	481
Typhoid Fever and Paratyphoid -----	1128	305	1056	263	939	239	861	258	742
Whooping Cough -----	721	137	467	58	696	75	455	69	846
Gonorrhoea -----	2074	3	1730	6	1445	1	1448	3	1617
Syphilis -----	1635	92	1482	101	1449	94	1683	103	1889
Dysentery -----	274	65	184	20	127	13	293	29	231

The recent trend in Oklahoma in the death-rate of infants and children is shown below:

Year	Population	Deaths Under 1 Year	Rate per 1000
1929	2,369,130 (Estimated)	2,991	1.26
1930	2,396,040 (Census)	2,738	1.14
1931	2,424,000 (Estimated)	2,228	.92
1932	2,440,000 (Estimated)	3,020	1.24
		5 Years to 9 Years	
1929	2,369,130 (Estimated)	608	.257
1930	2,396,040 (Census)	591	.250
1931	2,424,000 (Estimated)	519	.214
1932	2,440,000 (Estimated)	455	.187

The Oklahoma Indian. In Oklahoma there are about 110,000 Indians, representing 4.8 per cent of the total population. These Indians are scattered throughout the state, but certain counties are thickly populated, such as Adair with over 25 per cent Indian population.

Among this Indian group the Indian office is carrying on clinical (hospital and out-patient) and certain public health activities. This latter service consists of 11 public health nurses and 14 hospitals and field physicians, concentrated for the most part among the agencies west of Oklahoma City. The state is rendering excellent co-

¹Mortality figures not available for 1934.

²All forms.

operation, in examining blood for the Wassermann tests sent to the laboratory by Indian Service physicians, furnishing biologics for immunizations on request, and admitting, whenever possible, Indians to state hospitals and sanatoria under the same conditions that apply to white citizens. Recently the Governor has appointed an Indian Welfare Committee to study the possibilities of state and federal cooperation in connection with the general public betterment of the Oklahoma Indian. These studies should help point the way to a greatly improved health service among these citizens.

Full-time county health organizations, with the state and Indian Office cooperating would give to Indians and whites alike the same measure of health service, which is by far the best method of approach to Indian and white health problems, living as they do in close association. In Oklahoma there are no closed Indian reservations, as the term is used. The Indians have about the same illnesses as the whites in about the same ratio to population, except for a higher incidence of tuberculosis and trachoma. The infant death rate is very high. No smallpox has been reported for any Indians since 1930, in which year only four cases were reported for this group. This is explained by the fact that, through the health work carried on by the Indian Service, extensive vaccinations have been accomplished.

The birth rate and death rate of the Indian is much higher than that of the general population of Oklahoma and the registration area, although there is a favorable balance between the birth rate and death rate of the Indian. The mortality rate among the Oklahoma Indians is over twice that of the state of Oklahoma and of the registration area, due, it is believed, to the high infant death rate and the death rate of tubercular Indians. The morbidity reports, however, do not indicate the high infant sickness rate nor the high tubercular index. This indicates the inaccuracy of any kind of morbidity reporting. The death rates as relating to Indian population can only be considered as estimates. The Indian death rate from tuberculosis is from seven to eight times that of the white.

A close study should be made in cooperation with the Indian Office of the Indian health needs of the state and serious consideration should be given to a full-time county health service which will give to the Indians and whites alike the same full measure of health protection.

Licensing Boards. Oklahoma has established a number of licensing boards, most of which have some relation to public health. Under Oklahoma law, chiropractors and osteopaths are permitted to practice in state institutions. These various boards have been discussed in a preceding chapter and recommendations made concerning them.

PERSONNEL, INTERNAL ORGANIZATION, AND OPERATIONS

The personnel of the Health Department, as now provided by statute, and its duties are the result of slow but constructive legislation during the past 28 years. It has not been possible within that time to give the state the full measure of public health service intended by well-meaning legislators and officials, due to curtailment of appropriations, governors' vetoes of various allotments for certain activities, and vacillating policies concerning the relative importance of certain types of health service.

Personnel. Provided appropriations are available, it is possible under the laws for Oklahoma to have a State Health Department composed of the following personnel:

Administration:

- Commissioner of Health
- Assistant Commissioner of Health
- Chief clerk
- Bookkeeper
- 3 Stenographers

Laboratory:

- State Chemist
- Assistant State Chemist
- Bacteriologist
- Assistant Bacteriologist

Bureau of Maternity and Infancy:

- Director
- Stenographer
- Head nurse (Public Health)

6 Nurses (Assistant Public Health)

Bureau of Publicity:

Director of Publicity
Stenographer

Bureau of Engineering:

Sanitary Engineer
4 Supervisors of food and drug
8 Food and drug inspectors

Bureau of Vital Statistics:

Registrar of Vital Statistics
Assistant Registrar
3 Statistical clerks

At the time of this survey, the Department was so reduced in personnel and so curtailed in activities that any service approaching adequate health protection was impossible. Public health education has almost ceased to function; no funds have been available for the Bureau of Maternity and Infancy since 1933; of the eleven full-time county health units in previous operation, only two remain; the sanitary engineer has been placed in temporary charge of the state laboratory, which at present has no director; and a new vital statistician and assistant statistician, with no experience whatever in this specialty, have replaced employees of long training and experience.

The bright spot in this picture is a new Commissioner of Health with prior public health experience, appointed by the Governor solely on merit, upon the recommendation of the State Medical Society, and in no way a product of political patronage. Upon assuming office, just one week before this health survey was made, he found the following personnel in his department:

Administration:

Assistant Commissioner of Health
Chief clerk
Bookkeeper
3 Stenographers

Laboratory:

State Chemist
Assistant State Chemist
Bacteriologist
Assistant Bacteriologist
Record clerk

Bureau of Engineering:

Sanitary Engineer
4 Inspectors of food and drugs

Bureau of Vital Statistics:

Registrar
Assistant Registrar
3 Statistical clerks

Special Funds:

5 Stenographers
3 Special nurses
1 Mailing clerk
1 Milk inspector

An analysis of the present organization and functions of the State Health Department suggests administrative changes which are believed would develop a more efficient service.

The title "Assistant Commissioner" should be changed to "Director of Food and Drugs," salary \$2,400, to be in charge of the state food and drug inspectors and operating under the direction of the sanitary engineer.

A separate Bureau of Public Health Education is not necessary and should be eliminated. General health and dental health information should be disseminated under the direct supervision of the Commissioner and coordinated with the activities of the Bureau of Maternity and Infancy and of the full-time county or district health units.

A state advisory nurse, operating directly under a director of county health service, should be appointed.

Her duties would entail general field visits to public health nurses in local health units, those connected with the Maternity and Infancy Bureau, and others engaged in field service, and giving advice relative to program planning and actual field operations. She could also evaluate the qualifications of all public health nursing applicants and furnish a list of approved applicants to local health officials. Needless to say, the qualifications of this advisory nurse should be of the best, viz., high school graduation or its equivalent; graduation from an accredited school of nursing; registration in at least one state; completion of an academic year's course in public health nursing or its equivalent; and finally, at least five years' successful public health nursing experience, two of which have been spent in supervisory or advisory work.

The State Laboratory. The State Laboratory was established in 1915, and has been in continuous operation since that date. It now operates under the state sanitary engineer. The itemized reports of the examinations made by the Laboratory during the past five years indicate that it is rendering a valuable service to the state, with a minimum of appropriation and with a personnel consisting of two chemists, two bacteriologists, and one clerk. The clerical force of the Laboratory is augmented by two special clerks paid from other funds and who also render stenographic and clerical assistance to the sanitary engineer. Some consideration should be given to additional clerical personnel for the Laboratory in considering the increased output of service throughout the years. A director should be appointed, either the chemist or bacteriologist, and the sanitary engineer should be relieved of this supervision.

A director of the State Laboratory should be appointed from the present personnel and the Laboratory should be supplied with an adequate clerical force.

Sanitary Engineering. Although the Bureau of Sanitary Engineering was one of the first provided for in the initial health legislation in 1907, curiously enough one engineer and he alone has constituted this Bureau. He is charged with: Examining and approving plans and specifications for all water-works improvements made by any municipal or private corporation, company, or institution; supervising the operation of their water-works system; investigating any complaints relating to the sanitary quality of the water supplies; examining and approving plans and specifications for all sewerage projects to be constructed by any person, company, corporation, institution, or municipality and supervising the operation of these plants; investigating any complaint relative to the pollution of the waters of the state and issuing orders for the abatement of the pollution; supervision of the design and operation of swimming pools; milk control in standard ordinance cities; inspection and certification to the United States Public Health Service of water supplies used on interstate carriers; malaria control, including educational and construction work; organization of community sanitation programs; directing an annual school for water and sewage plant operators; and advising the National Park Service on matters pertaining to sanitation within the state park areas. Only one engineer, with no provision for clerical help, is expected to do this.

The Bureau of Sanitary Engineering should consist of the following personnel: One chief engineer, two assistant engineers, and one clerk. The sanitary engineer should be relieved of his duties as director of the State Laboratory.

The Health Commissioners have appreciated the value of this work and have supplemented personnel for both clerical and technical work from other appropriations. For the years 1931 and 1932 additional technical workers were provided through funds furnished by the United States Public Health Service.

No supervision is exercised at this time over the water supplies, sewage disposal, or milk supplies of state institutions, although efforts have been made to have this work transferred to the Health Department where it could be economically handled.

The Bureau of Sanitary Engineering should exercise supervision over water supplies, sewage disposal plants, and milk supplies of state institutions.

At the present time there are 322 municipal water systems, serving approximately half of the state population. Of the 322 supplies 62 are treated in complete purification plants, and, according to a 1934 census, the state of Oklahoma was ninth among the states having such water treatment plants. Fortunately, there has not been a water borne epidemic brought to the attention of the Health Department for over ten years; but, unless the personnel in charge of the water plants is trained and state supervision is provided, this condition can not continue, for the waters of the state are becoming more polluted and plants in the hands of untrained personnel can not continue to produce safe supplies. Schools of instruction for water and sewage plant operators are held annually at the Oklahoma Agricultural and Mechanical College, under the direction of this Bureau and the College, for the purpose of raising the standard of these men. Incidentally, legislation is now proposed requiring the superintendents and operators to hold a license issued by the Health Department before they can be placed in charge of a water or sewer system.

With respect to sewers and sewage disposal, a census taken in 1934 shows that Oklahoma has progressed rapidly in this field of sanitation; for with 191 sewer systems, serving a population of 983,324, Oklahoma ranks thirteenth in the Union, and the 157 sewage disposal plants, serving a population of 773,784, places the state seventh in the list of 48 states. Despite this progress, the problem of operation is always present, and the only way in which it can be handled is through state supervision. It is unreasonable at this time to expect small communities to pay for the technical help which is needed to operate these plants efficiently.

In addition to the existing duties of this Bureau, steps should be taken to promote sanitary inspection of dairies. There are approximately 6,000 dairy farms in the state, but without any inspection whatsoever to the benefit of the dairymen or to the general milk consumers.

The only milk inspection carried on as a special state function is that done by the State Department of Agriculture. This service consists of four inspectors appointed by the President of the State Board of Agriculture, who in turn is elected by the people. The duties of these inspectors consist in visiting creameries and cream stations (distributors) in cities and towns in order to determine the degree of cleanliness of plants, the content of butterfat, and to collect certain license fees. Dairy inspection, in general, is left to the local health agencies, city and county, which means that no dairy inspection is done. The state veterinarian, under the Department of Agriculture, makes tests for bovine tuberculosis and Bangs disease. All reactors are destroyed.

The milk supply of the state is, according to law, under the jurisdiction of the Board of Agriculture, where it rightfully belongs so far as the quantity of production is concerned, but the sanitary problems incidental to the production of milk should be in the hands of the Health Department, with definite legislation providing for this and with adequate personnel to enforce any rules and regulations to be promulgated.

At present there is one milk inspector, who is apparently well qualified, attached to the State Sanitary Engineer for the purpose of state dairy inspection in areas where the Standard Milk Ordinance is in effect. His salary is being paid from a special fund. In substance, the only dairy inspection is furnished by this one individual. Provision should be made for at least four dairy inspectors, operating under the Health Department in the Bureau of Engineering, to promote local dairy inspections and the standard Milk Ordinance. Primarily, these state dairy inspectors should stimulate inspection of dairies by the local communities and not make this work an exclusive state function; but there will be places where dairies are operating but where no local inspection can be established. In such places, it is to be expected that the state dairy inspector will when directed by the State Health Officer actually investigate conditions. If and when full-time health units are set up in the counties, it is reasonable to assume that this work will be carried on by the county inspector. It is recommended, in summary, that—

A system of local sanitary inspection of dairies should be promoted under the Bureau of Sanitary Engineering.

In 1928 and 1929, there were 179 and 154 deaths, respectively, from malaria, at about which time malaria control activities were started and have continued to some extent up to the present time. The statistics for 1933 report 115 deaths from malaria, and the 1934 records, which are not complete, indicate there will be less than 100 deaths from this disease, representing approximately 200 cases to each death. In the southeastern and eastern sections of the state, malaria is a serious health problem; and, although records indicate a decrease and also indicate that the work started by the State Health Department under the control of the sanitary engineer has contributed materially to this reduction, more adequate provision should be made for state malaria control work. Appropriation for this work in the past has provided for a limited amount of drainage and for the purchase of quinine for free distribution. Certainly, such service should be intensified in areas needing it and if the advances which have been made are followed up this death rate can be further reduced, reducing also an economic loss of over \$1,000,000 a year.

So far as possible, malaria control measures should be extended, especially in the southeastern area, funds permitting.

From December 1, 1933 to December 1, 1934, under the direction of the sanitary engineer, 25,110 sanitary privies were constructed and 109 sewer connections installed throughout the state, at a cost of \$458,310.74 for labor furnished by work relief.

Food and Drugs. For food and drug inspections there are four inspectors whose principal duties are the collection of license fees from food establishments, drug stores, and grocery stores. The general average yearly collections obtained through this inspection service and turned over to the State Treasury amount to about \$15,000. With respect to the value of these inspections from a sanitary point of view, it is evident that if these inspectors did not collect license fees nobody would, which would mean no inspection whatever. With no inspection there would be no check of any kind on sanitary procedures in food establishments when complaints are submitted from time to time, with a resulting proprietary indifference. It would be distinctly advantageous if collection of fees could be taken out of the hands of inspectors so that their time could be devoted exclusively to actual sanitary inspection of food establishments, in the true meaning of the word, assuming that inspection is in the hands of persons trained in this type of work. The four inspectors who have been on duty for the last four years were, it is said, about to be replaced by new appointees having no training or experience in sanitary inspection duties.

Qualified food inspectors should be appointed and should operate under the Director of Foods and Drugs; and these inspectors should be relieved, as soon as may be practicable, of the duties of collecting license fees.

As previously stated, the title of "Assistant Commissioner of Health" should be changed to "Director of Food and Drugs."

Bureau of Vital Statistics. This Bureau could well use the services of two additional clerks, one as a "Searcher" of previous records, and an additional typist to copy such records. The work is months behind in furnishing these data on requests that are continuously being received. On March 1, 1935, the Bureau was placed under a registrar, assistant registrar, and one new clerk, who are untrained.

In previous years the payment of registrar's fees, 25 cents for births 25 cents for deaths, and 25 cents for burial permits was made by counties. The counties could not afford to carry this load, which resulted in so few reports being received that there was danger of the state being omitted from the Registration Area. It had been admitted in 1928, which means that at least 90 per cent of deaths and 90 per cent of births are reported to the Vital Statistics Bureau. To correct this situation, in 1933 the state undertook to pay for this service.

Two additional clerks should be provided for the Bureau of Vital Statistics.

Bureau of Maternity and Infancy. This Bureau at the present time is not functioning, but, if reestablished, it is believed that it should operate under the Director of County Health Service. The position of head nurse provided for in this Bureau should

be abolished, as the state advisor of public health nursing, previously recommended, could function as head nurse of this Bureau together with her other duties.

The Bureau of Maternity and Infancy should be reestablished under the Director of County Health Service.

Local Health Service. Full-time county health service has almost ceased to function, except in two counties. It is vital not only to re-establish full-time health service in those counties where it previously existed, but to extend this service to as many additional counties as possible, using one county as a unit or a group of counties as a district, as provided by the law of 1929. There is no more important phase of state health work than full-time county health service. These decentralized units, providing the remedy for state needs in their respective jurisdictions, are types of service which no state health official can really do without, as they facilitate his work to a tremendous degree. The fact that this is recognized is shown by the development of rural full-time health service since 1912. In that year there was only one county in the United States enjoying such a service. Today, 550 counties, with approximately 25 per cent of the rural population, are provided with full-time health service.

There is now found in Oklahoma a part-time health service, which means a practicing physician, who is appointed as a part-time county health officer, called the superintendent of health. Part-time health officers are paid on a fee basis, for investigation of nuisances, quarantine, and sanitary inspection.

At the present time there appears to be no regulated system for the care of the indigent sick in the counties by the county government except those cases that are referred to state institutions. In addition to the part-time health officers, a county is supposed to appoint a county physician for the care of the indigent sick on a variable fee basis depending upon the population of the county. This service is provided in some localities; in others it is not.

As rapidly as possible, the full-time county health units should be reestablished; and if necessary, groups of counties should be organized as district health units.

In each county or district, a Division of County Health Service should be established under the direction of a qualified physician, made responsible for the organization and operation of full-time local health service.

Venereal Disease Control. As previously indicated, venereal disease activity has been more or less spasmodic. Appropriations for it have ranged from \$20,000 per annum to \$7,000, and in some years have been cut out entirely. For the present fiscal year nothing was appropriated. It has, therefore, been impossible to operate venereal disease control measures on the basis of long-time planning. At one time, prior to 1930, the state maintained a clinic in Oklahoma City, which in the main provided free treatment for local residents. This clinic is not functioning at present. It might be said that the funds appropriated for this purpose have mostly been expended for the purchase of arsenicals, to be supplied to physicians in the various parts of the state for the treatment of indigent cases. Money appropriated for venereal disease control work in the future, it is believed, could be best expended by the continuation of the purchase of remedial drugs for the care of the indigent and for co-operation in the establishment of clinics where full-time health service is established.

Venereal disease control measures should be amplified by the furnishings of arsenicals to physicians for the care of the indigent sick and establishment of clinics in cooperation with full-time local health units.

Bureau of Epidemiology. Although there is no statutory provision for a Bureau of Epidemiology so-called, through necessity one has developed in the State Health Department. In 1921 the first appropriation was made for epidemiological work, in the amount of \$10,000. Since then the amount has been generally fixed at \$5,000.

Supervision was at first given to this Bureau by the Assistant Commissioner of Health, a layman. As his office entailed various other duties, little was done toward epidemiological investigation. In 1925 a full-time physician was placed on duty as State Epidemiologist and served until July 1932, at which time the Bureau was discontinued.

It was not until 1935 that a system of morbidity reporting was installed. This

is now in effect and consists of mailing out about 2,500 cards each week to the physicians of the state for reporting to the State Health Department reportable diseases. When the Bureau of Public Health Education ceased to operate in 1931, the duties of mailing out all health bulletins and literature was assumed by the Bureau of Epidemiology. At the time of the survey, the Bureau consisted merely of a record clerk and a mailing clerk, whose chief duties were the collection of morbidity statistics from the profession, and tabulating and sending in reports each week to the United States Public Health Service. In addition to these duties, this record clerk also received monthly reports from the various health officers in the state, part time and full time. A Bureau of Epidemiology is essential in any State Health Department and to serve the needs of Oklahoma should be composed of at least one epidemiologist, who should be a physician, one record clerk, and one additional clerk, with travel expenses allowed to the epidemiologist. The functions and duties of the state epidemiologist are numerous. In general, he should be in active charge of the collection of morbidity reports and should investigate epidemics that occur from time to time throughout the state. He should also make special investigations when requested by the State Health Commissioner, and act as Commissioner when necessary.

A State Epidemiologist should be appointed as soon as possible.

Tuberculosis and State Institutions. The tuberculosis death rate among white persons in Oklahoma was 40 per 100,000 in 1928, 1929, 1930, and 1931. In 1932 it was about 38. For the colored, it was 140 in 1928, 160 in 1929, 165 in 1930, 176 in 1931, and 140 in 1932. In the Registration Area of the United States, the death rate per 100,000 for tuberculosis was:

1930 — 71.5	1932 — 62.9
1931 — 68.2	1933 — 59.5

It is recommended in the chapter dealing with public welfare that the state tuberculosis sanatoria should be transferred to the exclusive control and management of the Department of Health; and it is also proposed that sanitary and consultative services to the other welfare institutions should be provided by the Department of Health. Provision for such services is particularly necessary in the case of the institutions concerned with mental disease and mental deficiency. Mental hygiene is becoming more and more recognized as an important part of a public health program; and the state and local public health agencies should actively cooperate in the organization and conduct of mental health clinics. Similarly, public health agencies should cooperate in the rehabilitation of the physically disabled and in work for crippled children.

During this survey it was said that children admitted to the School for the Deaf are received on the advice of their practicing physician and when admitted are accepted as being actually totally deaf with no further examination. It certainly would seem that supplementary examination should be given by qualified specialists to determine whether or not the child is actually totally deaf and whether any form of treatment would be effective or not. There is no physician connected with this school. One of the local physicians from Sulphur visits the institution upon request.

CHAPTER VIII

STATE HIGHWAY ADMINISTRATION

Oklahoma became a state in 1907, and a State Highway Department was created in 1911. Up to this time the state had little in the way of permanent road construction.

Most states have had the advantage of time and experience and have proceeded by slow processes from the pioneer stages when road improvement and maintenance depended upon local units dealing with highway problems limited almost exclusively to local areas and relying entirely upon local taxation for funds, up to the period when the advent of the motor vehicle so extended the radius of vehicle operations that traffic was no longer bearing any relationship to established governmental units. This condition brought about an almost immediate demand for the development of highway facilities, accompanied by an enormous outlay of taxpayers' money, and by an increasing complexity of financial, technical, and administrative problems.

The methods by which these problems have been met vary greatly in the different states. Most states have classified their highways according to traffic importance. Between state and local units a varying allocation of administrative and financial responsibility has been established. In general, the attempt has been made to divide the cost of local and state highway construction between the beneficiaries; but invariably the state primary road systems have been emphasized in legislative consideration.

The history of the gasoline and vehicle license tax and the history of improved highways cover approximately the same period. The initial demand for improved highways, however, was met in its initial stage, in most instances, by state bond issues. But highway development now depends almost exclusively upon taxation of motor vehicles and motor fuel, based on a theory of use and benefit, and these taxes supply a substantial, assured, and, with proper administration and planning, possibly an adequate source of highway revenues. Local control of highways has gradually yielded to centralized authority. Organization in the state ranges from a state highway department controlling an integrated primary system of highways, with or without certain advisory or supervisory power over local units controlling secondary or rural roads, to exclusive state control of all highways, eliminating completely county and township organizations. Into this revolution of transportation methods and highway administration, Oklahoma was precipitated shortly after its organization as a state. New principles and new machinery to cope with this rapid development had to be hastily devised, coincidentally with a rapid increase in population, a mushroom growth of powerful industries, and the malignant influence of partisan politics.

The roads of Oklahoma are classified by law into three systems: State highways, county highways, and township highways. The state highway system, as defined by law, is made up of intercounty and interstate highways embracing at least 5 per cent of the county highway system of each county. The county highways are composed of all roads within any county designated as such by the county commissioners, less any part designated as state highways and comprising not more than 25 per cent of the public highways in the county. It is the duty of the commissioners to designate, construct, and maintain those roads which best serve the people in their travels in the county. The township roads are those under the jurisdiction of the township government, and, where townships have been abolished, all roads of the county not classified as state or county roads. State highways are controlled exclusively by the State Highway Commission; county highways by the county commissioners; and township roads by the township organizations and, since these have been abolished, by the county commissioners.

ORGANIZATION

The act of 1911 creating the Oklahoma State Department of Highways prescribed that the Governor should appoint a State Highway Commission subject to the approval of the Senate. Through lack of appropriation, the activities of the Department from 1911 to 1915 were confined largely to encouraging and developing a public interest in roads in which assistance, financial and otherwise, was obtained from various good road associations throughout the state. In 1915, the legislature reorganized the Highway Department, a new commissioner was appointed and provision was made for a state

highway engineer, assistant engineer and a secretary. The duties of the commissioner were enlarged, requiring him to furnish engineering service in drainage, sanitation and other public improvements. Provision was made for a system of state highways which was to consist of from 10 per cent to 15 per cent of the road mileage of each county and for an ad valorem levy of $\frac{1}{4}$ mill to be used by the counties in constructing highways. A tax was placed on motor vehicles, 10 per cent of which was retained by the state and 90 per cent returned to the treasurer of the counties in which the owner of the automobile resided.

The first appropriation for road purposes of \$1,000,000 for each of the fiscal years ending June 30, 1918-1919 was made in 1917, designated to be expended in the construction of state roads and bridges under the supervision of the county commissioners, but in accordance with plans prepared by the State Highway Department. At the same time the legislature enacted the necessary provision for state participation in federal road funds. The license fee for motor vehicles, which had been based upon horse power, was changed to initial valuation. In 1921 the legislature authorized the issuing of improvement bonds by the various counties for the construction of a county system of highways. All maintenance work during this period was under the supervision of the counties.

Between 1915 and 1924 the State Highway Department developed into an organization of centralized authority. Statutory recognition was given for the first time to highway building and maintenance as a state function. The control of main arteries of travel was brought under a single responsible head. In 1924 the legislature repealed the law providing for a State Highway Commission to consist of three members appointed by the Governor with the advice and consent of the Senate, and increased the powers and duties of the commissioners. In 1927 the law was amended to provide for a State Highway Commission of five members, to be named by the Governor with the advice and consent of the Senate and provided overlapping terms of five years. In 1929 the law was again amended, reducing the Commission membership from five to three members, to be appointed by the Governor with the advice and consent of the Senate for overlapping terms of six years. In 1933 the law was again changed to provide for a Highway Commission of four members, appointed by the Governor with the advice and consent of the Senate, with six-year overlapping terms, except for the secretary who, though a member of the Commission, holds office for two years. These commissioners held office until February 21, 1935 when with the change in administration three of them resigned and their places were filled with new appointees.

From 1911 to 1924, six different commissioners were at the head of the State Highway Department; and from 1924 to 1935 inclusive the Highway Commission has been changed four times by legislative enactment. The average term of service of a highway commissioner and of a state highway engineer has been a little more than two years. The significance of these two facts when viewed from the standpoint of sound business management becomes immediately apparent.

The creation of the three-man Commission in 1924 marks the real beginning of highway construction in Oklahoma, although the stimulus of provisions for participation in federal funds had caused the legislature previously to enact a law authorizing the counties to vote bonds, the proceeds of which were turned over to the State Highway Department to be used with federal funds in building roads in the counties authorizing bond issues, or were used by the counties in constructing county roads, most of which were later embraced in the state highway system.

Statutory Set-up. The State Highway Commission, as now constituted, is composed of four members appointed by the Governor with the approval of the Senate, the approval of the Senate being the only statutory limitation placed upon the Governor in appointing commissioners. The Commission elects one of its members chairman and one vice-chairman; and one is appointed and confirmed as secretary, whose term of office is for two years. The other three commissioners are appointed with overlapping terms, the full term being six years. Each member of the Commission receives a salary of \$4,800 per year and expenses and is subject to removal from office by any court of competent jurisdiction for wilful neglect of duty, corruption of office, drunkenness, incompetency, or any offense involving moral turpitude.

Tenure of Commission. It was assumed that legislative enactment prescribing a

system of overlapping terms for the Commission would render it impossible for the appointing authority to dominate highway policies immediately or directly through the power of appointment, and that it would render more effective that continuity of policy essential to efficient highway administration.

The history of the Highway Department from its inception shows how this provision of law has utterly failed to accomplish the end desired. Every change in administration since 1911, with one or two exceptions, has witnessed a repeal or amendment of the highway law, the old commissioner or commissioners being ousted and new ones installed. The average service of a highway commissioner since the creation of the Department has been approximately two and one half years while the legal term of office has ranged from four to six years. Naturally, the position of the chief engineer and the technical staff of this organization has been affected by such unwholesome manipulations. The average term of service of the state engineer has been a little less than that of the commissioners, a fact that is of course significant; but a much greater significance would be found in the information as to what the term of service of these engineers would have been, had they made consistent efforts to control the administrative and technical details of the works of the department for which they are responsible.

General Powers and Duties. The Highway Commission is charged by law with the construction and maintenance of the state highway system; it is given power to make all final decisions and all rules and regulations it may deem necessary not inconsistent with the law for the proper management and conduct of all highway work, in such manner as shall be to the best interests of the people of the state; and it is vested with the powers and duties necessary and proper fully and effectively to carry out all of the objects of the highway act. It has in addition the following specific powers and duties:

(a) Have supervision of highways and bridges which are constructed, improved or maintained, in whole or in part, by the aid of State moneys, and of highways constructed, in whole or in part, by the aid of moneys appropriated by the United States Government, so far as such supervision is consistent with the acts of Congress relating thereto.

(b) Prescribe rules and regulations not inconsistent with this Act or other laws of the State of Oklahoma, fixing the duties of all persons employed by the State Highway Commission, and prescribing the manner of cooperation between county, township, and city officials with the State Highway Commission.

(c) Investigate and determine upon the various methods of road and bridge construction in the different sections of this State and as to the best methods of construction and maintenance of state highways and bridges.

(d) Aid at all times in promoting highway improvement and maintenance throughout the state.

(e) Let, or supervise the letting, of all contracts for construction or improvement of state highways or any contract for road or bridge construction or improvement work where the work is being done in whole or in part with federal moneys.

The Commission determines exclusively administrative policies affecting state highway development; and it is subject to no restrictions in creating a working organization to carry out its policies and program, except as it may be influenced by the chief executive or members of the Senate through the powers of appointment and confirmation. It will be noted that the legislative provisions confer no advisory or supervisory powers on the Commission over the conduct of county or township road activities, but provide only that the Commission may prescribe rules, regulating the manner of cooperation between county, township and city officials with the Commission.

Plans and Policies. The internal organization of the Commission is not functioning in all matters in accord with the intent of the law under which it was created. The Commission has, on its own authority, divided the state into as many commissioner's districts as there may at the time be commissioners; and each commissioner is assigned a particular district, with an allotment of highway funds to each commissioner, the amount of which may or may not be determined by the proper requirements of a coordinated state highway system. In the appointment of commissioners, the practice of appointing a resident from each district has been followed. Whatever may have been the intent of the legislature, this plan of organization is not indicated in the act.

The result has been that highway work has, in many respects, been controlled by four individual commissioners, and not by one coordinated Commission of four members.

The purpose of a state highway organization is to produce a coordinated system of state highways conforming to economic and traffic needs. The goal of a state highway system will never be reached so long as a commissioner's primary interests are centered in his district and not in the state as a whole. The existing situation has rendered rational planning impossible and mistakes unavoidable. It is possible to point out specific instances where district considerations have determined what road should be added to the system, the location of district offices, shops, maintenance district headquarters, and local staff appointments. In fact, all manner of operations in the districts are largely controlled by the commissioner from the respective districts. It is assumed, of course, that all such acts receive the approval of the full Commission.

The division of the state into districts is inherently unsound, and this method of operation among the commissioners should be discontinued.

Planning. The building of a highway system must contemplate the formation of a comprehensive plan for the development of an adequate system consistent with modern economic, social, and traffic needs, and a reasonably correct evaluation of future requirements.

In the development of Oklahoma's state road system, the necessity of rational planning has not been given full recognition. It does not appear that there has been the requisite unity of policy, plans, and operation. Oklahoma for years has paid the price in taxpayers' money for the lack of a plan that would point the most economical way to the desired end. In short, the money so far expended for highways has not brought maximum results. The division of the state into commissioners' districts, the great need and demand for the rapid extension of improved mileage, and the sentimental appeal and demands for preferred treatment by political and sectional selfish interests have operated effectively to prevent such results. In the further development of the state system, a coherent plan, broad enough to embrace present and future needs, is essential for immediate use in the operations of the Department.

The fundamental facts for sound highway planning can be obtained only from a competent traffic and economic survey giving due attention to the equitable collection and distribution of highway revenues and adequate treatment of all classes of roads, state, county, and township. The data collected should be comprehensive enough to indicate the relative importance of all roads, regardless of present legal classification, and evaluate their benefit not only to the direct user but to all others.

The traffic and economic surveys recently conducted by the United States Bureau of Roads in Michigan, Illinois, and Wisconsin are striking illustrations of work that must be done to secure facts essential to sound highway planning. The cooperation of the federal Bureau of Public Roads in such surveys for Oklahoma can no doubt be obtained.

It is recommended that when and if the traffic and economic survey has been made and facts obtained necessary for the formulation of a comprehensive highway program, a commission be created by legislative authority composed of broad-gauged men selected from the legislative branch of the government, and including the chairman of the Highway Commission, the state highway engineer, and representative citizens to study such surveys and to plan the future highway program, this plan to be followed by the Commission and observed in legislative enactments.

Cost of Commission. The following table shows the costs of the Highway Commission and of general administration, compared with the total operating budget for the years 1930 to 1934.

Year	General and Administrative Departments	State Highway Commission	Total Operating Budget
1930	\$2,144,654.93	\$21,356.39	\$20,217,085.83
1931	1,885,340.87	37,549.34	14,777,159.14
1932	1,589,023.64	26,659.56	12,251,281.33
1933	1,036,694.62	32,991.08	14,568,299.50
1934	1,057,292.33	36,570.98	15,577,233.37

The figures below show the disbursements for the State Highway Commission from July 1, 1924 to December 31, 1929.¹

July 1, 1924 to June 30, 1925 -----	\$ 8,465.01 ²
July 1, 1925 to June 30, 1926 -----	9,696.82 ²
July 1, 1926 to Feb. 10, 1927 -----	4,055.33 ²
Feb. 10, 1927 to June 30, 1927 -----	11,299.12
July 1, 1927 to June 30, 1928 -----	29,599.86
July 1, 1928 to June 30, 1929 -----	25,770.69
Calendar Year 1929 -----	21,356.39

It will be noted that the deliberations of the Highway Commission over a period of eleven years have cost those paying highway taxes the sum of \$244,014.18. In the fiscal year 1927-28, the five-man Commission cost the motor vehicle user \$29,599.86, while in the calendar year 1930, the three-man Commission cost \$21,356.39 with a total operating budget of \$20,217,085.83. While in 1931 the same Commission cost \$37,549.34, with a total operating budget of \$14,777,159.14. In 1934 a four-member Commission cost the vehicle user \$36,570.98 with a total operating budget of \$15,577,233.37. In the five years from 1930 to 1934, the deliberations of the three and four-man Commissions cost the taxpayers \$155,127.35.

The Secretary. The secretary's official status is apparently that of a general manager created by legislative action for the purpose of managing any part of the operations of the Department the commissioners may elect to entrust to him. The act creating the Highway Department provides for a member of the Commission to be appointed as secretary and assigns to him the following specific duties:

The Secretary shall keep full and true records of the proceedings of the Commission and shall be the custodian of all books, records, maps, documents, papers and files connected with or belonging to the Commission or department of highways. He shall have general charge of the department office and shall superintend and have control over all assistants, clerical help and employees not under the direction of the chief engineer and for the purpose of effectually performing such powers and duties he shall be and is hereby authorized and empowered to appoint and employ all such assistants, clerical help, laborers, and other employees as he, with the concurring approval of a majority of the members of the commission may deem necessary at salaries or wages to be fixed by the Commission.

The possibilities of this arrangement are extensive; but sound reasons for it are not apparent. The commissioners could, at their option, transfer any part of the organization to the control of the secretary. The latter now has under his supervision the purchasing department, along with aeronautics, correspondence clerk, and mailing department. The retiring chief accountant or auditor states that he is operating under the supervision of the secretary, although the Department's organization chart coordinates him with the office of the chief engineer, where he properly belongs. One result has been that the assistant chief engineer has his assistants, who handle federal aid work, which has comprised the bulk of all road work in the state for several years, have found it necessary to keep a separate set of accounting records. The head of the accounting department should be subjected to the same control on the part of the chief engineer as other administrative personnel.

The proper duties of a secretary to the Commission could be efficiently performed by a member of the clerical staff.

The position of member secretary to the Commission should be abolished.

The State Engineer. The state engineer is appointed by the Commission. His salary, fixed by law, cannot exceed \$4,800 a year. In the event of a tie vote on any matter before the Commission he may cast the deciding vote and for that purpose only he becomes a member of the Commission.

The law provides that the state engineer so appointed shall be a civil engineer with established reputation qualified in road and bridge, drainage hydraulic and sani-

¹Unless otherwise noted all data used in this report have been supplied by the Oklahoma Highway Department.

²Includes disbursements for salaries and travel expense only under three-man Commission.

tary engineering and with at least five years experience in highway construction. He is also charged by law with the following specific powers and duties.

The chief engineer, with the concurring approval of a majority of the members of the commission, shall be empowered to appoint and employ such assistant engineers, clerical help, laborers and other employees as may be deemed necessary for the proper discharge of the duties connected with the construction, repair and maintenance of highways under the supervision and control of the state department of highways, and all such assistant engineers, clerical help, laborers and other employees shall possess such powers as may be delegated and perform such duties as may be assigned to them by the said chief engineer and the salaries and/or wages of each shall be determined by the commission.

There are no safeguards provided by law securing the chief engineer from removal from office, regardless of how efficiently and conscientiously he may perform his duties. The power of arbitrary removal acts as a leverage to control his actions and the average term of service of Oklahoma highway engineers does not indicate that this power has not been abused.

Departmental Organization and Personnel. The business and technical operation of the Department are centered in the State Highway Commission, with the state engineer and the secretary coordinating the department of designing, engineering, construction, maintenance, and auditing or accounting, with their respective subordinate divisions, each department being under the supervision of an administrative head. Among the specific powers and duties vested by law in the Highway Commission the following are enumerated:

The commission shall determine the number of employees necessary for the proper and effective discharge of the duties and powers thereby vested in it and shall fix and determine the salaries or wages to be paid for the services rendered or labor performed and may change and control the same from time to time as it, by majority action, may determine; salaries and wages to be in accord with other departments of state for like character of service.

Under the policies generally followed in the appointment of state highway commissioners, it rarely happens that such commissioners possess the requisite technical knowledge or the experience in administration to enable them to assume complete administrative and executive responsibility in directing technical operations. Nevertheless, with few exceptions, administrative and executive functions, extending even into the field of technical operations and decisions are exercised by the commissioners, in many instances without consulting with the chief engineer.

The power of approval and confirmation given to the Senate has placed in the hands of politically-minded legislators a source of patronage which has been exercised to the fullest possible extent. The conclusion is inescapable that politics has dominated the Department. It would seem unnecessary to point out the seriousness of a situation that so vitally affects the efficiency of an organization, which should depend on the efforts of experienced and technically trained men. Men whose lives are devoted to professional service and whose livelihood is dependent upon that service have a right to expect reasonable freedom from the hazards of patronage politics. Only under the stress of economic pressure now existing is it conceivable that competent and trained technical men devoted to their profession, would be willing to risk their professional career to the uncertainties of a service where regardless of professional skill, competency, and devotion to duty, they are subject to removal for causes unrelated to their efficiency or conduct.

In making appointments, the general practice is to send the appointee to the chief engineer or department head with instruction that a particular employee be dismissed and this man placed in his place. Frequently the appointee so designated possesses no qualifications, either in training or experience, to perform the duties of the man whose place he is taking. For example, during the period of this survey, an engineer on field survey work was ordered dismissed and his place to be filled by a man with absolutely no engineer training or experience. A division engineer was dismissed and his successor appointed without consultation with the state highway engineer. In fact, the change had been made and the new division engineer had taken his place before the chief engineer obtained his first knowledge of the transaction from a daily newspaper. Such procedure violates the fundamental principles govern-

ing the delegation of responsibility and authority by which effective operating results can be obtained. The effective execution of any determined program of operation by one who is accountable and responsible for its execution can be obtained only by delegating to that one, authority to control subordinate personnel and methods of operation.

Engineers of districts and maintenance divisions are maintained to carry on the physical operations of the Department. The chief maintenance engineer and the division engineers, with few exceptions, are technically trained and thoroughly competent. Their control, however, over work for which they are responsible is limited by conditions already mentioned. No detailed analysis of the work of all departments is possible in this survey. In general, department heads are technically trained, experienced, and competent, but the conditions under which they work would render it unjust to hold them fully accountable for results of operations. The salary of the chief engineer is inadequate. Salary rates as now determined do not insure equal advantages for all employees engaged in work of similar responsibility. Steps should be taken to insure compensation within the various classifications, based on personal ability, character and responsibility of work and length of service.

The uncertainties accompanying the tenure of office in the Highway Department have already been mentioned. The length of continued service of administrative heads and other highway employees is shown below.

Position	Monthly Salary	Period of Continuous Service			
		In Present Position		Prior Service	
		Years	Months	Years	Months
Chief Engineer	\$400	3	6	4	1
Federal Aid Engineer	300	6	6	3	5
Chief Draftsman	300	15	0	1	0
Maintenance Engineer	300	3	5	8	0
Construction Engineer	300	3	2	6	10
Bridge Engineer	300	5	4	9	8
Material and Tests Engineer	300	2	5	8	6
Design Engineer	300	3	5	6	0
Right of Way Engineer	220	1	6	4	1
Division Engineer Div. No. 1	300	0	1	0	0
Division Engineer Div. No. 2	300	1	5	6	5
Division Engineer Div. No. 3	300	1	8	9	9
Division Engineer Div. No. 4	300	1	6	1	11
Division Engineer Div. No. 5	300	2	11	6	8
Division Engineer Div. No. 6	300	4	8	8	6

For comparison, the following table is given showing the length of continued service of administrative heads of the Iowa State Highway Department in July, 1933.

Position	Period of Continuous Service
Chief Engineer	21 years 6 months
Administration Engineer	5 " 8 "
Construction Engineer	18 "
Engineer of Road Design	20 "
Maintenance Engineer	18 "
Engineer Materials and Tests	15 " 10 months

The figures given in Table I constitute an estimate based on the actual record of 647 monthly salaried employees. These employees represent the majority of those still on the active payroll of the Commission, who were also on the payroll during the month of June, 1934. Records of all employees are not available prior to September 1, 1930.

TABLE I
DISTRIBUTION OF MONTHLY SALARIED EMPLOYEES OF OKLAHOMA STATE HIGHWAY COMMISSION BY TYPE OF POSITION AND LENGTH OF SERVICE

Years of Continuous Service	Engineering Office	Accounting Department	Construction Department	Maintenance Division, Administration, Equipment, etc.	Other General and Administrative Depts.	Total All Departments	Per Cent of Total
Under 1	2	--	64	4	13	83	12.83
1 - 4	15	18	205	31	107	376	58.12
4 and over	20	6	88	14	60	188	29.05
Total	37	24	357	49	180	647	100.00

These percentage figures indicate that the terms of service of employees fluctuate in full sympathy with changes of administration.

In the last two years a varying demand in connection with operations of the Department in handling federal emergency highway funds and highway work relief funds has perhaps justified retaining on the payroll through slack intervals and for a short period, a small surplus of employees in a few classifications. It does not appear, however, that the highway personnel has been adjusted either to seasonal or annual fluctuations in the volume of work or in conformity with variations in the operating budget, as will appear in Table II below.

TABLE II
EMPLOYEES ON PAYROLL FOR THE MONTH OF JUNE
1931, 1932, 1933, and 1934

Year	Number Regular Employees on a Monthly Salary	Number Daily Wage and Temporary Employees	Total	Total Operating Budget
1931	754	Not available		\$14,777,159.14
1932	586	Not available	-----	12,251,281.33
1933	666	1075	1741	13,568,299.50
1934	988	5586	6574	15,577,233.37

The continuous service records of maintenance superintendents present perhaps more significant figures than are to be found in any other classification. Of a total of 29 superintendents of maintenance divisions, 10 have served less than one year, and of that 10, 8 have served less than three months; 4 have served less than two years; 12 have served less than 4 years; and only 2 have served more than 4 years, the longest term of service being 7 years and 8 months. A significant fact is that only 3 of the superintendents now on the roll have previously served the State Highway Department in a salaried position. The work of a maintenance superintendent is of a character that requires experience and training if efficient performance of such duties is to be expected.

An analysis of the term of service of resident engineers shows an average term of service of three years. The record shows a term of service of division engineers which will average slightly over two years. This perhaps will account for the fact that resident engineers have in some instances refused promotion to the position of division engineers on the ground that, for some unexplained reason, there is more security from political interference in the resident engineer's job.

OPERATING RESULTS

The test of the effectiveness of a State Highway Department will be found in a comparison of the objectives required, the physical results obtained and the money expended. A state road system is designed to accomplish the following results:

1. To connect all cities and towns that are of sufficient importance to attract other than local traffic.
2. To form logical continuations of the state roads of adjoining states.
3. To include roads that are necessary links in routs for long distance travel.
4. To give access to regions devoted to recreation and to places of natural beauty.
5. To supplement the railroads as arteries of commerce.
6. To serve military purposes.
7. To anticipate and direct movements tending toward relocation and decentralization of industry.

A primary road system should meet these objectives. It must be designed, located, and constructed in accordance with sound engineering principles, and with a view to safety of transportation, economy in maintenance, and conservation of capital investment.

With the beginning of the modern road program in Oklahoma there was in the roads existing little value of a permanent character. The requirements of location, alignment, drainage, and grading to permanent grade had to be met in all projects. The rapid growth in population and in the use of motor vehicles brought about in every community a necessity for roads, accompanied by urgent demand for road construction.

All these problems had to be met by a new organization, hastily thrown together to accomplish a task in road construction of a magnitude never before experienced.

It was inevitable that in the earlier period of construction mistakes were made. The increase that has taken in the speed of the motor vehicle was not fully anticipated, with the result that many of the earlier built roads of the state system were improperly located and were defective as to grade and alignment, with design and type of construction unsuited to the traffic requirements. Bridges were built too narrow for safety with modern traffic, the economic results of which are now reflected in reconstruction, betterments, and maintenance expenditures.

Work Accomplished. The figures below show the state road system mileage classified by types for maintenance purposes. Oklahoma has surfaced 27.9 per cent of its total mileage with the standard type of pavement. During the last three years, the Highway Commission has increased the mileage of standard pavement by 535.39 miles. The mileage of second class pavement has been decreased 7.84 miles.

	1932		1933		June 30, 1934	
	Road Mileage	Per Cent of Total	Road Mileage	Per Cent of Total	Road Mileage	Per Cent of Total
Unimproved earth	2,173.2	30.35	1,366.3	17.61	1,300.63	17.47
Improved earth	542.5	7.58	713.3	9.61	718.77	9.65
Gravel	2,542.9	35.52	3,366.7	45.37	2,999.70	40.28
Class 2 pavement ¹	362.4	5.07	358.4	4.83	354.56	4.76
Standard pavement ²	1,537.7	21.48	1,675.4	22.58	2,073.09	27.84
Total	7,158.7	100.0	7,420.1	100.0	7,446.75	100.0

A comparative statement of revenue and disbursements for the fiscal years beginning June 30, 1930 to June 30, 1934 follows:

	1930-31	1931-32	1932-33	1933-34
Revenue	\$18,366,619.28	\$13,411,941.54	\$12,679,551.26	\$9,276,715.30
Disbursements	19,062,886.28	11,872,257.40	15,930,363.34	9,304,641.78

Location and Type of Improvements. Since 1924, 2,917 miles of road have been added to the primary system, some mileage originally incorporated in this state system has transferred back to the county or township, while other mileage has from time to time been added to the primary system. Considerable mileage constructed by counties from the proceeds of county bond issues was later taken over and added to the primary system.

The variations between counties in the stage of state road development is illustrated in the following table, which shows as of 1934 the frequency distribution of counties, according to the various percentages which are unimproved, improved earth, standard pavement, and second class pavement.

Percentage Interval	Unimproved Earth	Improved Earth	Second Class Pavement	Gravel	Standard
None	36	49	54	10	19
Under 10	9	8	9	9	13
10 - 20	8	8	9	8	9
20 - 30	8	4	3	6	6
30 - 40	3	1	1	7	6
40 - 50	7	5	1	6	5
50 - 60	4	1	0	8	4
60 - 100	2	1	0	23	15
Total	77	77	77	77	77

With a few exceptions, every county seat in the state can be reached without leaving a surfaced highway, although in a few instances a roundabout line of travel is necessary. All population centers and all interstate routes are connected by state highways; but at the present time all interstate routes are broken by unpaved gaps; on three of these roads, the gaps are so small that they may be considered as practically completed. The remaining seven important interstate routes are far from complete and much remains to be done on important intrastate routes.

¹Class 2 pavement—bituminous surface on gravel base.

²Standard pavement—brick, concrete, asphalt on concrete base, or equivalent types.

State road development in some sections is to some extent unbalanced. This condition has no doubt been influenced to some extent by county bond issues, the proceeds of which were necessarily expended in the county voting the bonds. However, the results of pressure brought to bear upon the Highway Commission by local, regional, and political interests are also evident. Apparently through such efforts many miles of roads have been incorporated into the state highway system that should properly be classified as county roads, while on the other hand, some of the most important interstate routes have been neglected. Route 69, an interstate route that would logically carry motor traffic between Kansas City and St. Louis, and Dallas, Fort Worth, and other Texas points, is far behind in point of completion compared with other routes of lesser importance.

Another interstate route leading northwest from the center of the state through the Panhandle and direct to Colorado and Rocky Mountain points, has received little recognition beyond giving it the number 270. This road, when improved, will not only serve interstate traffic, but will greatly facilitate travel between the Panhandle and the northwestern section of Oklahoma, and the state capital.

The desirability of eliminating extraneous considerations, wholly unrelated and inimical economical and orderly progress, is obvious. The Highway Commission should be permitted to work unhampered in its efforts to develop and construct an integrated state road system. One of the prime essentials of highway administration is the development of a coherent plan and policy. In the present state of development of the state system, sound policy would have dictated a more rigid adherence to the basic needs of the primary system.

Economy. It has already been indicated that any conclusion that the Oklahoma state road costs and administration have been conducted on a scientific and economical basis, through all of the kaleidoscopic changes of administration and personnel, would have inadequate foundation. As example the following cases are mentioned: 29 maintenance superintendents are employed in the six engineering divisions; the total mileage of state highways is 7,446, making an average of approximately 256 miles for each superintendent. It is estimated that 20 superintendents is the maximum that should be required for this mileage, distributed as follows: for Engineer District No. 1, four maintenance superintendents; District No. 2, two; District No. 3, four; District No. 4, three; District No. 5, four; and for District No. 6, three. If such a distribution were in effect, the cost and expense of operating nine automobiles and the salaries of nine maintenance superintendents would be eliminated. All quantitative data obtainable indicate that engineering costs are unusually high. It again seems necessary to state that no reflection is intended on the various heads of engineering departments or divisions. They are not given sufficient authority or control over operations or subordinates to justify their being held to accountability.

Our attention has been directed to the fact that division engineers find it necessary to re-survey and re-figure excavation and earthwork quantities after a contract has been awarded. It is suggested that additional engineering costs could be avoided by a more careful preparation of construction plans. These plans should reflect the earthwork quantities with sufficient accuracy to avoid the necessity of re-figuring the mass diagram governing the movements of excavation after the contract is let. Either the original survey notes or the plans prepared for them have been too hastily made. The following seven construction projects now under construction or recently completed are shown with the engineer personnel actually employed on the respective projects together with an estimate of the number that would be actually required.

Number Actually Employed		Number Actually Required
1 Resident Eng.	NRM 293-J—On Hoy Street in the city of Buffalo, Harper County, 0.655 miles R. C. Paving. Contract estimate \$36,522.84	1 Resident Eng.
2 Inspectors		2 Inspectors
2 Rodmen		1 Rodman
3 Chainmen		1 Chainman
1 Resident Eng.	NRH 293-H—East of Charleston across Cimarron River, 3.372 miles of Grade and Drain-	1 Resident Eng.
4 Inspectors		2 Inspectors

Number Actually Employed		Number Actually Required
1 Rodman 1 Instrument man 3 Chainmen	age and One Bridge. Contract Estimate \$148,147.97, in Harper and Woods Counties	1 Rodman 1 Instrument man 1 Chainman
1 Resident Eng. 4 Chainmen 3 Rodmen 1 Instrument man	SAP 792—On S. H. 35 S. E. of Woodward 1 Bridge and Culverts, Woodward County Contract Estimate \$9,869.09.	1 Resident Eng. 1 Chainman 1 Rodman 1 Instrument man
1 Resident Eng. 1 Inspector 3 Chainmen	NRH 305-C—Approximately 1 mile west of Woodward, 0.062 miles, Grade Drainage and Surfacing with Underpass of A. T. and S. F. Ry., Woodward County	1 Resident Eng. 1 Inspector 1 Chainman
1 Resident Eng. 1 Instrument man 3 Inspectors 3 Chainmen	NR 2-A—Approximately 2.5 miles west of Medicine Park 0.132 miles of Grade and Drainage and One Bridge, Comanche County (Note—Engineering costs in this project amounted to \$2,500 or approximately 59 per cent of the contract estimate)	1 Resident Eng. 1 Instrument man 1 Inspector 1 Chainman
1 Resident Eng. 4 Instrument men 5 Chainmen	NRM 8-A—On U. S. 66 in the city of Miami, 1.315 miles of grade and drainage and paving and one bridge over the Neosho River, Ottawa County. Contract estimate \$148,297.82 ¹	1 Resident Eng. 1 Instrument man 1 Chainman 2 Inspectors
1 Resident Eng. 1 Instrument man 3 Inspectors 1 Rodman 4 Chainmen	NRM 67-C-R. C. Paving in Tishomingo, 0.108 miles on S. H. 22. Contract estimate \$17,302.23	1 Resident Eng. 1 Instrument man 2 Inspectors 1 Rodman 1 Chainman

Construction Costs. It is not considered feasible nor within the limits of this survey to attempt a detailed analysis of the three phases of highway costs, original cost, durability or economic cost, and cost of upkeep during economic life, for the reason that the methods employed in keeping accounting records would render any such attempt difficult and the resulting conclusions based thereon would be unreliable. The chaotic condition of the earlier records would render any such attempt impracticable. It is also realized that any analysis for the purpose of interstate comparison of road construction costs is of little value because of variation in standards of construction, as well as topographical and labor conditions and cost of material.

Design. In addition to the management and economic phases of highway engineering, design has come to constitute an increasingly important and exacting feature of the development of modern highway systems. Within the last few years, the development of the automobile has increased the speed of traffic from 35 to 40 miles per hour to 60 and up. Freight and passenger carrying vehicles have kept pace with the private car; and, with the increase in speed, has come greatly increased construction cost due to the need of wider pavements, wider bridges, better alignment, increased range of vision, elimination of short curves, and uniform smoothness of pavement surface. Maintenance engineers have been faced with increased maintenance costs, as well as the serious task of proper maintenance of lower cost types of roads.

The designs now employed by the State Highway Department in the construction of standard pavements are in line with modern method. More consideration is being

¹A letter from the senior highway engineer of the United States Bureau of Public Roads, under date of March 6, 1935, to the Oklahoma State Highway Engineer, calls attention to the excessive engineering personnel on project U. S. P. W. NRM-8-A, in which he states that a resident engineer and nine men are rather a large party for a project of this size, and calling attention to the fact that this same engineer, several years ago, took care of the bridge south of Terral with a party one-half as large as the one now working on No. 8.

given to fitting the type of pavement to the traffic needs of the highway, However, this has not always been true in the past. There are many instances where design has been influenced by considerations other than economy and traffic needs. The types now adopted for second and third class pavements, various types of bituminous construction, and the types of gravel constructions now used, and the policy followed in connection therewith are fairly in line with sound principles, although the pressing demand for increased mileage of improved roads is responsible for the construction of gravel and low cost bituminous surfaces in places where better types of roads should have been built. It cannot be overlooked that interested contractors, over-enthusiastic material salesmen, and ill-advised pressure exerted on highway officials have contributed not a little to waste and mistakes in Oklahoma's road building, and have resulted in construction that is low cost in name only. It cannot be contended that the problem of gravel and bituminous construction in the highway system has been fully solved; but the location, type, and distribution of roads in a state system of highways should be governed by technical decisions which few laymen are competent to make. Decisions of this character should not be made without consultation with the approval of the capable engineering opinion, which is available in the engineering staff of the State Highway Department and which exists for that purpose.

Maintenance. The existing method of segregating and recording maintenance costs in the Highway Department does not enable such data to be kept in full conformity with the generally accepted definitions of general maintenance. Betterments, additions, and reconstructions are frequently included in maintenance, with the occasional absorption of certain amounts of new construction. The administrative cost of the division engineer's office is charged to maintenance, Liberal use is made of pro-rations; and it is noted that the accounting department carries a special improvement project account, to which it charges expenditures, some of which properly belong to maintenance. These observations are not intended in any way as reflections on the methods employed in maintenance operation or of the work being accomplished by the maintenance department. The methods, work, and progress of the engineering staff indicate competency in the conduct of its work. The appointment of maintenance superintendents and the selection of labor is not within the control of the engineering department. Frequently because of inefficiency of a maintenance superintendent, the load of maintenance work falls on the resident and division engineer.

The average maintenance cost per mile for the various types of primary road surfaces and the record of maintenance disbursements over a period of three and five years respectively are shown in the following table:

Year	Unimproved	Improved	Gravel	Class 2	Standard	State
	Earth	Earth		Pavement ¹	Pavement ²	
1932	373.18	430.85	514.89	485.54	404.26	433.61
1933	262.93	289.01	356.14	354.65	245.10	298.19
1934	329.39	388.25	523.91	513.09	285.70	415.68
Average	321.83	369.37	464.98	451.09	311.69	382.49

Year	Administration	Betterments	Reconstruction	Maintenance	Totals
1930	136,967.96	None	963,297.67	2,769,312.96	3,869,578.59
1931	155,525.48	None	156,703.82	2,172,636.38	2,484,870.68
1932	106,579.72	822,794.45	206,480.14	2,269,619.63	3,405,473.94
1933	86,519.22	574,435.40	214,453.98	1,753,470.05	2,628,878.65
1934	84,366.23	1,229,506.74	734,226.63	2,119,816.75	4,167,916.35

In the examination of the above table the significant fact stands out that the average cost per mile for maintenance in 1932 was \$135.42 per mile more than the maintenance cost in 1933. It will also be noted that the maintenance cost jumps again from \$298.19 per mile in 1933 to \$415.68 per mile in 1934, or \$117.49 per mile more than in 1933. No explanation of this variation of maintenance costs has been presented. It may, however, be noted that in 1933 there was no state or national election.

It is evident, however, that maintenance costs in the period from 1930 to 1934 inclusive have not moved in a rational or normal sequence. In the years 1930-32 and 1934 either an unnecessary amount was expended for maintenance or in 1931 and 1933 the expenditure was below normal requirements. Obviously, maintenance disburse-

¹Bituminous surface on gravel base.

²Brick, concrete, asphalt on concrete base, or equivalent types.

ments should increase at a more or less regular rate over a period of years. The following table shows the average annual cost of maintenance by class intervals over a three year period 1932, 1933, and 1934:

Class Interval of Maintenance Cost Per Mile	Number of Counties		
	Improved Earth	Paved Surface	Gravel Surface
\$ 50 to \$100	--	1	--
100 to 150	--	3	3
150 to 200	1	10	2
200 to 250	1	10	3
250 to 300	5	12	9
300 to 350	3	5	15
350 to 400	--	1	10
400 to 450	--	2	4
450 to 500	--	1	3
500 to 550	--	--	2
550 to 600	--	--	--
600 to 650	--	2	--

The light gravel road type of construction used in the Oklahoma state highway system comprises 2,999 miles, or approximately 40 per cent of the total state system. The highway maintenance cost per mile indicated in the above table referring to gravel indicates the lack of economy in this type of construction. It is of course true that the funds available have frequently rendered it necessary to use this type of construction on roads where a more substantial surfacing would be indicated. Economy and preservation of the capital already invested would suggest the advisability of a better type of surfacing for those portions of these roads where traffic conditions are too heavy for the light gravel type, even at the expense of delaying new construction. It has apparently been the policy in the past to allot the minimum amount of funds to maintenance, in order that a better showing could be made in new construction. The stage has apparently been reached where, in order to preserve the road system and at the same time carry on new construction, additional sources of revenue will have to be obtained.

Tables III and IV show all direct maintenance charges for the years 1932, 1933, and 1934, and all direct charges plus indirect apportionments for the same period, together with distribution of expenditures and percentage to total expenditures.

TABLE III
OKLAHOMA STATE HIGHWAY COMMISSION, MAINTENANCE COST
FOR STATE (ALL DIRECT MAINTENANCE CHARGES) FOR THE
YEARS 1932, 1933, and 1934

	1932	1933	1934	Total	Per Cent of Total
Salaries and Wages	\$1,913,902.72	\$1,414,602.16	\$1,629,881.54	\$4,958,386.42	80.71
Material and Supplies	144,690.02	99,619.74	153,657.09	397,966.85	6.48
Equipment Supplies and Expenses	209,865.88	224,653.98	320,755.37	746,275.23	12.15
Miscellaneous Expense	4,557.43	8,880.94	10,369.34	23,807.71	.39
Traveling Expense	5,603.58	5,713.23	5,153.41	16,470.22	.27
Total	2,269,619.63	1,753,470.05	2,119,816.75	6,142,906.43	100.00
Average mileage for period	6,961.536	7,204.362	7,428.403		
Average cost per mile	326.02	243.39	285.37		

TABLE IV
COMPLETE MAINTENANCE COST FOR STATE (ALL DIRECT CHARGES PLUS INDIRECT
APPORTIONMENTS) FOR THE YEARS 1932, 1933, AND 1934

	1932	1933	1934
Classified maintenance	\$2,269,619.63	\$1,753,470.05	\$2,119,816.75
Equipment	518,724.24	159,284.51	216,224.59
General maintenance	8,299.52	6,564.15	3,785.71
Administration headquarters	15,446.45	14,460.14	14,490.75
Special improvements	206,477.04	214,453.98	733,497.48
Total	3,018,566.88	2,148,232.83	3,087,815.28
Average mileage for period	6,961.536	7,204.362	7,428.403
Average cost per mile	433.61	298.19	415.68

Highway Use. Oklahoma's state road system is now being uniformly designed, constructed, and marked according to principles which favor maximum utilization and

safety. The engineering staff of the Department is fully cognizant of the task before them in the matter of modernizing earlier construction, and are applying scientific principles of construction to all road development. All state roads are now being paved not less than 20 feet in width; all other physical factors, grades, curves, maintenance, and highway markings are favorable to safety and use; and construction is such as to realize the full economic value of motor vehicle transportation. The gross and wheel loads which may be carried on Oklahoma highways are limited by statutory provision. These limitations are well within the carrying capacity of the standard pavement but there is at the present time no provision for enforcement and consequently no enforcement.

The opening of a new oil field invariably brings about serious damage to all paved roads in the region where such development is being carried on and results in heavy outlays for reconstruction and maintenance, adding another imponderable factor in any evaluation of maintenance operation.

Material Survey. No comprehensive survey of local road material has been made in the state of Oklahoma. The work of locating and testing materials has been carried out in connection with the larger supplies in isolated parts of the state; but no attempt has been made to assemble this information or add to it. It is obvious that proper planning of the highway system cannot be carried out unless available sources of supplies are known and analyzed. A material survey would enable the state to option quantities of materials in advance of construction, thus preventing private interests from securing control of material sources to the financial disadvantage of the state. Instances have arisen in the past where contractors, knowing the location of coming construction work, have optioned available materials, thereby precluding competitive bidding and enabling these contractors to obtain an excessive price for the work.

A survey of local materials available for bridges and highway construction in Oklahoma should be made.

REVENUES AND ACCOUNTING

State funds for state highway construction in Oklahoma come almost exclusively from motor vehicle fees and the gasoline tax. To these are added federal aid payments, which vary according to congressional appropriation. An additional and not insignificant source of highway revenues has come to the state in the last two years in the form of federal emergency highway funds and federal emergency relief projects, which have added appreciably to the work done not only on state highways, but on county and township roads.

The state has never issued bonds for road construction; but a majority of counties and some townships, mostly prior to the establishment of the gasoline tax, voted bonds for highway purposes. Part of the proceeds of these bonds were used by the townships and counties in road construction. Large amounts, however, were turned over to the State Highway Department and were expended by the Highway Commission in connection with federal aid in building roads in the respective counties. These bonds are now being liquidated in part by the counties' share of motor vehicle and gasoline taxes. A levy of ¼ of a cent ad valorem tax was authorized by the legislature in 1915. This was returned to the counties for road purposes. Frequently funds have been allotted by various counties to the State Highway Commission, to be applied on state highways in the respective counties. The ¼ cent ad valorem tax was abolished in 1933.

Tables V and VI show collections for the years 1931 to 1934 inclusive and distribution for the year 1934 with percentage of total for each source.

TABLE V
COLLECTIONS FOR THE YEARS 1931, 1932, 1933 AND 1934

	1931	1932	1933	1934
Motor Carrier Tax -----	173,223.20	188,742.84	385,637.27	579,696.60
Transfer from county deposits -----	911,234.73	245,116.61	1,136,524.20	59,505.00
Federal aid collections -----	4,908,947.25	861,438.87	4,460,542.28	7,887,853.54
Miscellaneous -----	79,924.24	24,636.40	7,190.87	8,663.19
Gasoline tax -----	7,983,695.95	7,547,902.96	5,136,505.66	4,977,089.19
Motor vehicle license -----	2,579,543.14	2,102,388.93	1,325,251.65	1,408,836.52
Interest -----	8,530.61	15,768.19	4,604.60	
Total -----	16,645,099.12	10,985,994.80	11,456,256.53	14,921,644.12

TABLE VI
COLLECTIONS FOR THE YEAR 1934—SHOWING APPORTIONMENT WITH PER CENT TO TOTAL¹

Auto Tax	Oklahoma Tax Commission		County Apportionment		S. H. C. and M. Apportionment		General Revenue		Per Cent
	Total Collections	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	
Gasoline -----	10,804,134.26	219,747.39	2.03	2,690,857.59	24.91	4,844,401.73	44.84	3,229,029.12	29.88
Motor vehicle license -----	3,033,978.45	151,333.48	4.99	1,730,683.39	57.04	1,153,788.95	38.03		
Motor carrier tax -----	609,975.31	28,685.88	4.70			579,696.60	95.03		
Total -----	14,443,088.02	399,766.75	2.77	4,421,540.98	30.60	6,577,887.28	45.52	3,229,029.12	22.35

The tables show that, of the total collected from the users of highways in the state in 1934, less than half was available to the State Highway Commission for construction and maintenance. Diversion of highway revenues to purposes other than highways by legislative act resulted in making only 45.52 per cent of the users tax available for highway construction purposes, and reduced such revenues by approximately \$4,000,000.

Motor Vehicle License Fee. Forty per cent of all money received from vehicle licenses is deposited in the state treasury and credited to the state highway construction and maintenance fund, to be expended by the State Highway Commission upon the state road system. The remaining 60 per cent is sent to the county treasurers. From this amount, 15 per cent of all moneys received from vehicles or motor vehicles, whether in incorporated towns or cities, must be paid over by the county treasurer to the city treasurer to be credited to the street and alley fund.

Gasoline Tax Levies. The gasoline tax levy now in force amounts to 4 cents on each gallon of gasoline. Three cents is to be deposited in the state treasury to the credit of the state highway construction and maintenance fund. One cent is to be apportioned by the State Highway Commission to each county in the state in the ratio which the area and population of each county bear to the area and population of the state. No less than 5 per cent of the revenue derived by any county from the auto and gas taxes, in so far as may be necessary, must be used in payment of principal and interest of bonds heretofore issued by any county for constructing hard surfaced roads. The State Highway Commission exercises no supervision over the expenditure of these allotted funds.

In 1933 the legislature enacted a law providing that 40 per cent of the gasoline tax collected and required to be deposited to the credit of the state highway construction and maintenance fund should be deposited in the state treasury to be used exclusively for the payment of the indebtedness of the state represented by outstanding interest bearing warrants, or any other securities authorized by law and based upon such warrants issued in payment of obligation incurred prior to July 1, 1933 until such indebtedness shall have been paid. Thereafter such taxes are to be returned to the state highway fund.

The legislature has further provided that in addition to the purposes for which the gasoline excise tax and motor vehicle license tax are levied, collected, and deposited to the credit of the state highway construction and maintenance fund, said taxes shall hereafter also be levied and collected for the purpose of paying final judgment rendered against the state of Oklahoma, based on suits authorized by the legislature arising out of improper construction of state highways.

Questions of diversions and exemptions in connection with highway revenues can not be disregarded. The state is the sole agency for special automobile taxation. Its state highway system, from the beginning, has been based exclusively on gasoline and motor vehicle taxation. No state bonds have been issued for highway purposes. It is believed that the state system has now reached that stage in highway development

¹This table is compiled from reports submitted by the Oklahoma Tax Commission and is based upon the gross collections for the year only. These figures will not compare with those in Table V for 1934, for the reason that balances at the beginning and end of the year are not included.

where, with clear thinking, careful planning, and sound, economical administration, a definite policy of financing future highway improvements from current motor vehicle users' revenues, might be adopted. It must become evident to those responsible for the fiscal affairs of the state that a continuation of the diversions and exemptions, as now authorized by law, will render new construction impossible, and even jeopardize the preservation of the capital already invested in highways. The question may well be asked whether the present income of the Department is adequate to meet the requirements of administration, maintenance, betterments, and necessary reconstruction. Any efforts of the Commission to match from present revenues federal aid allotments to an appreciable extent must result in an increase of the deficit already existing, or in a failure to preserve the capital investment by neglect of maintenance.

Financial and Operating Policies. The accompanying charts graphically illustrate the conditions of Oklahoma's Highway Department finances. Chart A has been compiled from data furnished by the State Highway Accounting Division and checked within reasonable limits against the State Treasurer's records. This chart reflects little variation in the several sources of state revenue for roads with the exception of federal funds in the years 1933 and 1934. Upon this is based the anticipated revenues for 1935 as indicated in Chart B. The decrease of approximately \$4,000,000 in state income for highway use from the year 1932 to 1934 is occasioned by diversion to purposes other than state highway construction and maintenance.

It will also be noted that federal aid apportionments have increased greatly from 1932 to 1934; and it is anticipated that direct federal grants to the state for 1935 will be increased considerably over those for 1934. The requirement that the state supply the funds for right-of-way engineering and administration, etc. in the expenditure of such federal grants will render necessary a larger disbursement of state funds in this connection in 1935 than was required in 1934.

Chart B shows a build-up of the total expenditures in individual columns for the years 1930 to 1934 inclusive, with an anticipated set-up for 1935. Data for this chart are from the same sources as those shown in Chart A.

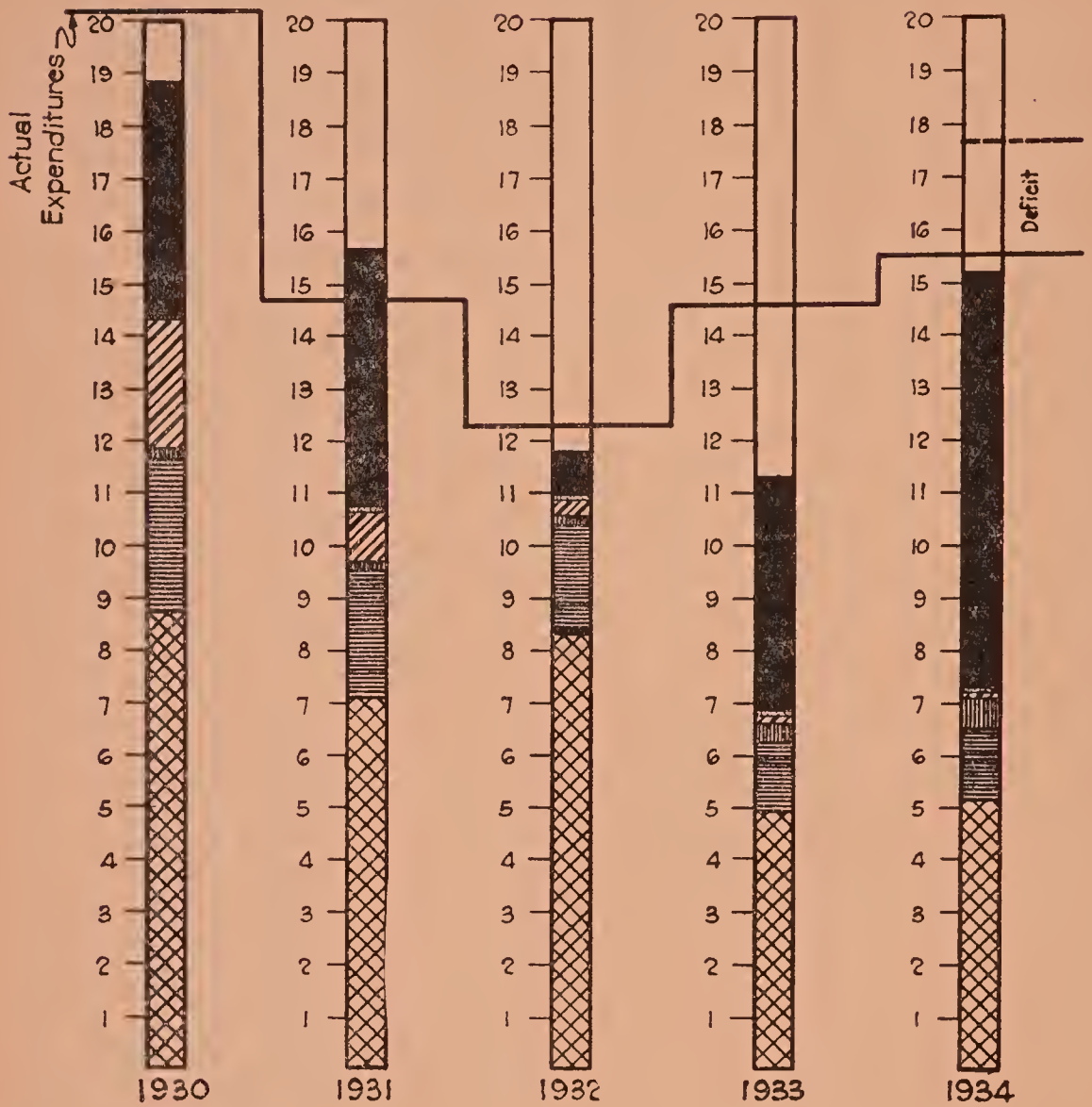
The total of receipts is indicated by a solid horizontal line for the various years, the difference between the build-up in the individual column and in the horizontal line which indicates the receipts for each year show the extent to which the State Highway Commission's expenditures have either overrun or underrun its receipts. For the year 1933 the deficit amounted to approximately \$4,000,000; and for the year 1934 the deficit appears to be \$2,274,727. The column for the year 1935 is based entirely upon anticipated income and estimated fixed expenditures. The anticipated revenues for 1935 estimated at \$7,750,000 are not believed sufficient to absorb the deficit, match federal aid, and cover normal administration costs of the State Highway Department.

The total of \$2,947,521, which represents the regular federal aid apportioned to the state for 1935, has not been matched by the state with the necessary amount of \$2,661,462. The present legislature has under consideration an act to provide for the apportionment of funds for that purpose. If these funds are not secured from sources other than those which constitute the anticipated income of the State Highway Department, they must then be taken from the highway income or federal aid forfeited. The obvious alternatives are; (1) to halt all plans for any substantial new additions to the state system and devote the present income to preservation of work done, (2) provide additional funds by bond issue or ad valorem taxation, or (3) restore the gasoline tax to the purpose for which it was established, to place the burden on highway costs as far as possible upon the user of the highways.

No definite plans or estimate of cost for future operations seem to be prepared; and information necessary for the preparation of such plans and estimates has not been collected.

Sound business principles would direct the preservation of the capital investment. The present condition of the plant would indicate the advisability of an inventory and an estimate of the financial needs for maintenance, betterments, reconstruction, and additions necessary.

Highway Accounting. In reviewing the accounting and reporting system of the

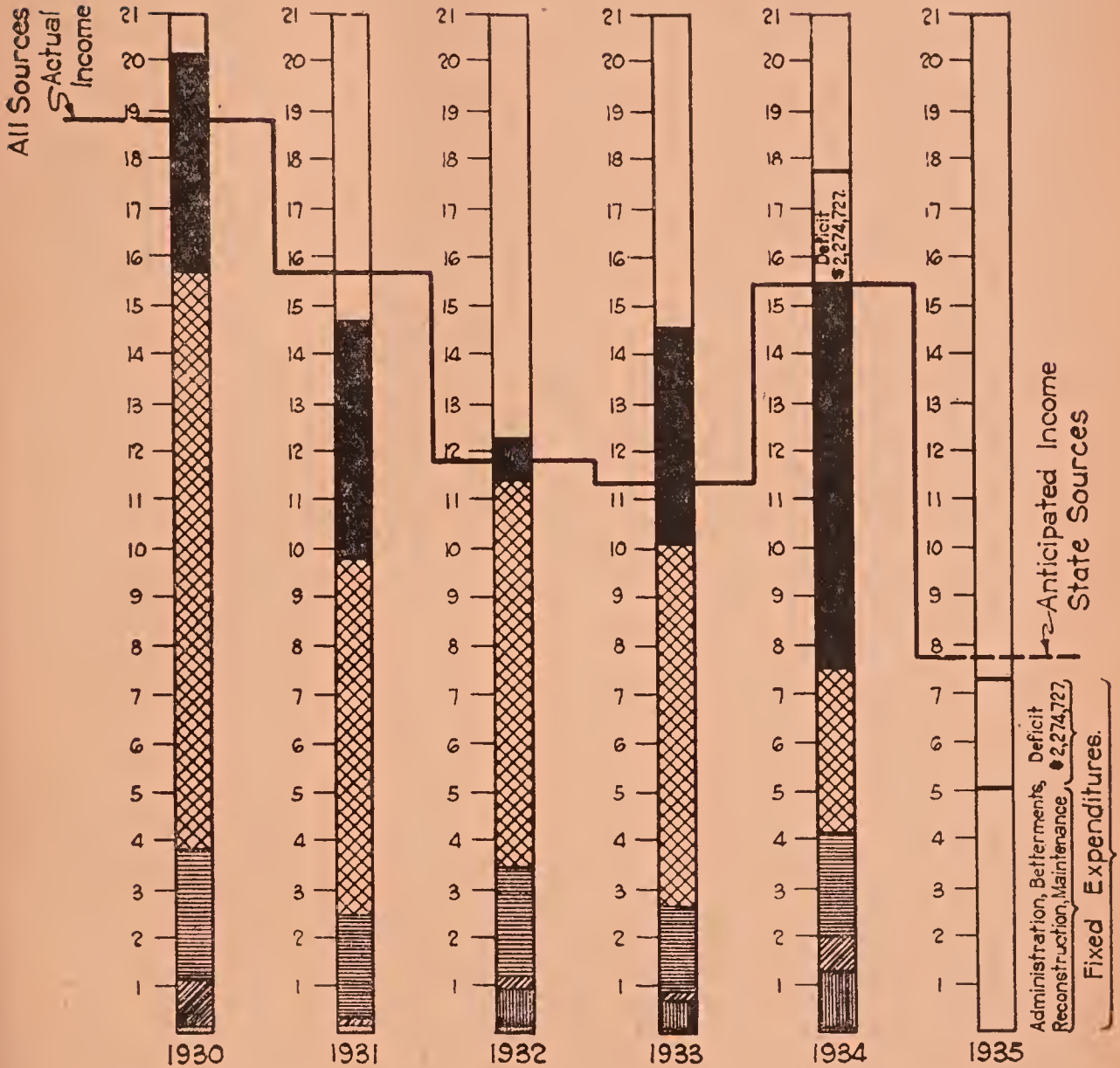


LEGEND







- GASOLINE TAX
- AUTOMOBILE TAX
- MOTOR CARRIER TAX
- COUNTY FUNDS
- MISCELLANEOUS
- FEDERAL FUNDS

TOTAL FUNDS RECEIVED
BY
OKLAHOMA STATE HIGHWAY DEPARTMENT
FOR YEARS 1930 TO 1934 INCLUSIVE
(EXPRESSED IN MILLIONS OF DOLLARS)

CHART A



LEGEND

- ADMINISTRATION 
- BETTERMENTS 
- RE-CONSTRUCTION 
- MAINTENANCE 
- STATE CONST & ALL OTHERS 
- FEDERAL FUNDS 

TOTAL EXPENDITURES
BY
OKLAHOMA STATE HIGHWAY COMMISSION
FOR YEARS 1930 TO 1934 INCLUSIVE
(EXPRESSED IN MILLIONS OF DOLLARS)

CHART B

Highway Department, it is noted that the accounting system, while it collects the costs of the various operations, has primarily been constructed to produce budget data. The deficiency of the system is that it does not readily supply the management with the kind of information needed. This is, in part due to the fact that no proper fund distinction is made or recognition given in the books to the fact that federal emergency highway funds, federal aid allotments, and county funds should be separately accounted for from state moneys, with the result that it is most difficult to determine the conditions of the separate funds used by the Highway Commission in financing its work. This survey has attempted to obtain certain financial and cost data, and from the delay and the long time required to prepare the information it appears that the bookkeeping system as now operated does not readily supply the information needed by the management, or that the method involved in compiling the information is unduly cumbersome. The reports of the Department as now prepared seem more voluminous than necessary; and the balance sheets submitted during the survey were of such a nature that the extent to which individual sources of revenue were affected by different obligations could not be readily ascertained.

Appropriation of these moneys is left to the Highway Commission. The present highway budget is not, however, prepared on an annual basis. If the work of the Commission were budgeted on an annual basis, the Commission would have a possible measure of relief from the embarrassment of sometimes being forced into the letting of a project of lesser importance because of political or sectional pressure. Aside from this, annual budgeting is basically economical. The engineers could plan their work more systematically, more economically, and more efficiently if they could plan a year's work in advance. Effective and efficient work is not possible where the authorization of work is based on a month to month policy. Without a system of accounting and reporting by which full and accurate information may be obtained regarding the operation and financial condition of the Highway Department, it is impossible for those directly in charge to exercise proper control, or for those responsible for the formulation of its policies to perform intelligently their duties.

Full, adequate, accurate, informing and understandable reports should be made annually, so that the general public can effectively fulfill its task of holding both its executive and legislative representatives to rigid responsibility. For example, the bi-annual report for 1932 gives average maintenance cost per mile for the first eleven months of 1932 at \$287.17. Data supplied by the highway accounting department in 1935 shows the complete maintenance cost per mile for 1932 to be \$433.61. The figure stated in the biennial report appears to be incorrect. The newly appointed head of the accounting department is taking steps to reorganize the methods now employed so as to produce a less involved and more informing system.

Federal Aid. Federal aid roads comprise 6,001 miles of the 744,675 miles embraced in the Oklahoma primary system of highways. Table VII indicates the extent to which federal money has contributed to the roads of Oklahoma.

TABLE VII
FEDERAL FUNDS APPORTIONED TO OKLAHOMA UNDER FEDERAL ROAD
ACT AND SUBSEQUENT LEGISLATION

Fiscal Year Ending	Federal Aid
June 30, 1917 to June 30, 1927, inclusive	\$16,059,787
June 30, 1928	1,751,891
June 30, 1929	1,749,066
June 30, 1930	1,748,857
June 30, 1931	1,751,015
June 30, 1931	1,167,343
Oklahoma's share of 1928 funds apportioned to Hawaii not obligated by June 30, 1930	7,838
June 30, 1932	2,922,569
June 30, 1933	2,938,305 ¹
Total	30,096,671
Emergency advance funds, 1932 ¹	1,926,351
Emergency construction highway advance, 1933	2,888,723
Direct grant, 1934 NRH	4,608,399

¹\$85,270.20 deducted for reimbursement of emergency advance funds, making net apportionment \$2,553,034.80.

Fiscal Year
Ending

Federal Aid

Direct grant, 1934 NRM	2,304,200
Direct grant, 1934 NRS	2,304,199
Direct grant, 1935 NRH	2,342,590
Direct grant, 1935 NRM	1,171,295
Direct grant, 1935 NRS	1,171,295
Total	18,717,052
GRAND TOTAL	48,813,723¹

In addition to the benefits derived from the expenditure of such sum on the state's highways, there are other benefits contributed by the United States Bureau of Public Roads that have perhaps been more far-reaching. The scientific methods employed, the standards required by the Bureau in highway finances and highway engineering are clearly reflected in improvements that have been brought about in state and local highway operations. There is, however, another side to this picture. While expenditures from appropriations for co-operative construction of state roads are, or have been, contingent upon equal contributions by state or local agencies, there is evidence now of a radical departure from the established policy of federal aid on a cooperative basis. Essential local government work is now being done by men who are paid by federal-state relief funds. Local government employees have been discharged and re-employed with federal emergency relief funds. Throughout the state of Oklahoma county engineers have been taken off county payrolls and in many cases are now doing county work on federal pay, another illustration of the world-old truth that he who is helped by resources to which he has contributed nothing, quickly loses all desire to help himself. State and local authorities are fast learning the art of pan-handling the federal government.

PROPOSED REORGANIZATION

The experience of Oklahoma has not demonstrated that a single-headed department or a commission of three or five members has been superior in its capacity to maintain continuity of policy and planning or to defend the organization against the political aspirations of individuals and selfish interests. It is not the purpose of this survey to guarantee the efficiency of any type of organization. Efficiency in a state highway organization is not inherent in any type of organization; and experience affords little evidence that a theoretically perfect plan necessarily produces in operation the best results. This survey finds nothing inherent in the structure of the commission form of organization that has materially affected the results of its operations. The continuance of the commission form of organization is therefore recommended. There are, however, other elements in connection with the commission itself upon which legislative action may be required.

The Governor. The power to control the expenditure of a large portion of the state's entire income is placed in the hands of the Highway Commission. In the appointments of the Commission rests the power to place politically minded laymen in control over technically trained and professionally-minded engineers and the power to appoint employees whose operations cover every political unit of the state. No central authority charged with interests so vital to the taxpayers of the state and to the public in general should possess such powers without adequate safeguards and control against the politicalization of the organization, with its damaging physical and economical effects on operations.

¹Apportionments from fiscal year ending June 30, 1917 to fiscal year ending June 30, 1931 were matched with approximately 50 per cent state funds. In addition to above, approximate apportionments have been made as follows:

Federal land funds	\$104,262.63
Forest funds	19,870.20
1935 regular federal aid	\$2,947,521
1935 state funds to match, but not yet appropriated	2,661,462
	\$5,608,983

The Governor is and should be held politically and morally responsible for the operations of the State Highway Commission, but his authority is so diffused and limited by the provisions of the state highway act requiring that the appointment of the commissioners by the Governor be approved and confirmed by the Senate, that it is impossible for him to exercise control over its operations. The resultant dissemination of authority and responsibility in effect eliminates effective administrative control and renders possible situations where conscientious department heads would be unable to resist successfully the operations of men whose sole purpose is personal or political gain.

The Chief Engineer. A competent engineer should be protected from arbitrary removal. If he is free to conduct his work, his efficiency or inefficiency can be readily determined. Dismissal should be based upon just cause. If there is one thing needed in a state highway organization it is a directing engineer free from all political control and free to administer and control all the administrative and technical operations of the organization.

The problems of highway administration are largely engineering, hence administrative and executive authority should be centered in the office of the chief engineer. The construction and maintenance of a state highway system is a highly specialized business. The magnitude of it can be realized when it is recalled that the State Highway Department of Oklahoma has disbursed \$72,541,461 in the last five years. No business of this character and magnitude, has ever, with outstanding success, been directly managed by a board or commission. The advisability of placing full authority and responsibility in the hands of one executive head seems clear.

The proper functions of a highway commission are to assist in formulating plans and policies essential to the orderly development of a coordinated highway system. The commission should be made up of public spirited men of affairs who are willing to give their services, receiving a nominal per diem and their expenses. A commission of this character would contribute vision, experience, outlook, and representative deliberation. It would assist in solving the broader problems of highway administration, highway development and financing, and in deciding on the policies to be followed. It would perform the additional and invaluable function of serving as a buffer between the administrative head of the department and the ever present pressure of politics.

The State Highway Commission should be appointed by the Governor and the requirement of approval or confirmation by the Senate should be eliminated.

The state engineer should be appointed by the Commission without term; his salary should be commensurate with the responsibility of his position; all administrative authority should be centered in him, and he should be removable from office only for cause after written notice of the charges preferred and an open hearing.

The Commission should be reduced to three members, compensated on a per diem basis, with the term of office six years, one Commissioner to be appointed every two years.

CHAPTER IX

LOCAL ROAD ADMINISTRATION

Roads and bridges in the United States have in the past been largely a local problem. The failure of small units to supply the technical skill required to solve the problems of modern highway construction and maintenance is for the most part responsible for the present trend in secondary road administration. Counties are taking over the functions of townships. States have gradually expanded their authority over secondary roads until now some states have assumed control of all roads in the state; and federal supervision and authority seems destined to penetrate deeply into local highway administration.

The fundamental question in secondary road administration is: What is the proper territorial unit to formulate policies and administer operations? It is now certain that the township in this, as in other fields of administration, must be eliminated. In Oklahoma, the township has been abolished. The county and state highway organizations remain without substantial administrative relationships existing between them. The state has produced a workable agency, with ability to command the services of competent technical personnel; while the counties, other than a few with wealth sufficient to enable them to develop competent county highway organizations, have not been able to produce results in any degree commensurate with the money that has been expended in the development of their roads. Both the state and the county agencies are weak because their roots are planted deep in political soil. The county alone, or the state alone, or the state and county together, must assume responsibilities for county roads. For the present, at least, the solution of county road administration lies in one of these three choices.

Since the abolishment of townships in Oklahoma and the transfer of township functions to the county, county roads have been exclusively under the control of the board of county commissioners, with the exception of those roads incorporated in the state highway system.

Any proposal for state control of county roads must take into consideration the traditional and deeply seated feeling for local political control, with the additional emphasis that is placed upon it whenever the question of taxation is involved. The ultimate decision, however, will be based on answers to two questions: First, is the county able to maintain a county road organization capable of carrying on modern road work economically; and, can the weakness of county organization, evident in our present political system, be corrected?

COUNTY HIGHWAY ORGANIZATION

The duty to construct, repair, and maintain the road and bridge system of the county is vested by law in the board of county commissioners.

County Commissioners. The law provides that each county shall be divided by the board of county commissioners into three compact districts, as equal in population as possible, numbered respectively one, two, and three, and one commissioner shall be elected from each district.

Formulation of plans for the development of all the roads of the county, except the roads embraced in the state system, rests exclusively in the hands of the county commissioners.

All money raised for use on the county highways in each county or apportioned to each county for road purposes from any source, and all the funds and revenues from ad valorem taxation, motor vehicle license tax, and gross production tax going to the various counties for road purposes, are placed in the county treasury in the highway fund, and are expended, by order of the county commissioners, on county highways, as these are defined in the general classification of the highways of the state. In the administration of county and township road finance and operations, the commissioners are subject to no restrictions or supervision on the part of the State Highway Commission, but are empowered to contribute to the state highway fund for use on the county highways in their respective counties, such amounts as would, in their judgment, be equitable, just, and for the best interests of the county.

Duties of County Commissioners. The law provides that the county commissioners shall not designate more than 25 per cent of their public highways as county highways; that it shall be the duty of the commissioners to designate, construct, and maintain as county highways those roads which best serve the most people in their travels from points in the county to trade centers in the county; that the county commissioners shall have exclusive jurisdiction over the resignation, construction, maintenance, and repair of all county highways and bridges; and that their decision in all such matters is final. The commissioners are empowered to purchase materials, machinery, and supplies, and to enter into all necessary contractual relationships in acquiring right of way and in awarding contracts incidental to road and bridge construction and maintenance.

The commissioners are authorized by law to employ a county engineer, road supervisors for the various road districts, and all necessary labor.

County Engineer. As now provided by law, the county commissioners are directed to employ a competent engineer to be known as the county engineer, whose salary shall be fixed by the board of county commissioners and whose term of office shall not extend beyond the term of office of the commissioners employing him. The engineer is required to pass an examination, to be held by the State Highway Department, and to receive from the Department a certificate of competency. The law also provides that, where the county surveyor is competent, he may act as the county engineer.

The county engineer may be removed from office by the county commissioners; and the State Highway Commissioners may recall or cancel his certificate for gross neglect of duty or for other causes. It is provided, however, that county commissioners may, in their discretion, in lieu of appointing a county engineer, arrange for the State Highway Department to perform the engineer's work for the county, free of all costs except for the per diem and actual necessary expenses. It is further prescribed that the county engineer may serve two or more counties.

Townships Abolished. In 1933 the Oklahoma legislature enacted a law abolishing township officers and providing that the powers and duties of such officers be transferred to and exercised by the board of county commissioners, the county clerk, and the county treasurer. The result was to place all roads and bridges in the county under the jurisdiction of the county commissioners, except those included in the state highway system and apparently excepting also the highways and bridges within cities and towns. The legal classification of roads as state, county, and township was not changed.

The abolishment of the township as an administrative area, removing one of the fundamental weaknesses in rural road administration, marks perhaps the only significant advance Oklahoma has made in local road administration. Nevertheless, adequate financial provision has not yet been made to provide funds for township road development and maintenance. In expending the greatly reduced highway funds, county trunk roads have perhaps justifiably received first consideration, with the result that in most counties, with the exception of work being done by Federal Emergency Relief projects and small appropriations from the county general fund, work on township roads has practically ended.

COUNTY HIGHWAY FINANCE

The major sources of revenue for the county road system are the following: Bond issues, gasoline and motor vehicle taxes, gross production and ad valorem taxes, and the road duty tax.

Bond Issues. Counties are authorized by law to issue bonds for (1) building, constructing, repairing or acquiring bridges and (2) constructing permanent state roads; or for either of such purposes. Such bonds are to bear interest not to exceed 6 per cent, and are payable in equal annual installments, the first installment to be payable not more than one year and the last not more than 25 years from the date of issue. It is further provided that any money in the road and bridge fund of any county may be used to pay any interest payments, together with any annual installments due on such bonds.

It is further provided that before any bonds can be issued, the same shall be

ordered by not less than three-fifths of the electors voting at an election to be held for that purpose. Of the 77 counties in the state, 66 have issued bonds in a total amount of \$34,532,201, of which there is now outstanding \$24,183,192. Township bonds now outstanding for roads and bridges total \$5,782,272.

The major portion of county bond issues has been used for the construction of county roads later embraced in the state system, or have been turned over to the State Highway Department to be used in connection with federal aid for the construction of state highways in the respective counties. County funds used in state highway construction on June 30, 1934 amounted to 13.98 per capita, compared with \$40.30 per capita of state funds invested.

Gasoline and Motor Vehicle Taxes. The statutory regulations under which the users' tax revenues are allocated to counties for county road purposes have been outlined in the preceding chapter.

In 1933 the legislature enacted a law creating the county emergency investment fund and required that one-half of all money received from motor vehicle fees and gasoline tax apportioned to the several counties for construction, maintenance, and repair of county highways should be placed in the county treasury and be used by the county treasurer for the following purposes and in the order named, no part of the fund to be used for the second or any succeeding designated purpose until the preceding requirements had been satisfied:

First: For investment in outstanding non-payable county warrants which have been issued against appropriations for the current fiscal year.

Second: For investment in such warrants issued against appropriations for any previous years and to pay judgments against any county on account of such unpaid warrants. Necessary ad valorem tax levies shall be made and when collected shall be used to reimburse said fund.

Third: For payment into the sinking fund as necessary for purpose of paying interest and principal of outstanding bonds for the construction of roads and bridges; any amount so used shall reduce by a corresponding amount the annual ad valorem levy for such purpose.

Fourth: For payment monthly into the county highway construction and maintenance fund when such outstanding warrants and judgments have been paid. When there is no such indebtedness, the provisions of the act do not apply.

One of the effects of this law is to tie up the unexpended balance of such funds from June 30 to December 31 and the payment of it into the road fund in two lump installments, thus making difficult an orderly and properly planned prosecution of road work.

Gross Production Tax. One-sixth of a gross production tax levied on petroleum, oil, natural gas, or casinghead gas, asphalt, lead, zinc, and other minerals, is paid to the county treasurers, to be credited to the road and bridge fund.

Ad Valorem Taxes. The appropriation for county roads from the general fund is limited to what the excise board directs to be appropriated from the general fund, under the 15 mill limit established by the constitutional amendment of 1933. Few counties find it possible, under the 15 mill levy, to provide for the necessary county requirements and have any margin left for county or township roads. In 1934-35, 21 counties only set up appropriations for roads from the general fund; and in 1933-34, only 14 counties.

Osage County. By act of Congress 1 per cent of all oil and gas royalties from Indian lands go to counties for road purposes, amounting in 1934 to \$28,864. This amount is not set up in the budget, and is used for the maintenance of any roads in the county.

Work on Roads in Lieu of Taxes. The Oklahoma law provides that every male over 21 and under 50 is subject to road duty of four days each year, and that any person may be exempt from road duty by paying the supervisor of his district the sum of \$10. The supervisor is authorized to employ, with the money so paid, teams and men to work on roads, or to pay all such money to the county treasurer for the benefit of the respective districts. Reports from 40 of the 77 counties in state show that no road duty taxes has been worked out in 1934; and the county clerk's annual

reports for the last four years show no receipt of money for the benefit of the road district from this source. It is evident that this traditional method of road building and maintenance has outlived its usefulness in Oklahoma. The possibility of abuse in connection with that part of the law relating to the cash payments in lieu of labor are apparent. The repeal of this law is recommended.

Revenues Classified by Source. County funds derived from bond issues and the roads constructed with these funds have, with few exceptions, been transferred to state highway administration. Aside from the proceeds of bond issues, the amounts available for local road construction and maintenance from 1930 to 1934, and the sources from which they have been derived, are shown below:

Highway Revenues ¹	1930-31	1931-32	1932-33	1933-34	Total
Motor fuel -----	\$ 2,709,421	\$ 2,101,436	\$ 2,183,471	\$ 1,227,063	\$ 8,221,391
Motor vehicle -----	2,347,676	2,338,251	1,353,367	774,659	6,813,953
Gross production -----	1,095,046	599,582	592,842	592,435	2,879,905
Bus tax -----	683	1,583	814	13,775	16,855
Road fine -----	5,317	7,004	1,811	359	14,491
Cigarette license ² -----	72,034	66,111	69,268	84,747	292,160
Medicine peddlers -----	-----	75	2,811	50	2,936
Condemned equipment -----	982	7,142	269	3,416	11,809
Miscellaneous -----	4,213,709	160,659	152,750	367,748	4,894,866
State ad valorem ³ -----	6,538	193,263	110,145	76,672	391,618
County ad valorem -----	3	211,087	647,282	402,900	1,261,269
Surplus previous years -----	3	735,250	285,498	202,542	1,223,290
County road ad valorem -----	3	60,845	36,278	40,671	137,794
Total -----	\$10,451,406	\$6,487,288	\$5,436,606	\$3,787,037	\$26,162,337

The revenue reported in the county clerk's annual reports cannot be accurately itemized. The total of \$4,894,866 credited to "Miscellaneous" represents income from various classifications reported in lump sums by various counties. The cigarette tax appears to be the only source of revenue that has been fairly uniform through the four-year period. The bus tax is the only one showing a substantial increase. The decline in gross production revenues reflects economic conditions; while the marked decline in motor fuel and motor vehicle revenues can be accounted for in part by the economic situation, but in larger part by the repeal of state ad valorem taxes and diversions to purposes other than highways.

Expenditures. The data given in Table I, also derived from the county clerk's annual reports, show the manner in which the revenues have been expended. The breakdown cannot be used as a basis for definite conclusions because of variations in the methods used in distribution and the frequent grouping of several classifications in a lump sum. It is believed, however, that the ratio between the several classifications represents with reasonable accuracy the various items of expenditure.

TABLE I
EXPENDITURES—COUNTY AND TOWNSHIP ROADS
FISCAL YEARS 1930-31 TO 1934-35

Items	1930-31	1931-32	1932-33	1933-34	1934-35 ⁴	Total
Engineers' salaries -----	\$ 119,717	\$ 99,344	\$ 96,307	\$ 65,389	\$ 69,329	\$ 450,086
Employees' salaries -----	130,894	139,128	118,468	85,369	93,000	566,859
Special service -----	37,483	11,435	7,547	8,646	22,326	87,737
Advertising -----	18,567	849	514	3,258	3,120	26,308
Mileage—per diem -----	-----	60,275	54,451	34,283	43,551	192,560
Interest on warrants -----	30,161	51,493	43,503	14,899	17,340	157,401
Compensation insurance -----	11,096	3,721	14,000	4,827	14,550	48,194
Land -----	15,406	53,329	13,687	20,076	24,389	126,887
New Machinery -----	846,033	541,147	353,343	203,200	245,168	2,188,891
Repairs -----	240,627	245,030	261,083	211,454	193,431	1,151,625
Gas—oil -----	295,626	344,047	328,472	244,163	268,882	1,481,190
Undistributed -----	268,553	25,003	25,000	-----	40,449	359,005
Highway maintenance -----	3,364,358	3,503,387	3,201,567	2,153,553	1,987,801	14,210,666
Bridge maintenance -----	-----	24,689	5,310	4,478	3,000	37,477

¹All data covering receipts taken from the county clerk's annual financial statement.

²Repealed.

³Figures not available; probably included in "Miscellaneous."

⁴Appropriations.

Items	1930-31	1931-32	1932-33	1933-34	1934-35 ¹	Total
Miscellaneous -----	603,070	98,221	50,871	34,639	-----	786,801
Road construction -----	3,228,501	1,163,403	831,099	258,185	361,749	5,842,937
Bridge construction -----	791,366	337,453	184,302	57,694	92,129	1,463,444
Aid to townships -----	98,894	69,053	61,613	84,916	137,571	454,147
Total Highway Fund ----	\$10,100,352	\$6,771,012	\$5,654,637	\$3,488,129	\$3,618,085	\$29,652,215
County roads ² -----	163,204	59,606	21,932	49,409	102,548	402,699
County surveyor ³ -----	19,806	17,079	19,230	15,363	14,441	85,919
TOTAL COUNTY -----	\$10,289,362	\$6,847,697	\$5,695,799	\$3,552,901	\$3,735,074	\$30,120,833

An examination of the table of revenue and expenditures will show that in the four fiscal periods from 1930-31 to 1933-34, total revenues for county highways decreased 63.8 per cent; and total highway expenditures, 65.5 per cent. Most significant, however, are the reductions in the various items of expenditure. During this four-year period, engineers' salaries decreased 45.4 per cent; employees' salaries, 34.8 per cent; and laborers (special services), 77 per cent; while expenditures for highway maintenance decreased 46 per cent and bridge maintenance 81.9 per cent. The indicated reduction in purchase of new machinery is 76 per cent; while repairs and gas and oil remain at a rather uniform level, showing a reduction of only 12.2 per cent and 17.4 per cent respectively. The items under "Miscellaneous" represent largely expenditures for machinery, gas, and oil. Road construction shows a decrease of 92 per cent; and bridge construction, 92.7 per cent. It is apparent that salaries and expenditures for labor have not decreased proportionately to the reduction in income or in volume of work.

OPERATING RESULTS

From June 30, 1930 to June 30, 1935 the counties of Oklahoma will have expended approximately \$30,120,833 from county road funds. The amount included in the above sum for the fiscal year 1934-35 is based on appropriations and it is assumed that it will be expended. The townships within this same period, although they were abolished in 1933, expended on township roads the sum of \$2,798,759, bringing the total to \$32,919,592. It is interesting to note that during this same period the total expenditures from the county general fund amounted to \$37,350,173; and, during the five calendar year period 1930-34, the state expended in the development of the state highway system approximately \$72,648,637. The relative disbursements of these three governmental agencies makes clear from a financial viewpoint the importance of an efficient and competent administration of county highways.

Although the method of segregating and recording highway expenditures by the court clerk in his annual reports does not render possible an accurate determination of costs in the various classifications, the figures are informing and reveal the essential facts as to how the \$32,919,592 was expended in the period indicated. It appears that, including miscellaneous items, \$15,033,944 was charged to highway and bridge maintenance; \$1,130,099 to salaries and wages; \$7,306,381 to road and bridge construction; and \$5,180,711 to new machinery, repairs, gas and oil. The mileage and per diem of the county commissioners amounted to \$192,560.

Information available is insufficient for an accurate evaluation of results obtained in the expenditure of this money. All quantitative data indicate that the returns have been meager and that a comparatively small part has been expended on new construction or permanent betterments. Except in a few counties that employ county engineers and maintain a competent highway organization, informing records are not kept of mileage and type of roads constructed and improved and mileage and type of roads maintained. No reports of road operations are published. Thus, a sum of nearly 33 million dollars in county road and bridge construction and maintenance is expended without detailed records and classifications of expenditures. Nor are there annual reports to inform the taxpayers what has been accomplished in the expenditure of such funds. These deficiencies constitute a serious indictment of the present county highway administrative system.

¹Appropriations.

²Appropriated from general county fund.

³The portion of this chargeable to highways is not ascertainable.

An annual report should be made of county highway operations showing in proper classification all items of receipts and disbursements together with costs in detail of bridges built and maintained and mileage of roads by type improved, maintained, and constructed.

County and township road development. No reliable data are available to show in each county the allocation of expenditures for road purposes between the county and township road systems since the abolition of the township in 1933; nor is there any accurate record of mileage and type of county and township roads. The figures submitted herein are based on data collected from records and reports of county officials and data collected and supplemented by estimates on basis of expenditures, arranged by a member of the staff of the United States Bureau of Public Roads as of December 31, 1933. Since 1933, little work has been done on township roads, other than the maintenance necessary to keep the roads passable for traffic, with the exception of Federal Emergency Relief work, results of which are not included in the figures herewith submitted.

Table II shows total mileage by type built during the year and total mileage of county and township roads existing at the end of the fiscal year, June 30, 1933.

TABLE II
TOTAL MILEAGE BY TYPE BUILT DURING YEAR AND TOTAL MILEAGE OF COUNTY OR
TOWNSHIP ROADS EXISTING AT END OF FISCAL YEAR ENDING JUNE 30, 1933

Types of Roads	New Construction Built During Year	Reconstruction or Resurfacing Completed During Year	Total Mileage of Existing Local Roads by Types at End of Year
	(Different or better than before)	(Same type as before)	
Non-surface Roads:			
Unimproved earth road -----	--	1,000	71,668
Improved earth road -----	250	1,500	24,299
Total -----	250	2,500	95,967
Surfaced Roads:			
Sand, clay -----	--	--	941
Gravel, chert shale, etc., including surface treated -----	250	400	3,662
Bituminous concrete, including sheet asphalt -----	--	--	11
Concrete, Portland cement, plain and reinforced -----	--	--	20
Brick vitrified -----	--	--	159
Asphalt -----	--	--	2
Total -----	250	400	4,795
GRAND TOTAL MILEAGE -----	500	2,900	100,762

Note: All mileage of state system and Federal aid system omitted.

Table III shows the approximate condition of the county highway system including township roads by counties on December 31, 1931. The data for this table were derived from the same sources as those used in the preceding table.

TABLE III
COUNTY HIGHWAY SYSTEM, INCLUDING TOWNSHIP ROADS, 1931

Groups by Population	Total Miles	Graded and Drained		Surfaced		Unimproved	
		Miles	Per cent of Total	Miles	Per cent of Total	Miles	Per cent of Total
5,000-10,000:							
Cimarron -----	2,376	362	15	--	--	2,014	85
Harper -----	1,153	258	22.4	2	2	893	77.4
Love -----	692	45	6.6	3	4	644	93
Total -----	4,221	665	15.8	5	.118	3,551	84.1
10,000-15,000:							
Adair -----	750	175	23	200	27	375	50
Atoka -----	926	229	25	10	1	687	74
Beaver -----	1,425	225	16	--	--	1,200	84
Coal -----	976	154	16	18	2	304	32
Dewey -----	1,200	600	50	--	--	600	50
Ellis -----	1,388	248	18	--	--	1,140	82
Grant -----	1,963	284	14	16	1	1,663	85
Harmon -----	920	390	42	--	--	530	58
Johnston -----	1,300	--	--	80	6	1,220	94
Latimer -----	485	345	71	40	8	100	21
Major -----	1,358	192	14	--	--	1,166	86
Marshall -----	587	--	--	43	7	544	93

Groups by Population	Total Miles	Graded and Drained		Surfaced		Unimproved	
		Miles	Per cent of Total	Miles	Per cent of Total	Miles	Per cent of Total
Murray -----	450	242	54	45	10	163	36
Nowata -----	1,180	130	11	80	7	970	82
Pushmataha -----	1,400	200	14	--	--	1,200	86
Roger Mills -----	1,600	240	15	--	--	1,300	85
Texas -----	2,217	600	27	17	1	1,600	72
Total -----	20,125	4,254	21.1	549	2.72	15,322	76.1
15,000-20,000 :							
Alfalfa -----	1,623	340	21	--	--	1,283	79
Cherokee -----	850	115	14	--	--	735	86
Cotton -----	542	300	55	16	3	226	42
Craig -----	1,516	133	9	80	5	1,303	86
Delaware -----	1,162	503	43	225	20	434	37
Haskell -----	750	130	17	--	--	620	83
Jefferson -----	640	240	38	--	--	400	62
Kingfisher -----	1,535	200	13	35	2	1,300	85
Mayes -----	1,000	60	6	145	14	795	80
Noble -----	1,382	234	17	--	--	1,148	83
Pawnee -----	1,060	300	28	--	--	760	72
Rogers -----	1,386	135	10	40	3	1,211	87
Sequoyah -----	1,377	1,084	79	5	.4	288	20.6
Woods -----	1,286	300	23	330	26	656	51
Woodward -----	2,300	116	5.7	8	.3	2,176	94
Total -----	18,409	4,190	22.8	884	4.8	13,335	72.4
20,000-25,000 :							
Blaine -----	1,164	259	22	10	1	895	77
Choctaw -----	1,534	--	--	14	1	1,520	99
Cleveland -----	1,299	582	44.8	3	.2	714	55
Custer -----	1,698	418	25	--	--	1,280	75
Greer -----	1,100	480	44	20	2	600	54
McClain -----	1,096	235	21	--	--	861	79
McIntosh -----	808	208	26	--	--	600	74
Tillman -----	1,487	246	16	14	1	1,227	83
Wagoner -----	1,135	495	44	40	3	600	53
Total -----	11,321	2,923	25.8	101	.92	8,297	73.3
25,000-30,000 :							
Beckham -----	1,260	289	23	21	2	950	75
Canadian -----	1,650	212	13	80	5	1,358	82
Jackson -----	1,468	300	20	68	5	1,100	75
Kiowa -----	1,793	500	28	28	2	1,265	70
Logan -----	1,779	668	37	28	2	1,083	61
Okfusgee -----	1,147	175	15	--	--	972	85
Washington -----	656	184	28	52	8	420	64
Washita -----	1,720	430	25	60	3	1,250	72
Total -----	11,473	2,753	24	337	2.9	8,378	73.1
30,000-35,000							
Bryan -----	900	400	44	--	--	500	56
Comanche -----	1,500	330	22	20	1	1,150	77
Garvin -----	1,200	235	20	--	--	965	80
Hughes -----	1,059	226	21.4	1	.1	832	78.5
Lincoln -----	1,707	227	13	--	--	1,480	87
McCurtain -----	1,250	471	38	14	1	765	61
Pontotoc -----	1,006	175	18	--	--	825	82
Stephens -----	1,686	165	9.8	4	.2	1,517	90
Total -----	10,302	2,229	21.6	39	.378	8,034	77.9
35,000-40,000 :							
Ottawa -----	710	200	28	311	44	199	28
Payne -----	1,214	505	42	82	7	627	51
Total -----	1,924	705	36.6	393	20.4	826	43
40,000-45,000 :							
Carter -----	1,235	128	11	115	9	992	80
LeFlore -----	1,390	880	63	10	1	500	36
Total -----	2,625	1,008	38.1	125	4.76	1,492	56.8
45,000-50,000 :							
Garfield -----	2,093	974	46	166	8	953	46
Grady -----	2,099	234	11	39	2	1,826	87
Osage -----	2,128	885	42	179	8	1,064	50
Total -----	6,320	2,093	33.1	384	6.1	3,843	60.8
50,000-55,000 :							
Caddo -----	1,500	300	20	60	4	1,140	76
Kay -----	1,511	492	33	215	14	804	53
Pittsburg -----	899	250	28	49	5	600	67
Total -----	3,910	1,042	26.6	324	8.29	2,544	65

Groups by Population	Total Miles	Graded and Drained		Surfaced		Unimproved	
		Miles	Per cent of Total	Miles	Per cent of Total	Miles	Per cent of Total
55,000-60,000 :							
Okmulgee -----	1,032	523	51	44	4	465	45
60,000-65,000 :							
Creek -----	1,932	600	31	82	4	1,250	65
65,000-70,000 :							
Muskogee -----	1,275	800	63	75	6	400	31
Pottawatomie -----	1,454	126	9	137	9	1,191	82
Total -----	2,729	926	33.9	212	7.77	1,591	58.3
79,000 :							
Seminole -----	1,111	9	1	105	9	997	90
187,000 :							
Tulsa -----	895	100	11	520	58	275	31
221,000 :							
Oklahoma -----	2,433	174	7	141	6	2,118	87
GRAND TOTAL -----	100,762	24,199	24.01	4,245	4.21	72,318	71.7

The extent to which counties have contributed to county roads now incorporated in the state system has been stated. However, eliminating emergency relief work, the comparative condition of the county and township roads not built, built to permanent grade, and built to grade and surfaced, illustrates the lack of progress Oklahoma has made in secondary road improvement. Five counties have less than 10 per cent of their total mileage built to permanent grade; 54 counties, over 10 per cent and under 50 per cent; and 15 counties, over 50 per cent. Twenty-two counties have no surfaced mileage; and 50 counties have less than 10 per cent surfaced. Carrying the analysis further, only two counties have surfaced treated roads; and those roads totaled only eleven miles. One county has 20 miles of bituminous concrete; ten counties have 159 miles of concrete; and one county has two miles of brick. In 1933 only about 4.22 per cent of the total mileage of the county and township road system had been surfaced; approximately 24 per cent had been improved and brought to established grade; while 69.7 per cent remained unimproved. Eighty-seven per cent of the counties had no permanently improved roads in the local road system.

Variation in County Road Development. The variation in development of secondary roads in the various counties is accounted for in part by the variation in funds available. To some extent, it has been influenced by the differences which exist in different sections relative to costs of furnishing secondary road facilities. There is, however, the usual marked relationship between taxable resources and improved road mileage. Taxable wealth in Oklahoma counties is in no wise uniformly distributed. Nine counties have assessed valuations of less than six million dollars each; eleven counties, in excess of 25 million dollars; and two counties, in excess of 150 million. Other factors, however, have contributed in no small degree to noticeable variations in county road building. Many counties have expressed a willingness to assume financial responsibility for roads by voting bonds; while others have refused to vote bonds and prefer to limit their operations to the funds received from state collected revenues. It may be assumed, however, that such refusal was based upon sound judgment of the county's ability to assume the financial obligation. The distribution of the county's share of the gas and vehicle tax, which is returned to the county in the ratio that the area and population of the county bear to the area and population of the state, is a source of dissatisfaction in many counties. The counties vary greatly both in area and population; and the amounts distributed to the counties are disproportionate to the amounts collected, a situation that is not accepted by the various counties with universal satisfaction.

Distribution of Users' Tax. It is not proposed in this survey to discuss the issues of highway financing, or present any rigid formula for the proper distribution of the special taxes paid by the road user, or determine to what extent state funds should be used to assist in maintaining county road facilities when counties because of population, wealth, and topography, or other physical factors, are unable or unwilling to impose this obligation upon themselves. Political expediency certainly, and theoretical

equity possibly, will recognize variations in the different regions with respect to ability to acquire road facilities. The solution of the immediate problem would seem to lie in answers to these questions: Are the revenues collected from the residents of counties expended for work in those counties in a proportion that is just to the taxpayers as well as economically sound and for the greatest public good? And is the basis of distribution now used one that will best accomplish these ends?

The methods employed by different states vary greatly. But the most widely used are based upon mileage and registration. It appears to be a more generally accepted conclusion that a distribution based on mileage and assessed valuation would more equitably meet equitable principles of distribution. It is necessary, however, to suggest that the adoption of the mileage and assessed valuation basis would probably require the transfer of control over road mileage to the state.

Diversions of Users' Tax. The amounts diverted by legislative action from the users' tax for highway purposes in Oklahoma's primary and local roads funds have been such that the operations of all road improvements and maintenance has been seriously crippled. The problem of both diversion and distribution is one that goes far beyond the administration of the highway revenues. The degree of control to be exercised by the state over a function once regarded as purely local, and the decision as to how such taxes are to be expended are problems inherent in the allocation of such taxes to the counties. But, aside from any legal or moral questions involved, sound business policy would dictate the preservation of the capital already invested in highways by an immediate restoration of the diversions or a provision for additional highway revenues from other sources.

The effects of diversion on Oklahoma's highway operations are immediately apparent when it is seen that, from the total collection of users' tax in Oklahoma for 1934 amounting to \$14,448,088.02, only \$6,577,887.28 was available for the construction and maintenance of the state primary road system; and of the \$4,421,540.98 from said revenues apportioned to the counties of the state, one-half is diverted to the county investment fund. Fifteen per cent of the amount collected from residents of cities is paid over to the city treasurer; and not less than 5 per cent, in so far as may be necessary, is allotted to the payment of interest and principal of bonds issued or to be issued by any county for highway improvement. Under the latter requirement, many counties have found it necessary to devote practically all remaining highway funds to interest and principal payments on bonds.

ADMINISTRATIVE AND OPERATIVE PROCEDURE

Administrative Organization. There is a marked similarity in the internal organization of the board of county commissioners and the State Highway Commission. In the county system administrative authority is legally centered in the board of county commissioners. A statutory provision, however, divides the county into three districts with a commissioner elected from each district. But while the county system of commissioners' districts rests on legislative authority, state districting is set up by the State Commissioners themselves. The effect of this procedure on state highway administration has already been discussed. The results in each case are similar. As it actually works out in the county, instead of a coordinated board of three commissioners, there are three separate and practically independent highway administrative organizations. Each commissioner is in effect acting for his district only and is politically responsible only to the electors of his district. This division of administrative authority is unsound. It creates three separate operating organizations to do the work that should be accomplished by one, triples overhead, greatly increases machinery and equipment costs, and is in general wasteful.

The system of secondary road administration, adopted at a time when county and township roads were financed by locally imposed property tax levies and road duty taxes, has not adapted itself to changing conditions and has demonstrated its total inadequacy when faced with the requirements for technical service, continuity of policy, and rational planning which are essential in modern highway administration.

The county commissioners elected to office come from many different walks of life.

Except in rare instances, the commissioner does not possess the requisite technical knowledge or experience to carry on highway work.

Administrative methods affecting county highway construction and maintenance do not appear to vary greatly among the counties, with the exception of the comparatively few which have wealth and income sufficient to enable them to maintain a county engineer and a competent technical organization for road work. Aside from these counties, there is little variation in administrative effectiveness in the conduct of highway operations, other than the occasional fortunate district which happens to elect a commissioner with qualifications for highway work. A commissioner of this type, however, usually serves only one term. The few counties in which road work has been done economically contrast sharply with the great majority where administrative efficiency is lacking.

General Operating Procedure. In general, the highway operations carried on by the various counties are the same. Each commissioner maintains a separate operating organization with machinery and equipment for road operations, appoints his own highway superintendent, and dictates the selection of all employees. Each commissioner determines the extent and character of road and bridge construction and road maintenance in his district, purchases all machinery, materials, and equipment he believes necessary for such operations, and maintains a warehouse with some shop equipment or a storage lot. There is little purchase of machinery, material, or equipment under competitive bids, most of it being purchased locally as needed and in small quantities. Equipment is usually purchased by the "shopping around method."

The procedure by which each commissioner does his own purchasing creates three purchasing agents for each county highway organization. The obvious solution of this problem is the establishment of a state central bureau of purchasing. The availability of the state laboratory for testing and a more general use of its advantages would follow. No data are available by which it might be determined whether there is any correlation between the value of equipment owned by the various counties and the construction work done, or between the value of equipment and mileage regularly maintained by these counties. County highway funds are usually divided equally among the districts, a practice which necessarily disregards the needs of the various districts. The approval of all claims by the board as a whole is required by law, but this is taken as a routine matter, a procedure that makes possible practices and expenditures that are flagrantly erratic.

PROPOSED REORGANIZATION

If state control over secondary roads is not to be established, the county will have to correct the present weaknesses in its administration and operations and become a capable unit with the requisite financial ability and the necessary efficiency.

Functions of County Commissioners. It is useless to expect the existing road administrative organization of the counties to deal successfully with the technical and other problems required by modern highway operations. The proper functions of the State Highway Commission and the principles governing the recommendations offered for its reorganization apply with equal force to county highway administration whether it be left with the board of county commissioners or otherwise constituted. Specifically, the duties of the organization created for the control of county highways should be: To estimate the revenues required from local sources of taxation for improvement, construction, and maintenance of county roads; in the expenditure of these funds, to formulate a plan for improvement of all local roads, and determine the order in which such improvements are to be carried out and their character and costs; to employ and fix the salary of a county engineer; and generally to supervise his activities without constant interference and dictation. It is obvious that all administrative detail must be wholly removed from the scope of activity of the commissioners and handled by the county engineer. He should keep the commissioners informed of his activities; but he alone should be responsible for operating results.

The law defining the powers and duties of the board of county commissioners should be amended so as to limit the board to policy making, general supervision, and the appointment of the county engineer.

Functions of County Engineer. The limitations of the powers and duties of the county engineer under the present law has already been stated. In comparatively few of the counties now employing engineers are the administrative details left in his hands. Obviously, if the commissioners are restricted, as suggested above, the following duties would reasonably devolve in the engineer: To formulate and recommend plans for all county bridge and road development and maintenance, as a basis for the adoption of a road budget by the commissioners; to employ personnel adequate to carry out the program as adopted, fix their compensation, and terminate their services for cause; to award all contracts for construction projects, equipment, and materials; to supervise directly all engineering, construction and maintenance operations on roads; and to furnish technical advice and service to other county agencies when requested.

Qualifications. Since the immediate responsibility for county road operations should devolve wholly upon the engineer, his capacity as an administrator as well as his engineering competency must be considered in his selection. The present practice of the board of examiners, appointed by the State Highway Commission to hold examinations for county engineers, is to require applicants to pass a rigid examination before receiving a county engineer's certificate. It is a widely held opinion that many certificates have been issued in the past to individuals not possessing the requisite engineering knowledge and experience.

It is suggested that all outstanding county engineer certificates be cancelled and reexamination required.

Compensation of Engineers. The engineer's salary is a matter to be determined by the board of county commissioners. Salaries of engineers should not be made a subject of legislation. There is, however, a definite relationship between salaries and competency. Of 15 Oklahoma counties reporting on engineers' salaries, the amounts paid range from \$900 to \$4,200 per year. Two counties combined to use the same engineer at a salary of \$2,100. One county paid for part-time work at \$600 per year. All available data indicate the need of adjusting engineers' salaries more nearly in conformity with the responsibilities of the position.

Tenure of Office. If stability of policy and efficiency of service are to be obtained, the engineer should be protected from arbitrary removal. A competent engineer should be retained as long as he renders satisfactory service; and removal should be only for just cause. In case of a proposed dismissal, the board of county commissioners should be required to file written charges; and action should be taken only after a public hearing.

Since the services of an engineer, with technical training and road building experience, is essential in county highway administration and operation, full administrative and executive authority should be vested in the county engineer; and he should be held definitely responsible for the efficient conduct of county road construction and maintenance work. He should be appointed by the board of county commissioners without term, and his salary should be commensurate with the responsibilities of the position. He should be removable only for cause and after written charges are preferred by the commissioners and an open hearing held.

In summary, legislation is necessary defining the powers and duties of the county commissioners, limiting them to policy making and supervision, and placing full administrative and executive control in the hands of a legally constituted county engineer. Until this is done, no substantial improvement can occur in the administration of county highways. Proper adjustment of powers and duties between the commissioners and the engineer would promote the major objectives of county road development and curtail the distribution of operations and funds on a basis of political expediency. Centralizing of all operations in one organization instead of three, reduction in the quantity of machinery and equipment, and utilization of a central purchasing agency would result in a substantial saving. The establishment of a county budget system and of effective fiscal control in the county would result in more rational planning of county road work and produce results of permanent character. Other recommendations made in this report will also contribute to the improvement of county highway administration. If the counties of Oklahoma can develop the public opinion and the leadership neces-

sary for the creation and continuance of efficient organizations, then the traditional and deeply rooted devotion to local government that is found in this state will be fully justified. Otherwise, control of local affairs must eventually pass from local units to the state.

CHAPTER X

CONSERVATION AND DEVELOPMENT

Under the head of Conservation and Development, attention will now be given to the State Board of Agriculture, the Advisory Board of the State Farm and Industrial Council, the Conservation Commission, the Forest Commission, the Game and Fish Commission, the Flood Control Board, and the Geological Survey.

STATE BOARD OF AGRICULTURE

The Constitution in Section 31 of Article VI provides:

A Board of Agriculture is hereby created to be composed of five members, all of whom shall be farmers and shall be selected in the manner prescribed by law.

Said Board shall be maintained as a part of the state government and shall have jurisdiction over all matters affecting animal industry and animal quarantine regulations, **and shall be the Board of Regents of all State Agricultural and Mechanical Colleges**, and shall discharge such other duties and receive such compensation as now is, or may hereafter be, provided by law.

In some states there is an acknowledged need for better coordination between the various official organizations charged with agricultural education, research, and extension on the one hand and with regulatory and informational (statistical) activities on the other. Oklahoma has evidently sought to meet this need through a unified organization. In this section, it is the purpose to limit the discussion to the administrative aspects of those matters which ordinarily are handled by a state agricultural department, educational work having been considered in an earlier chapter.

According to the statutes, four members of the State Board of Agriculture are appointed by the Governor for overlapping five-year terms, subject to confirmation by the Senate. Their compensation is fixed at a per diem rate of six dollars. The fifth member, with the legal designation of President, is elected as such by state-wide vote for a term of four years. The President is a full-time executive officer who in the Board's absence, but subject to its approval, may perform all duties imposed upon it by law. His salary under the current budget has been fixed at \$4,000; recent legislation has reduced it to \$3,000.¹ The President is ex officio, a member of the State Board of Equalization,² of the Advisory Board of the State Farm and Industrial Council³ and of the Board of Pardons,⁴ a Commissioner of the General Land Office,⁵ and chairman of the Oklahoma Forest Commission.⁶

A general office at the seat of government is required, but special meetings may be held there or elsewhere upon call of the President or upon petition of three members.⁷

Functions. Regulation of those varieties of business directly associated with agriculture or the products of agriculture and compilation and distribution of pertinent statistical information are the primary noneducational duties of the Board of Agriculture.⁸

To meet its regulatory responsibilities, the Board has wide and specific legal authority. Certain specific powers are also granted by law to its subordinate organizations and officers, but without limiting the powers granted to the Board. In the performance of its duties the Board may act in its own name, through its President, through a subcommittee of members, through subsidiary organizations set up by statute or by Board order, or through its administrative subordinates.

Activities Relating to Animal Industry. One of the most important duties of the Board is the establishment and enforcement of quarantines for the protection of livestock against communicable diseases of a malignant nature. This involves a variety of

¹Stat. 1931, Secs. 8525; Laws, 1933, Chap. 138.

²Stat. 1931, Sec. 12656.

³Stat. 1931, Sec. 8777.

⁴Stat. 1931, Sec. 3265.

⁵Art. VI, Sec. 32.

⁶Stat. 1931, Sec. 4452.

⁷Stat. 1931, Sec. 8525.

⁸Stat. 1931, Sec. 8526.

activities, including inspection, disinfection, dipping, certification, and destruction, which are carried out in cooperation with both federal and local authorities. For all this work the Board has a sufficient grant of police authority.¹ The Board also maintains a continuous campaign for the suppression of infection and infestation of livestock, with special emphasis upon the eradicating of bovine tuberculosis, sheep and cattle scab, ticks, and hog cholera. In all counties of over 65,000 population the Board is required to appoint inspectors for the examination of livestock intended for slaughter, and in smaller counties it may do so on petition. In both cases the work is conducted on a fee basis.² The Board is also charged with the supervision of any system of meat inspection inaugurated by any city.

For the work above referred to, the Board maintains two organizations, a Veterinary Bureau and a Tick Eradication Bureau, the latter being also informally styled "Livestock Bureau." For the supervision of the dairy industry, it has a third subdivision, legally designated as the "Department of Dairying" and informally called the "Dairy Bureau."³

The dairy work has to do primarily with the commercial handling of milk and cream and of their manufactured products. It involves inspection of collecting stations, depots, creameries, cheese factories, and the buildings and vehicles used by distributors; enforcement of legal standards of quantity and quality; supervision of pasteurization; collection of statistical and other information; preparation of bulletins in the interest of public health; and the formulation of reasonable rules and regulations.⁴

Under its rule making authority⁵ the Board of Agriculture requires an annual permit for each establishment or individual, and imposes and collects fees therefor. These "licenses" are subject to revocation by the State Dairy Commissioner for cause.⁶

Activities Relating to Plant Industry. It is the duty of the Board to prevent the introduction and spread of plant pests and contagious diseases of plants, and it therefore has authority to issue the necessary rules, regulations, and quarantine orders. An annual inspection is required of nurseries and of places where nursery stock is sold; and inspections may be made of growing stock anywhere. The Board has full authority over the movement of plant materials, both interstate and intrastate; and it may destroy such as are infested or infected beyond the possibility of treatment.

Shippers are required to take out annual permits, or certificates, which are granted only after inspection; and nurseries, dealers, and agents likewise. All dealers, including those in other states, are required to furnish a surety bond. Certificates may be revoked for cause. In all cases persons affected by any order of the Board are entitled to a public hearing.⁷ The agency through which this work is conducted is informally called the "Orchard and Nursery Bureau."

Legislation enacted in 1933 abolished the State Plant Board and made the Board of Agriculture responsible for the enforcement of the pure-seed laws. The office of State Seed Analyst, sometimes styled "Pure Seed Bureau," remains. The pure seed work includes the testing and analysis of all varieties of seed offered commercially for propagating purposes, the formulation and enforcement of quarantine regulations, and the enforcement of laws governing standards and trade practices. Tests are made in the Board's own laboratory at discretion and on request. For this service there is no charge except in cases where the number of samples presented by any one person exceeds a

¹Stat. 1931, Secs. 8780-88, 8792-8815.

²Stat. 1931, Secs. 8789, 8791.

³The State Livestock Registry Board, composed of the dean of the Division of Agriculture, and the heads of the Animal Husbandry and Veterinary departments of the A. and M. College (Stat. 1931, Sec. 9057), appears to be considered definitely within the college organization. The same is true of the special dairy agents under the Extension Division (Stat. 1931, Secs. 8620-21).

⁴Stat. 1931, Secs. 8600-19.

The "State Experimental Chemist" was made responsible for the analysis of samples in 1919 (Stat. 1931, Sec. 8603), but the Bureau has had its own laboratory since 1930

⁵Stat. 1931, Sec. 8602.

⁶Stat. 1931, Sec. 8612.

⁷Stat. 1931, Secs. 8890-92, 8903-27.

protective maximum which the Board has authority to fix. Any person who wishes to ship any variety of seeds which are under permanent quarantine may do so with the permission of the Board, which is granted only upon the basis of satisfactory sworn statements of pertinent fact. Seeds brought into the state without such permission are subject to seizure. Transportation companies are kept informed as to quarantine regulations, and they may not make deliveries of consignments unaccompanied by permits.¹

Activities in Relation to the Bee Industry. Since 1915 the Board of Agriculture has been concerned with the prevention and eradication of bee diseases through inspection of apiaries, destruction of diseased colonies, and enforcement of the law regulating the shipping of honey into the state.² This work was formerly done by the Division of Apiary Inspection of the Department of Entomology of the Agricultural and Mechanical College.³

Activities in the Field of Chemistry. In 1911 the Board of Agriculture began the inspection of concentrated commercial stock foods and set up a Feed Bureau for the purpose. In 1923 this organization became the Feed and Fertilizer Bureau with scope enlarged to inspect commercial fertilizers. In 1929 a laboratory was set up in the State Capitol for this Bureau.

Before any concentrated feeds may be exposed for sale, a sample, accompanied by a sworn statement, must be submitted to the Board, and an inspection tax paid at the rate of ten cents a ton. As evidence of payment and authorization the Board furnishes tags without which shipment may not be made. The Board maintains a register of trade names. It makes sample tests from time to time and makes public the results of its analysis. It may remove any name from its register for cause. Since 1929 the feed taxes and penalties have been applied to the support of the Experiment Station at the A. and M. College.⁴

Commercial fertilizers are regulated in a similar manner; but the Board collects an inspection tax of 35 cents a ton, 25 cents of which goes to the Experiment Station and the balance to the Treasury; and it collects a registration fee of \$10 on each brand of nitrogen-fixing bacteria offered for sale in the state.⁵

Activities in the Field of Agricultural Economics. Through a variety of agencies the Board of Agriculture undertakes to facilitate the disposal of Oklahoma farm products to the best advantage. It does this through the adoption and enforcement of standards of quantity and quality, maintenance of a bonded warehouse system, and market service.

Maintenance of Standards of Quantity and Quality. The Board is responsible for the enforcement of laws prescribing legal weights of bushels, barrels, etc., of specific articles and commodities, a legal ton of hay (and a perch of stone or mason work); also those requiring the marking of merchandise containers with name and weight of contents. Any member of the Board has authority to seize mill products and cereals sold in disregard of the legal standards and to bring the matter before the courts.⁶ In a recent reenactment of the State Market Commission Act, the Board of Agriculture is authorized to promulgate official standards for grading and classifying all Oklahoma grown fruits, vegetables, hay, and other farm products offered for sale or shipment, but such standards must be those determined by the United States Department of Agriculture.⁷

Federal cotton standards have been effective in Oklahoma since 1923, when the office of Cotton Grader was created to grade and classify, for the owner's benefit, samples sent in by any authorized ginner or supervised warehouse. There is a nominal charge

¹Stat. 1931, Secs. 8868-72, 8874-77; Laws, 1933, Chap. 95

²Stat. 1931, Secs. 8529, 8590-99.

³Stat. 1931, Sec. 8590.

⁴Stat. 1931, Secs. 8854-67.

⁵Stat. 1931, Secs. 8834-40, 8849-53, 8859.

⁶Stat. 1931, Secs. 13332-40.

⁷Laws, 1933, Chap. 32, Sec. 4.

for the official sample containers.¹ No provision was made for this work during the current biennium. United States grain standards were also adopted by Oklahoma in 1923, and a State Grain Inspection "Department" was set up under the Board of Agriculture. The work has two aspects; regulation through sampling and inspection and extension service. The latter consists of demonstrations for the benefit of grain growers and dealers and publicity campaigns to acquaint farmers with the advantage of accurate grading of their product. An inspection fee of one dollar is collected only in case a sample is not furnished free of charge. All collections go to the State Treasury.² This branch of the agricultural organization, reduced to one man, is now charged with the placing of the proper grade on grain that is stored in state bonded elevators under the Grain Warehouse Act of 1899.³

The President of the Board of Agriculture, as State Warehouse Commissioner, is responsible for the administration of the state bonded warehouse system to protect the farmer who wishes to store grain, cotton, broom corn, and other non-perishable farm products. All stored products in these warehouses are officially graded and the receipts therefor are guaranteed as to amount, grade, and quality, so that they may be accepted by the banks. All warehouses are required to carry insurance and to submit to constant official supervision. The system is intended to be self-sustaining, and it may not be extended to any warehouse not meeting expense. No liability may be created against the state. It is the Commissioner's duty, upon request to act as agent for any owner of stored products in selling or in obtaining loans. For this service a reasonable commission charge may be collected, collections going to a special fund.⁴

Market Service. A State Market Commission was created in 1917, as an ex-officio body of three members, including the President of the Board of Agriculture. On May 6, 1933, the items for its support during the current biennium were vetoed;⁵ on the same day an act was approved abolishing the old Commission, setting up a new body of the same name and continuing all of the duties hitherto performed by the old organization.⁶ Since many of the requirements of the old act had never been put into effect this legislation did away with them altogether.

The new Commission is composed of the President and the other members of the Board of Agriculture and it is constituted "a Department of the State Board of Agriculture."

Anyone may apply to the Market Commission for market information, including quoted prices and the best and most available markets for the time being. To all such pleas the Commission must respond.⁷ Among other sources of information, the Commission has made use of the reports of the service of the United States Department of Agriculture coming into its office over a federal leased wire. On its own initiative the Commission has disseminated market information through regular radio broadcasts⁸ and a daily market news letter on fruits and vegetables in season.

Upon request of any financially interested party, or on its own initiative, the Commission is authorized to inspect farm products, and its certificates, or those which it may issue jointly with the United States Department of Agriculture, are receivable in all Oklahoma courts.⁹ The Board of Agriculture is authorized to fix a schedule of fees to cover the cost of inspection.⁹

Under the new law the Board of Agriculture, as such, is given authority to promulgate official standards for grading and classifying farm products, after investigation and hearing; but in every case the standard must be that prescribed by the United States

¹Stat. 1931, Secs. 8557-66.

²Stat. 1931, Secs. 8570-84.

³Stat. 1931, Secs. 12828-57, 12875-78.

⁴Stat. 1931, Secs. 12919-41.

⁵Laws, 1933, Chap. 5.

⁶Laws, 1933, Chap. 32.

⁷Stat. 1931, Secs. 8765, 8771.

⁸Stat. 1931, Sec. 8757.

⁹Laws, 1933, Chap. 32, Sec. 6.

Department of Agriculture. It may make inspection compulsory on any farm product and designate the shipping and receiving points at which inspection is required. And it may make all necessary rules and regulations for carrying out the provisions of the law.¹

The Commission determines the quality and specifications of all fruits, vegetables, and hay purchased by the State Board of Public Affairs for state use.

Statistical Service. From 1927 to 1931 the Board of Agriculture cooperated with the United States Department of Agriculture in the conduct of a joint crop reporting service. Through this agency it collected and disseminated timely information as to crops and livestock, with details as to acreage, production, condition, values, etc. In this work it made use of crop reporters throughout the state. Lack of appropriations put a stop to this activity. The Board compiles statistical data as to land areas, crops, farm animals, fruits and forest products as a matter of permanent record.

Under an act passed in 1909 the Board of Agriculture was made responsible for a decennial census of population and agriculture beginning in 1915, the field work to be done by local assessors and the compiling work to be done by county clerks.² In 1919 the Board was charged with taking an annual census of agriculture, using the county assessors as enumerators.³ No appropriations have been available for this work since 1921.

Internal Organization. Confusion of legislation and lack of precision in nomenclature make it difficult to determine what the law directs and what the facts are with reference to the subsidiary organizations through which the Board of Agriculture does its non-educational work. Numerous laws have been enacted since statehood, often with conflicting or overlapping provisions and too generally without sufficient attention to the matter of specific repeal. Official compilers of the statutes have followed the safe course and included many provisions of law that have the appearance of obsolescence, and as a check against their compilations the official reports of the Board leave something to be desired. The following setup is therefore to be viewed as approximate. The salaries stated are at the current budget rate, where this is different from the statutory salary.

Office Proper of the Board of Agriculture:

Secretary, \$2,000

Treasurer (member of Board)

Finance, minute, record, and claim clerk, \$1,500

Bookkeeper, \$1,500

Veterinarian, in charge⁴ \$2,400:

Two deputy veterinarians, \$1,800 each

Stenographers, \$1,200

Tick Eradication Bureau (also "Department"). (No appropriation for 1933-35):

Livestock Superintendent (also "Superintendent of Livestock Inspection"), in charge
\$1,800

Livestock inspectors. "Sufficient" number authorized at \$4.00 per day

Clerk and stenographer, \$1,200

Dairy Bureau (also "Department of Dairying" and "Dairy Department"):

Dairy Commissioner, in charge, \$1,800

Four dairy inspectors, \$1,500 each

Clerk and bookkeeper, \$1,200

Orchard and Nursery Bureau:

Inspector in charge, \$1,800

Assistant Inspector (or "Deputy"), \$1,320.

¹Laws, 1933, Chap. 32, Secs. 4-6.

²Stat. 1931, Secs. 8542-51.

³Stat. 1931, Secs. 8536-41.

⁴Divisions: Bovine Tuberculosis; Sheep and Cattle Scab; Hog Cholera; Post Mortem (meat inspection), representing the old "departments" united under State Veterinarian in 1924 (Stat. 1931, Sec. 8530).

Office of Cotton Grader :

Cotton Grader, in charge, \$3,000¹
 File clerk and stenographer, \$1,500²

Pure Seed Bureau :

Seed Analyst, in charge, \$2,400³
 Laboratory Analyst, \$1,500
 Two traveling seed inspectors, \$1,500 each

Bee Bureau (also "Division of Apiary Inspection," A. and M. College) :

Chief Inspector (also "Bee Inspector"), in charge, \$1,500

Feed and Fertilizer Bureau (also "Feed Bureau" and "Feed and Fertilizer Inspection Department") :

Chief Inspector, in charge, \$1,500
 Three inspectors, \$1,320 each
 Shipping clerk, \$1,080
 Stenographer, \$1,200

Grain Inspection Bureau (also "Department") :⁴

Warehouse Commissioner (also "Commission" and "Department of Bonded Warehouses") :

President of Board of Agriculture, ex-officio Warehouse Commissioner, in charge
 Assistant Warehouse Commissioner and Grain Inspector, \$1,800
 Stenographer, \$1,200

State Market Commission (Board of Agriculture ex-officio) :

Chief Inspector, in charge, \$1,800
 Three field agents, \$1,200 each
 Stenographer, \$1,200
 Field agent⁵

Statistical Bureau :

Statistician, in charge, \$1,800⁶
 Stenographer and clerk, \$1,500⁶
 Stenographer, \$1,500⁶

Appropriations, Expenditures, and Receipts. Those services of the Board of Agriculture which are here considered derive their principal financial support from the general revenues of the state. Appropriations for recent years, with adjustments, appear in the table below with the "Extension" item set apart. "Administration" includes all overhead—covering both education and regulation—and should, but can not, be broken down into its two elements.

Service	1931-32	1932-33	1933-34	1934-35
Administration -----	\$ 26,125	\$ 26,125	\$ 20,100	\$ 20,100
Veterinary -----	30,900	30,900	29,100	29,100
Tick Eradication -----	14,500	14,500	5,000	5,000
Dairy -----	13,000	13,000	13,000	13,000
Orchard and Nursery -----	4,500	4,500	4,140	4,140
Seed Analysis -----	15,075 ⁷	15,075 ⁷	5,800	5,800
Bee Inspection -----	2,700	2,700	2,000	2,000
Feed and Fertilizer -----	28,080	28,030	11,340	11,290
Warehouse ⁸ -----	5,800	4,800	4,550	3,600
Market -----	36,600	36,600	18,150	18,150
Statistics -----	4,150	4,150	1,200	1,200
Total -----	\$181,430	\$180,380	\$114,380	\$113,380
Extension -----	24,210	19,210	7,500	7,500

Comparable expenditure figures would not vary much from those in the foregoing table except in the "market" item, where they are considerably lower. The unadjusted gross figures as given in the State Auditor's reports are as follows :

¹Stat. 1931, Sec. 8557; no salary in current budget.

²Stat. 1931, Sec. 8557; no salary in current budget.

³Laws, 1933, Chap. 95. No appropriation for 1933-35.

⁴No appropriation for 1933-35. Work done by Warehouse Commissioner.

⁵As needed for seasonal work within current budget appropriation of \$4,500 per year. Laws, 1933, Chap. 32, Secs. 7, 9.

⁶None in current budget.

⁷Plant Board.

⁸And Grain Inspection.

	1930-31	1931-32	1932-33	1933-34
Board of Agriculture -----	\$165,693	\$134,268	\$128,649	\$128,970
Seed Analysis (Plant Board) -----		14,922	13,647	-----
Market Commission -----	51,198	24,326	14,422	-----

Information relative to receipts is fragmentary. It is as follows:

	1931-32	1932-33	1933-34
Board of Agriculture -----	\$46,423	\$46,032	\$63,086
Seed Analysis (Plant Board) -----	241	-----	-----
Market Commission -----	3,075	3,380 ¹	-----

Publications. An annual report is required of the Board of Agriculture.² Instead, a biennial report is issued which otherwise meets the legal specifications. The Board also issues occasional reports of the results of feed and fertilizer analyses which the law requires.³ It is authorized to report on the work of plant inspection.⁴ An unnecessary provision requires the Bee Inspector to report to the Board.⁵ The President, as Warehouse Commissioner, is required to make an annual report to the legislature.⁶

Reorganization Proposals. One of the primary needs of the State Board of Agriculture is a separation of those organization units which are concerned with education, research, and extension from those which have to do with regulatory and informational (or statistical) services. The latter should be grouped under a Department of Agriculture under a technically qualified, full-time director appointed by the Board. To combine the duties of head of the Board and of head of the Department is to impose too great a burden upon a single officer. Real economy is not to be gained by such a combination.

The regulatory work of the Board of Agriculture should be performed by an administrative Department of Agriculture under a professionally qualified head appointed by the Board.

As a further desirable step in the evolution of a departmental system, it is suggested that all extension work be concentrated under the A. and M. College. This involves a shifting, from the Board of Agriculture budget proper, to the institutional budget, of all items in support of 4-H club activities, and shows and fairs.

A study of the history of the Board shows that there has been a gradual movement toward a better type of organization, with decreasing reliance upon extension and scientific personnel in the A. and M. College for regulatory and administrative work for what may be termed the Department proper. Thus, the entomologist of the Experiment Station is no longer responsible for nursery stock inspection, the chemistry department of the A. and M. College no longer analyzes commercial fertilizers and stock feeds, and the division of apiary inspection at the same institution has been similarly relieved. For all these services there are now full-time officers within the Department.

In the same way there has been a tendency to substitute single-headed administrative bureaus for boards and commissions of ex-officio membership. There is no longer a State Plant Board or a State Warehouse Commission, and the State Market Commission is only a bureau misnamed.

The power to appoint minor officers has been generally shifted from the Board to the President, and there has been a tendency to consolidate organizations having like or similar activities. Thus, instead of four so-called "departments" of Bovine Tuberculosis, Sheep and Cattle Scab, Hog Cholera, and Ante Mortem Meat Inspection, there is a single Veterinary Bureau, with four "divisions" representing the constituent "departments." All this represents progress in the right direction. It remains to continue the work of centralization and integration. One way in which this may be easily done is indicated by the heads under which the Board's activities have been discussed in this section, which generally follow the federal classification; namely,—

¹Calendar year 1934.

²Stat. 1931, Sec. 8535.

³Stat. 1931, Secs. 8843, 8866.

⁴Stat. 1931, Sec. 8908.

⁵Stat. 1931, Sec. 8597.

⁶Stat. 1931, Sec. 12935.

- Bureau of Animal Industry
 - Veterinary Division
 - Dairy Divison
- Bureau of Plant Industry
 - Plant Pathology Division
 - Seed Divison
- Bureau of Entomology (or Bee Industry)
- Bureau of Chemistry (or Feeds and Fertilizers)
- Bureau of Agricultural Economics
 - Standard Division
 - Market Divison
 - Statistical Division

One advantage of the foregoing setup is that it calls things by their right names, a reform that is distinctly needed in the Board of Agriculture as to titles of both organization units and officers within them. There is nothing rigid about it. Thus, if the dairy interests of the state mistakenly insist upon independent bureau status, no harm would be done to the scheme, the essential principle of which is to put things together. There is no perfect scheme of organization.

The Department should be organized on a bureau basis and the existing number of bureaus, "commissions," etc., reduced in number.

The present confusing array of official and unofficial designations of subordinate bureaus and the chief officers thereof might well be supplanted by a systematic scheme of nomenclature.

A reexamination of the matter of fees is suggested, particularly to determine the authority for the existing dairy fees, and the advisability of establishing compensatory fees for cotton grading and grain inspection. The diversion of feed and fertilizer taxes to the support of the Experiment Station might well be discontinued and provision for its work regularly made through the institutional budget.

ADVISORY BOARD OF THE STATE FARM AND INDUSTRIAL COUNCIL

In 1919 a federation of county and state development organizations was created by law and given the name of State Farm and Industrial Council. Its sole continuing statutory duty was to hold an annual meeting, "The State Farmers' Institute," on the last Wednesday in August at the Agricultural and Mechanical College at Stillwater. Its sole grant of power was to draw up a constitution and by-laws, adoption of which was required before a county or community council might be affiliated.

State Advisory Board. State leadership was to be maintained over the Council through an Advisory Board, composed of the Governor (chairman), the President of the Board of Agriculture, and the Director of Agricultural Extension of the A. and M. College. This Board was to name the members of the board of directors of the Council, designate the state-wide organizations that should have representation in the Council, provide for the organization of county and community councils and have supervisory authority over the state-wide organizations.¹ While the statute stands unrepealed, no evidence has been found to indicate that it is operative.

THE CONSERVATION COMMISSION

In the comparatively brief history of Oklahoma there have been several state agencies concerned with water engineering. First, was the Secretary of the State Board of Agriculture, who, for lack of a state engineer, was charged with the engineering duties under the irrigation laws. These duties were transferred in 1915 to the Highway Department. In 1924 a "conservancy act" was passed, and a Commission of Drainage and Irrigation was set up to enforce its provisions with reference to water conservation and flood control. This body in turn was supplanted by a Commission of Drainage, Irrigation, and Reclamation in 1925 and by the present organization, the

¹Stat. 1931, Sec. 8777.

Conservation Commission, in 1927.¹ Since 1927 the Highway Department has had no duties with reference to irrigation.²

The Conservation Commission consists of three members appointed by the Governor and confirmed by the Senate, for a term of four years running concurrently with that of the Governor. It maintains an office in the State Capitol. Members' compensation is now fixed at \$4,000 per year, together with a per diem of \$4.00 and expenses when absent from the Capitol on official duty.³

Functions. It is the duty of the Conservation Commission to administer the laws of the state for the control of water-use generally in the public interest; to protect both public and private property from the hazard of floods; to promote agricultural and industrial development through water conservation and proper use; and to facilitate the organization of conservancy districts and irrigation districts. Drainage and improvement districts and water improvement districts are subject to Commission supervision, as are all standing and flowing waters for which improvements have been made under state or county authority. With respect to the matters within its jurisdiction, the Commission is intended to serve as the agency for negotiations with the federal government, with other states, with counties, cities, and other local units, as well as with special districts organized or projected.⁴

A law recently passed⁵ gives to the Commission wider and more substantial powers. It authorizes the Commission to make contracts with Oklahoma land owners for (a) construction of private ponds, (b) terracing, (c) contour cultivation, and (d) planting, grassing, and foresting lands; and the Commission is required to encourage like enterprises by private land owners. The Commission is also authorized (a) to construct storage reservoirs and to use, dispose of, and sell the stored waters; (b) to control rivers, creeks, ponds, and lakes, to purify impounded water, and to prevent water pollution in general; (c) to afforest and reforest in the watershed areas and to aid in the prevention of soil erosion and floods; (d) to acquire property necessary to the exercise of the Commission's functions; and (e) to "construct, extend, improve, maintain, and reconstruct or cause to be constructed, extended, improved, maintained and reconstructed, and to use and operate any and all facilities of any kind necessary or convenient to exercise of such powers, rights, privileges, and functions by said Commission possessed." The immediate purpose of the recent enactment was evidently to take advantage of federal appropriations; and it is, of course, too early to appraise the operations of the Commission under this legislation.

The above is by no means a complete statement of the powers and duties of the Commission. The scope of its authority and responsibility includes hydrographic surveys, licensing for the use of water, approval of headgates and measuring devices, inspection of structures, fixing of rates, and collection of fees.⁶ Provision is also made for the organization and administration of irrigation and conservancy districts.⁷

Appropriations, Expenditures, and Receipts. The available financial figures relating to the Conservation Commission appear below:

<u>Year</u>	<u>Appropriation⁸</u>	<u>Expenditure⁹</u>	<u>Receipts¹⁰</u>
1930-31 -----	\$15,000	\$7,208	-----
1931-32 -----	6,000	6,047	\$445
1932-33 -----	6,000	4,723	88
1933-34 -----	3,000	3,264	23
1934-35 -----	3,000	-----	-----

¹Stat. 1931, Secs. 13241, 13244.

²Stat. 1931, Sec. 13242.

³H. B. No. 84, approved Mar. 22, 1935.

⁴Stat. 1931, Sec. 13243.

⁵H. B. No. 84, approved Mar. 22, 1935.

⁶Stat. 1931, Secs. 13060-108; H. B. 84, approved Mar. 22, 1935.

⁷Stat. 1931, Secs. 13087-273.

⁸Budget.

⁹Auditor's Report.

¹⁰Treasury figures.

Internal Organization. An old inoperative law (1905) authorizes the Commission to appoint a watermaster for each water district, subject to the Governor's approval, and to remove them. The legal rate of compensation is \$3.00 a day when actually employed. Watermasters are authorized to take on employees only to meet emergencies.¹ The only other provision of law relating to personnel authorizes the Commission to fix rates of compensation for "other assistants and employees" not to exceed \$3,600 per year each for technical help and \$1,800 per year each for other help.²

The only subordinate employee in March 1935 was a stenographer at \$125 a month.

Reports. Under the Act of 1905, an annual report to the Governor is required, setting forth the "operations" with reference to water use and an itemized account of expenses.³ This obligation has been inherited by the Conservation Commission.

Conclusions. Prior to the legislation of 1935, the Conservation Commission represented a dream that had not come true. No western state could be indifferent to matters affecting water, and yet here was an organization that had run down to an annual basis of \$3,000, and with few demands which it was called upon to fulfill. State-wide economic betterment involved water problems of first magnitude, and the state had only a moribund body with which to meet them. In view of the recent reorganization of the Commission, it is obviously impossible, on the basis of experience, to make any recommendations applicable to the Commission, assuming its continuance as a separate agency. Recommendations regarding it will therefore be deferred to the end of this chapter, when other and related agencies have been considered.

OKLAHOMA FOREST COMMISSION

Legislation enacted in 1925 created the Oklahoma Forest Commission, a body of five members; three appointed by the Governor for overlapping terms of six years, the President of the State Board of Agriculture as chairman, and the President of the Agricultural and Mechanical College. One of the appointed members must be chosen from a list of five names or less, submitted by the State Federation of Women's Clubs; a fact that indicates the origin of the movement for the establishment of such an organization.⁴ For attendance at meetings the appointed members receive a per diem of \$6.00. The Commission is quartered with the State Board of Agriculture in the State Capitol.⁵

Functions. The objective of the Forest Commission is conservation of forests and growing trees and of soil and water "through forestry and otherwise." Its methods are propaganda, demonstration, and fire prevention. One of the Commission's statutory duties is to "institute an educational program for the conservation of the forests, wood lots and growing trees of the State of Oklahoma," and to create "an interest in forestry in schools and colleges."⁶ The Commission is authorized to acquire lands, through purchase or acceptance of donations, "to be used for state forest, park, experimental, or nursery purposes" and managed and developed under its direction.⁷ This has not been done. It is made responsible for the enforcement of the criminal law against willful and negligent setting of outdoor fires on public or private lands anywhere in the state,⁸ and to this end it is authorized to appoint wardens.⁹ No wardens are employed, but tower men are stationed at Broken Bow for fire detection. For all of its duties the Commission is granted wide rule-making power, and it is instructed in all its activities to cooperate with the United States Forest Service and with the A. and M. College.¹⁰

Internal Organization. The Commission appoints and may remove a secretary at

¹Stat. 1931, Secs. 13088, 13090.

²H. B. 84, approved Mar. 22, 1935.

³Stat. 1931, Sec. 13107.

⁴Stat. 1931, Sec. 4752.

⁵Stat. 1931, Secs. 4754-55.

⁶Stat. 1931, Sec. 4753.

⁷Stat. 1931, Sec. 4753.

⁸Stat. 1931, Secs. 1863-64.

⁹Stat. 1931, Sec. 4753.

¹⁰Stat. 1931, Sec. 4753.

a maximum salary of \$1,800. To be eligible for appointment a person must be a practical forester and not a member of the Commission.¹ The only other statutory position is that of warden, which may be filled by appointment of the Commission.² In addition to the secretary, the headquarters' personnel consists of two assistant foresters at \$2,000, and a clerk-stenographer at \$1,500. At the District Office at Broken Bow, there is an acting district forester at \$1,800; two rangers at \$1,020, and one at \$900; one towerman at \$780, and three at \$600.

Appropriations and Expenditures. The appropriations and expenditures for a recent period appear below:

<u>Year</u>	<u>Appropriation³</u>	<u>Expenditure⁴</u>
1930-31 -----	\$16,000	\$17,407
1931-32 -----	16,000	16,211
1932-33 -----	16,000	16,346
1933-34 -----	10,000	10,001
1934-35 -----	10,000	-----

Reports. There is no statutory requirement that the Commission shall submit an administrative report.

GAME AND FISH COMMISSION

Conservation of wild life in Oklahoma was provided for by statute in 1909, and the office of State Game and Fish Warden was created for its administration. In 1925 a Game and Fish Commission was established. This is a body of three members appointed by the Governor and confirmed by the Senate for overlapping terms of six years. All must be qualified electors and one of them must be "a well known game and fish conservationist," and another, "a man interested in outdoor life and recreations." Impeachment is the only means provided for removal from office. Compensation is at the rate of \$10.00 a day when actually employed, but no member may receive in excess of \$100 a month. The Commission elects from its own membership, annually, a chairman, a vice-chairman, and a secretary. It meets in its own office in the State Capitol.⁵ The State Game and Fish Warden is the active executive officer of the Commission.⁶

Functions. The Game and Fish Commission acts as an agency for the enforcement of law relating to game, fish, and furs, and for the acquisition, improvement, and management of lands for game, fish, and recreational purposes. It is also concerned with the elimination of predatory animals, and with the protection and propagation of those varieties of fish and wild animals that are useful to man.

Activities. The Commission's powers and duties include those which it took over from the State Game and Fish Warden and those conferred upon it by subsequent legislation. The warden is now subject to its control in all matters. There is no distinction in the law between activities normally performed by a policy making body and those which are carried out under its direction. All are subject to its authority, and the Commission may assign certain administrative duties to the warden or it may itself perform them. Matters of policy which of necessity are handled by the Commission in its own name include the following: All personnel matters;⁷ administration of the special "State Fish and Game Fund";⁸ cooperative relations with federal, state, and local authorities and with private organizations and persons, for the "advancement of forestry, flood control and state park service," as well as suppression of predatory animals;⁹ and acquisition, including the exercise of the right of eminent domain; establishment, development, and operation of hatcheries, refuges, and pre-

¹Stat. 1931, Sec. 4754.

²Stat. 1931, Sec. 4753.

³Budget.

⁴Auditor's Report.

⁵Stat. 1931, Secs. 4830-33.

⁶Stat. 1931, Sec. 4844.

⁷Stat. 1931, Secs. 4834-35.

⁸Stat. 1931, Secs. 4774, 4837-38.

⁹Stat. 1931, Secs. 4834, 4867, 4878.

serves, as well as camp recreational grounds in connection therewith;¹ institution of court action in cases of law violation;² formulation of rules and regulations;³ and conduct of "such propaganda work as will inculcate into the public mind and further the propagation, the conservation, and love for wild life and outdoor recreation."⁴

All land purchases are limited by a legal maximum price of \$10.00 an acre, and by a provision to the effect that transactions in excess of \$1,000 are subject to the Governor's approval.⁵

Licenses of various sorts, eleven in all, are issued in the name of the Commission for the taking of fish, game, and fur-bearing animals. This may be done through the State Game and Fish Warden, deputy wardens, justices of the peace, and county clerks; the blanks for the purpose being on control paper. In practice they are issued through retail stores, which buy the blanks in quantity. All hunting licenses expire on May 1 of each year; fishing licenses on January 1; and trappers' licenses on January 31; all are issued only upon payment of a fee ranging in amount from \$1.25 to \$250. In most cases the issuing officers are entitled to deduct a part of the fee—usually 25 cents; sometimes 50 cents—for their services. All collections are forwarded to the Tax Commission. Permits are also issued, sometimes for a nominal fee, sometimes in connection with a license.⁶

The warden and his deputies and assistants are authorized to seize game, search without warrant, and call for assistance from citizens and peace officers.⁷ For the information of the public, compilation of the laws is required to be published annually.⁸ For the control of trappers and dealers in raw hides of fur-bearing and predatory animals, reports to the Commission are required by law.⁹

From the game preserves breeding stock is distributed; from the hatcheries, fry for every lake and stream in the state.

Recent legislation authorizes the Commission to cooperate with the Federal Bureau of Biological Survey in the control and destruction of predatory animals, and makes available \$7,500 a year during the current biennium to match a like amount of federal funds. This annual amount may be augmented through the proceeds of sales of furs skins, and specimens of animals taken in the course of the project.¹⁰

Internal Organization. The office of State Game and Fish Warden has been continued, but it is now subordinate to the Game and Fish Commission. The Commission appoints, and may remove, the Warden, who must be "a suitable and qualified person." His statutory salary is \$3,600. The Commission is authorized to appoint and employ, and remove, all necessary assistants or deputy game wardens, with or without compensation. It may fix rates of compensation, which may exceed \$5.00 a day only in the case of superintendents of fish hatcheries and game preserves, and "experts" assisting in the Commission.¹¹ The present organization is as given below; all compensation being on a monthly basis:

Assistant warden -----	\$ 200
Bookkeeper -----	125
Assistant bookkeeper -----	120
Stenographer -----	125
Stenographer -----	120
20 district rangers -----	120 each
4 district rangers -----	100 each
Superintendent of hatchery -----	130
4 superintendents of hatchery -----	120 each

¹Stat. 1931, Sec. 4834.

²Stat. 1931, Secs. 4783, 4849.

³Stat. 1931, Secs. 4834, 4852, 4876.

⁴Stat. 1931, Sec. 4834.

⁵Stat. 1931, Sec. 4834.

⁶Stat. 1931, Secs. 4777, 4806-28, 4852-56, 4861, 4871-74, 4880-81.

⁷Stat. 1931, Secs. 4844-45, 4848.

⁸Stat. 1931, Sec. 4852.

⁹Stat. 1931, Sec. 4882.

¹⁰Laws, 1933, Chap. 94.

¹¹Stat. 1931, Secs. 4834-35.

4 helpers -----	75 each
Helper -----	60
Superintendent of game preserves -----	75
Superintendent of game farm -----	150
Helper -----	75
Helper -----	55
Superintendent of wild turkey farm -----	100

Property. In behalf of the state, the Commission holds and manages physical properties, as follows:

- Game Farm:
 - Osage County, 160 acres, improved
- Propagating Farm:
 - Canadian County, 74 acres
- Game Preserves:
 - McCurtain County, 16,800 acres, improved
 - Latimer County, 4,000 acres
 - Johnston County, 147 acres
 - Pushmataha County, 20 acres
- Fish Hatcheries:
 - Comanche County
 - Alfalfa County
 - Bryan County
 - Cherokee County
 - LeFlore County

Various small game refuges and a wild turkey farm are maintained on leased lands throughout the state.¹

Expenditures and Receipts. A revolving State Game and Fish Fund has been set up for the financing of the work of the Commission. Into this fund go the collections of license fees and sundry fines, penalties, and forfeitures; and expenditures are made on warrants approved by the State Auditor.² The figures for recent years are as follows:

	<u>Expenditures³</u>	<u>Receipts⁴</u>
1930-31 -----	\$238,174	\$222,716
1931-32 -----	164,163	164,217
1932-33 -----	136,468	147,889
1933-34 -----	147,718	168,658

Reports. Two reports were required of the State Game and Fish Warden by the old Act of 1909: A quarterly report to the Secretary of State, showing the status of all court cases instituted, pending, and disposed of; and a biennial administrative report to the Governor containing a full statement of operations and recommendations for the better protection of wild life.⁵ For these reports, the Commission is now responsible. The administrative report for the biennium 1933-34 is an illustrated quarto pamphlet of 48 pages, well printed. In this report the organization and work of the Commission is described in popular style, and full information is given as to property and financial matters. It is a public document of merit. There are also booklets and circulars which are distributed free by the Commission as a means of public education in the field of wild life.

OKLAHOMA GEOLOGICAL SURVEY

Without funds since the beginning of the fiscal year 1931-32, the Oklahoma Geological Survey exists in a state of suspended animation. It was created by the legis-

¹Laws, 1933, Chap. 61, authorized a "State Lake" of 16,300 acres in Carter and Love counties, contingent on federal funds.

²Stat. 1931, Secs. 4777, 4783, 4822, 4834, 4836-38.

³Auditor's Report.

⁴Treasury figures.

⁵Stat. 1931, Secs. 4841, 4843.

lature of 1907-08, as required by the Constitution,¹ and given the status of a "bureau" to operate under the direction of a State Geological Commission, composed of the Governor, President of the University of Oklahoma, and Superintendent of Public Instruction.² By legislation enacted in 1924, it was wisely placed "under the direction and supervision of the Board of Regents of the University of Oklahoma."³ This shift of overhead control was made without provision for the transfer of powers and duties from the Commission to the Board, and without provision for repeal. However, the intent of the new legislation would seem to be obvious.

Location. From the first, the Survey has been located at Norman, in quarters provided under an agreement which the Commission was authorized to make with the Board of Regents. This was intended to be a temporary arrangement, to last "until suitable laboratories and testing apparatus are provided by the State."⁴ The estimated value of state-owned Survey property is \$20,000, evenly divided between library and equipment.

Functions. As laid down in the statutes, the duties of the Geological Survey are simple: (1) To study the geological formation of the state with special reference to its mineral resources, including cement, clay, stone, sand, road-building materials, and water; (2) to prepare and publish illustrated bulletins and reports; and (3) to consider such scientific and economic questions as the Board of Regents (Commission) may deem of value to the people.⁵

Internal Organization. At the head of the administrative organization is a Director, who must be "a geologist of established deputation," appointed by the Board of Regents (Commission). The director is authorized to appoint assistants and employees, subject to the approval of this body, which has authority to fix compensation of all personnel, including the Director.⁶

Appropriations and Expenditures. The last appropriation, that for 1930-31, was \$51,000, of which \$31,105 was expended in that year and \$2,046 in the following year.

Publications. A biennial administrative report to the Governor is required of the Director. This must show the "progress and condition" of the organization and include such other information as the governing body may think necessary.⁷ Bulletins embodying the results of scientific research have been issued up to 1932.

COOPERATIVE RELATIONS WITH THE UNITED STATES BUREAU OF MINES

Federal legislation enacted in 1914 made provision for intensive work in petroleum technology to be conducted by the Bureau of Mines of the United States Department of the Interior. This led to the establishment of a federal petroleum experiment station at Bartlesville in 1917. Land for the site was granted by the state of Oklahoma, and funds to the amount of \$50,000 were donated by the local chamber of commerce for a building. During the fiscal year 1919-20, the Bureau and the state authorities entered into a cooperative agreement for the conduct at this station of "Investigations with a view to improving conditions in the oil industry by safeguarding life among employees and preventing unnecessary waste of resources."⁸

Under this arrangement it has been the practice of the state to make a voluntary contribution of \$50,000, more or less, each year, disbursements from which have been made by the state officers on vouchers approved by responsible officers of the Bureau. These vouchers have included items for supplies and equipment as well as personal services and expenses. They are not shown in the federal accounts, for there has been no pooling of state and federal funds. On the other hand, the state personnel—labora-

¹Art. V. Sec. 38.

²Stat. 1931, Sec. 4884.

³Stat. 1931, Sec. 4891.

⁴Stat. 1931, Sec. 4890.

⁵Stat. 1931, Sec. 4886.

⁶Stat. 1931, Sec. 4885.

⁷Stat. 1931, Sec. 4887.

⁸*Annual Reports of the U. S. Bureau of Mines*, 1918, 1920.

tory and field assistants—is appointed by the Director of the Bureau of Mines and is merged with the regular station staff, working under his direction.¹

The recent record of the state contribution is as follows:

<u>Fiscal Year</u>	<u>Appropriation²</u>	<u>Expenditure³</u>
1930-31 -----	\$62,500	\$63,590
1931-32 -----	57,548	56,572
1932-33 -----	57,548	53,014
1933-34 -----	40,280	39,320
1934-35 -----	40,280	

GENERAL CONCLUSIONS AND RECOMMENDATIONS

In the state administrative organization, several separate agencies are concerned with different aspects of the problem of safeguarding natural resources and promoting their use for the best interests of the people. Of these, the State Board of Agriculture is, or should be, mainly regulatory and should remain a separate agency. The Agricultural and Mechanical College, with its extension work, belongs to the system of higher education, although it should be closely coordinated with all state agencies concerned with natural resources. The functions of the Corporation Commission relative to petroleum may continue where they are. Of the remaining agencies, the oldest is the Geological Survey; next, the Game and Fish Commission. The Forest Commission is a comparatively recent agency. The Conservation Commission is the successor to a series of organizations that have had to do with water engineering. And since 1917 the state and federal governments have conducted cooperative investigations to minimize the waste incident to the extraction of petroleum.

A hasty view of the situation would lead to the conclusion that all these agencies should be brought together under a single overhead organization. Such an organization, perhaps called "Department of Conservation and Development," would be a good thing to have, provided the political and administrative standards of the state were at a higher level. Some of the agencies, however, suffer less than others from the system of patronage, and it would be a mistake to institute changes which would bring them down to the same level merely to effect a minor reform that would read well in print and look well on an organization chart.

Ultimately, the state should have such a department, headed by a single director appointed by and responsible to the Chief Executive: the existing commissions and boards should then be converted into purely advisory bodies, manned by persons willing to assist, but not ambitious to control. But even then it would be unwise to group in such an organization all agencies of the state which support the ideal of "conservation."

Conservation is not a function; it is rather a policy, an attitude of mind. Oil conservation involves one sort of technology; water conservation, another. They have nothing in common except an idea, and they may be accomplished by different means. There is, therefore, no reason why oil conservation should not remain where it is—in the Corporation Commission. But water conservation (including stream control) does have an intimate relation with forest conservation, and there is every reason why the agencies concerned with them should be brought together. Indeed, this could be done at once by combining the Conservation Commission and the Forest Commission, both of which have been small and weak, but confronted with problems that are already recognized to be of urgent importance. It is noted that, in the legislation of 1935, the Conservation Commission is given the functions of afforestation and reforestation. It is recommended, therefore, that:

The Forest Commission should be abolished and its personnel and functions transferred to the Conservation Commission.

The survey has grave doubts regarding the advisability of placing over the De-

¹House Hearings on Commerce Department Appropriation Bill, 1931, pp. 319-22.

²Budget.

³Auditor's Report.

partment of Conservation a full-time, salaried commission. Such a body may commend itself from the standpoint of expediency during the next four years (the term of office of the present members) but, at the end of that time.

The Department of Conservation should be headed by a Director, appointed by the Governor, the Conservation Commission retaining only advisory functions.

The Game and Fish Commission might also be brought into the combination, whenever its present standards of accomplishment would not be jeopardized. A department with three bureaus and a single advisory body, with such special advisory subcommittees as may be necessary, would probably be as much as it would now be wise to attempt. The functions given to the Conservation Commission require close cooperative relations between that agency and the Game and Fish Commission. It is probable that the latter authority, instead of the Conservation Commission, should regulate segregation of the races relative to fishing, boating, and bathing;¹ and the control of water pollution should probably be assigned to the Department of Health, or to the Fish and Game Commission in cooperation with the Department of Health, instead of to the Conservation Commission.

It is assumed that funds will again be provided in the budget for the continuation of geological investigation on a professional basis. When that time comes, the Oklahoma Geological Survey should remain in its present administrative situation.

Certainly, the relationship with the Bureau of Mines on the Bartlesville project should not be disturbed now, if ever.

The Flood Control Board, created by the 1935 legislature, has not been studied and it would be altogether too early in any event to evaluate its work. It seems highly improbable, however, that it possesses any functions which could not be better and more economically performed by the Conservation Commission. It is suggested, therefore, that:

The Flood Control Board should be abolished and its functions transferred to the Conservation Commission (or Director of Conservation.)

¹H. B. 84, approved Mar. 22, 1935, Sec. 12.

CHAPTER XI

BUSINESS AND PUBLIC SERVICE REGULATION

Agencies established in Oklahoma for the regulation of certain fiduciary businesses, public service undertakings and the issuance and sale of securities include: (1) The Insurance Department, with which is associated the Insurance Board, and the Fraternal Insurance Board; (2) the Banking Department, with which is affiliated the Banking Board, the Building and Loan Board, and the Securities Commission; and (3) the Corporation Commission.

Attention will also be given in this connection to certain functions of the Secretary of State.

THE INSURANCE DEPARTMENT

An Insurance Department was established by the Constitution¹ and charged with the execution of all state laws in relation to insurance and the insurance business. To serve as chief officer, it provided for an Insurance Commissioner, to be elected by popular vote for a term of four years running concurrently with that of the Governor. Qualifications for this office were declared to be: Age 25; "well versed in insurance matters;" and such others as might be prescribed by law. Surety bond and duties were left for the legislature to determine.

Little has been added by statute to the foregoing specifications; the amount of the Insurance Commissioner's bond has been fixed at \$50,000² and his salary has been recently reduced from \$5,000 to \$3,600.³

The State Insurance Board, created in 1915, is composed of three members: The Insurance Commissioner as President, the State Fire Marshal, and a third member who is appointed by the Governor, subject to confirmation by the Senate; and two of whom may take official action in the name of the Board. The appointed member serves as full-time secretary of the Board at an annual salary of \$3,000. He is subject to removal by the Governor.⁴

The Fraternal Insurance Board, created in 1919, includes the Insurance Commissioner and four other members appointed by the Governor "from different fraternal insurance societies doing business in the state," and approved by the Senate. The term of office is four years or at the Governor's pleasure, and no service compensation is allowed. Provision is made for a chairman and a secretary, both to be elected by the Board from its own membership.⁵

Functions. There are 14 kinds of insurance recognized by Oklahoma law and 15 classes of corporations or associations engaged in the business. It is the duty of the Insurance Department to administer the laws regulating the conduct of the business of insurance and guaranty and surety companies throughout the state. It does this in general through the Insurance Commissioner, with these exceptions: The State Insurance Board is charged with the control of rating bureaus and of the rates made for a variety of risks; fire, tornado, plate glass, and employer's liability.⁶ It also regulates mutual casualty companies,⁷ and reciprocal or mutual indemnity contracts exchanged between companies or individuals.⁸ The Fraternal Insurance Board is charged solely with the granting and revocation of permits to fraternal insurance societies.⁹

Insurance Commissioner's Activities. Although the insurance law is complex in

¹Art. VI, Secs. 22-24.

²Stat. 1931, Sec. 3745.

³Laws, 1933, Chap. 138, Sec. 1.

⁴Stat. 1931, Secs. 3518, 10533, 10549-50.

⁵Stat. 1931, Secs. 10588-89.

⁶Stat. 1931, Secs. 10533-53.

⁷Stat. 1931, Secs. 10744-64.

⁸Stat. 1931, Secs. 10779-90.

⁹Stat. 1931, Secs. 10588-93.

its terms, reflecting the complexity of the subject itself, the duties of the Insurance Commissioner are comparatively simple.

His approval is required before a company can conduct business in the state. This takes the form of a permit, license, or certificate of authority which he issues, for a fee, after examination of documentary evidence which applicants must file with him to show conformity with law and satisfactory financial condition. This he does annually, and he may revoke such action whenever he thinks it necessary.¹ He has authority to prescribe the manner in which accounts are kept and he prepares and supplies the blank forms upon which reports must be filed with him.

He conducts an examination and audit of all domestic companies once in three years or oftener at his discretion. Whenever he deems it advisable he may make similar examination of "foreign" companies. Upon request of five financially interested persons he must examine the affairs of any particular company; and at any time he has authority to require an independent audit. In all such cases the work is done at the expense of the concern examined.

He may refuse to file any particular form of policy which he does not approve, thereby preventing its use in the state. Securities on guarantee deposit are subject to his constant scrutiny and appraisal. Real estate in excess of that required for the conduct of insurance business may be held beyond the legal time limit if he so authorizes. Fraternal insurance societies operate under rules and regulations which he prescribes. His approval is required whenever companies wish to reduce the amount of their capital or to consolidate with others. He holds a power of attorney by appointment of all "foreign" companies admitted to the state.

In case a company becomes unsound, fails to file necessary information, or otherwise falls short of full compliance with the law, the Commissioner applies the remedy of suspension or revocation of authority, and when the gravity of the situation demands it, he may seek an injunction through the Attorney General.

The Insurance Commissioner collects fees and taxes for which the law makes him responsible, makes reports thereon to the State Auditor, and turns the money over to the State Treasurer. He is required to keep separate accounts of all collections and to keep records of his transactions and of the information filed with him by the organizations under his supervision. He has complete authority in the Insurance Department proper with respect to employees; including their appointment and removal.

Activities of the Insurance Board. The Insurance Board, under the law, receives "general basis schedules" from all companies dealing in fire, tornado, plate glass, and employer's liability insurance. These schedules show premium rates on all classes of risks and information affecting such rates. Rate changes may be made only on ten days' notice, or such shorter period as the Board may determine. All rates are subject to increase or decrease by Board action within the limit of reasonableness.²

The Board licenses agents of companies and collects the fees fixed by law. Licenses are renewable annually and may be cancelled only after a hearing before the Board. For violation of the law, the Board may suspend for three years the privilege of any such company to operate within the state. This has never been done. All Board orders and regulations may be made only after a hearing, and all are subject to appeal to the Supreme Court.³

Jurisdiction over the following types of risks are specifically denied to the Insurance Board: Life, marine, transportation (except automobiles), hail, growing crops, title, mortgage guaranty, and property and risks outside the state. All fraternal associations are also beyond its control,⁴ but mutual casualty companies are subject to its special supervision,⁵ and so are mutual indemnity concerns, except those

¹Stat. 1931, Secs. 10465, 10469.

²Stat. 1931, Secs. 10534-36.

³Stat. 1931, Secs. 10542-47, 10552.

⁴Stat. 1931, Secs. 10548, 10553.

⁵Stat. 1931, Secs. 10744-64.

having to do with insurance on lives, growing crops, and farm property.¹ The activities of the Board in meeting this responsibility parallel in general those of the Insurance Commissioner. The authority to impose reasonable requirements for the lessening of cotton compress fire hazards granted to the Board in 1919,² logically belongs not to the Board, but to the Department of Safety recommended in a preceding chapter.

Within the Insurance Department the Board appoints the personnel authorized by law: A rate expert, and clerical stenographic assistants.³

Activities of the Fraternal Insurance Board. The Fraternal Insurance Board's activities are limited to examination of the reports and papers filed with the Insurance Commissioner by fraternal societies, granting and revoking licenses, and reporting extreme cases to the Attorney General for court action. The other duties with respect to these associations are performed by the Commissioner.⁴

Internal Organization. A distinction is made in the law between those positions in the Insurance Department which are under the Insurance Commissioner—the Department proper—and those created for the “use” of the Insurance Board. Thus, the Commissioner is authorized to appoint and remove an actuary and employ such clerks and assistants as may be needed.⁵ The Board may appoint a fire insurance rate expert at \$3,000, a license clerk and stenographer at \$1,200, and a stenographer at \$1,200.

The former group, as now constituted, is as follows:

Assistant insurance commissioner -----	\$2,250
Fire insurance examiner and tax auditor -----	1,500
General clerk and bookkeeper -----	1,500
Record and filing clerk -----	1,500
Stenographer and license clerk -----	1,200

For the group under the Board the corresponding items are:

Rate expert -----	\$3,000
Stenographer -----	1,200

Both groups, under the law, belong within the organization of the Insurance Department, despite the fact that in the budget act the appropriations for them are made in sections widely separated.

Appropriations, Expenditures, and Receipts. In his annual reports, the Insurance Commissioner gives information as to the expenditures and collections of both the Department and the Board over a period of years. These items, for the last five years, are here presented, with adjustments, alongside the corresponding items in the budgets:

<u>Year</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Receipts⁶</u>
		Insurance Commissioner	
1929-30 -----	\$21,930	\$21,930	\$1,162,065
1930-31 -----	21,930	23,701	1,107,471
1931-32 -----	25,230	24,553	984,434
1932-33 -----	25,230	21,648	834,265
1933-34 -----	21,190	20,843 ⁷	776,305
		Insurance Board	
1929-30 -----	\$13,000	\$12,900	\$ 119,101
1930-31 -----	13,000	14,750	114,888
1931-32 -----	14,750	12,225	97,926
1932-33 -----	14,750	10,972	87,704
1933-34 -----	9,275	9,032 ⁷	85,123

Reports. An annual report to the Governor is required of the Insurance Commissioner, setting forth the affairs of his Department. The law requires that it “shall contain a tabular statement and synopsis of the several statements, as accepted by

¹Stat. 1931, Secs. 10779-90.

²Stat. 1931, Sec. 12880.

³Stat. 1931, Secs. 3516-17.

⁴Stat. 1931, Secs. 10564-93.

⁵Stat. 1931, Sec. 10462.

⁶Treasurer's figures.

⁷Auditor's Report

the Insurance Commissioner, and such other matters as in his opinion may be of benefit to the public"; also "recommendations as he may deem proper in regard to the subject of insurance in this state," together with a statement of "the various sums received and disbursed by him, from and to whom, and for what purpose."¹ The last requirement is not complied with, in the reports that are available for examination, for the obvious reason that it is a matter which necessarily comes, or should come, under the State Auditor. The insurance statistics called for are included, with explanatory comment, but there are no recommendations as to legislation or discussions of insurance matters in general. Included in each report is the annual report of the State Fire Marshal, submitted to the Commissioner as the law requires.²

Reorganization Proposed. No useful purpose seems to be served by the Insurance Board. If it be desired to give the Governor a measure of control over the Insurance Department, the Constitution should be amended. The present organization is unnecessarily complex, the laws are confusing, and the division of authority between the Board and the Commissioner appears to be without plan.

The Insurance Board should be abolished, and its personnel and functions merged in an integrated department under the Insurance Commissioner.

The Fraternal Insurance Board costs the state nothing; and, as an advisory body, there is no reason why it should not be continued.

Whenever it becomes expedient, the Constitution should be amended so as to make the Insurance Commissioner appointive by the Governor, but without the advice and consent of the Senate.

It might be desirable also to amend Section 1 of Article XIV of the Constitution, so as to authorize the control of guaranty companies, not through the Banking Department, but through the Insurance Department, as is the existing practice.

THE BANKING DEPARTMENT

All state banks, and loan, trust, and guaranty companies in Oklahoma are subject to regulation by state authority under the Constitution³ which instructs the legislature to enact laws for the protection of both shareholders and depositors, to be administered by a Banking Department under the direction of a Bank Commissioner. This officer, so the Constitution provides, must be appointed by the Governor, subject to senatorial confirmation, for a four-year term.

Bank Commissioner. Legislation to this effect was enacted at the first legislative session and amended from time to time. It created the office of Bank Commissioner and specified qualifications and disqualifications; but since 1924 the sole qualification prescribed has been "a taxpayer for three years prior to appointment."⁴ The statutory salary rate is \$5,000;⁵ a surety bond of \$25,000 is required.⁶ Conviction on a charge of misconduct or corruption in office automatically removes a Bank Commissioner from office.⁷

Banking Board. Constituting an integral part of the Banking Department is a Banking Board of four members, one of whom must be the Bank Commissioner, serving as chairman. For the other three, the law provides: That none shall be an officer or director of a national bank; that all shall be appointed by the Governor and confirmed by the Senate for terms ranging concurrently with that of the Governor; and that their compensation shall be at the per diem of \$15 for attendance at meetings of the Board.⁸

¹Stat. 1931, Sec. 10464.

²Stat. 1931, Sec. 3742.

³Art. XIV, Sec. 1.

⁴Stat. 1931, Sec. 9147.

⁵Stat. 1931, Sec. 9148.

⁶Stat. 1931, Sec. 9156.

⁷Stat. 1931, Sec. 9163.

⁸Stat. 1931, Sec. 9143.

This Board serves as a liaison body between the banks and the state regulatory authorities concerned with their affairs. To this end the law provides that the banks shall have a voice in the selection and removal of Board members, and also in the removal of the Bank Commissioner. In the matter of appointments, it authorizes the organization of a State Bankers' Association, made up of representatives, one each, of the state banks. The association, through an executive council of nine to fifteen members, is authorized to present to the Governor a list of names of nine qualified persons, from which he must appoint such three as he may see fit.¹ In the matter of removals, two-thirds of the members of the association are authorized, by majority vote, to make recommendations which the Governor is required to take into consideration in determining his action. It is the Governor, however, who has the final word, and he is bound by the requirement of the law that removals must be made "for cause."²

Functions. It is the duty of the Banking Department, as prescribed by statute, to regulate all banks (other than national banks) and trust companies for the protection of both depositors and holders of bank shares. It does this through the Banking Board, through the Board acting in conjunction with the Bank Commissioner, and through the Bank Commissioner alone. As ex-officio member and chairman of the Board, the Commissioner has a vote; in matters calling for joint action with the Board he would appear to have no determinate measure of authority; as Bank Commissioner he is governed generally by the statutes and in certain particulars he is made responsible to the Governor.

Activities of the Board. The Banking Board's approval is necessary in the case of all appointments to statutory positions (except stenographer) which the Bank Commissioner is authorized to make in the Banking Department.³ It may summarily remove "any commissioner, secretary, examiner or employee" of the Banking Department for neglect of duty, incompetence, negligence, or insubordination.⁴ In its discretion it issues or withholds the certificates which the law requires before a trust company may establish a commercial banking and savings department.⁵ It is responsible for the administration of the Depositors' Guaranty Fund, which has been in process of liquidation since the repeal in 1923 of legislation providing for a system of compulsory depositors' insurance.⁶

The statutes also make it the Board's duty to cause one of the examiners to visit each bank twice each year, or oftener if the Bank Commissioner shall deem necessary.⁷ Like instructions are given to the Commissioner elsewhere in the law⁸ and action by the Board would seem to be necessary in this respect only in case of failure of the Commissioner to perform his sworn duties.

Joint Activities of Board and Commissioner. Subject to specific exceptions, the Banking Board and the Bank Commissioner are jointly responsible for the administration of the banking laws of the state,⁹ for supervision and control of the issuance of charters to state banks¹⁰ and trust companies,¹¹ and for supervision of commercial and savings departments of trust companies.¹² They are charged with the formulation of rules and regulations to govern the conduct of trust company savings departments.¹³ Their consent is required before any bank may purchase real estate in excess of one-

¹Stat. 1931, Sec. 9144.

²Stat. 1931, Sec. 9145.

³Stat. 1931, Secs. 9149, 9151, 9153-54.

⁴Stat. 1931, Sec. 9146.

⁵Stat. 1931, Sec. 9231.

⁶Stat. 1931, Sec. 9165-67.

⁷Stat. 1931, Sec. 9146.

⁸Stat. 1931, Sec. 9160.

⁹Stat. 1931, Sec. 9143.

¹⁰Stat. 1931, Secs. 9101, 9143.

¹¹Stat. 1931, Sec. 9203.

¹²Stat. 1931, Sec. 9232.

¹³Stat. 1931, Sec. 9239.

third of its paid-in capital.¹ Their sole institutional responsibility is the determination of the tenure of office of the "assistants to the Bank Commissioner."²

Bank Commissioner's Activities. As already indicated, the Bank Commissioner nominally is paramount in the Banking Department. He appoints the Department personnel, but subject in all important cases to confirmation by the Banking Board. The entire staff is under his immediate direction.³ He has recently been made responsible for supervision of cooperative savings and credit associations, or "credit unions."⁴

His activities with reference to the institutions under his control are of two sorts, regular and contingent; the latter being conditioned upon circumstances set forth in the law. This distinction is perhaps of minor significance. It is here made merely to give point to the statement that the duties imposed upon the Commissioner do not measure, they only indicate, the nature and extent of his activities at any particular time or during any particular period. His broad duty is to see to it that "all's well;" his activities are directed toward that objective.

In the matter of new banks, the Bank Commissioner's approval of the promoters of a project is required before articles of incorporation may be executed, and his authorization is necessary before any new organization may commence the business of banking. The authorization takes the form of a certificate which he issues after examination to determine that all legal requirements have been met.⁵ He may also revoke the charter of a bank for violation of the banking laws as well as for refusal to submit to examination or to produce statements, or otherwise obstructing efforts to determine its condition.⁶

Since the work of the Bank Commissioner is dependent upon information, the law requires institutions under his supervision to file numerous specific documents and to submit regular reports according to forms prescribed by him. He may also call for special reports at any time.⁷ First-hand information is made available through examination of individual banks and trust companies, twice a year or oftener at the Commissioner's discretion.⁸ In the case of trust companies, the examination must include their fiduciary funds.⁹ In the case of institutions belonging to the Federal Reserve system, the Commissioner may accept the filings of the federal examiners in lieu of his own.¹⁰ A schedule of examination fees is prescribed by law; collections are made by the Commissioner and deposited with the State Treasurer.¹¹

In addition to the broad powers given to the Bank Commissioner in general terms, there are various specific provisions of law which authorize him to interfere in the management of the institutions under his supervision. Thus, he may order the repletion of money reserves and fiduciary funds which have become inadequate;¹² his consent is required before a bank may pay a higher interest rate than 4 per cent on deposits;¹³ he may eliminate from the assets of a bank any loans made in excess of the legal proportion of loans to capital and surplus;¹⁴ increases and decreases in capital stock are subject to his approval, and so are transfers of shares from one holder to

¹Stat. 1931, Sec. 9120.

²Stat. 1931, Sec. 9150.

³Stat. 1931, Secs. 9149, 9151-55.

⁴Laws, 1933, Chap. 157.

⁵Stat. 1931, Secs. 9102, 9105, 9116.

⁶Stat. 1931, Secs. 9118, 9126.

⁷Stat. 1931, Secs. 9102, 9107-08, 9110, 9117, 9121, 9124, 9128, 9162, 9173, 9231; Laws, 1933 Chap. 157, Secs. 1, 7.

⁸Stat. 1931, Sec. 9160.

⁹Stat. 1931, Sec. 9224.

¹⁰Stat. 1931, Sec. 9141.

¹¹Stat. 1931, Secs. 9157, 9230; Laws, 1933, Chap. 157, Sec. 7.

¹²Stat. 1931, Secs. 9136, 9229.

¹³Stat. 1931, Sec. 9134.

¹⁴Stat. 1931, Secs. 9106, 9124.

another.¹ He may require the removal of any dishonest or incompetent bank officer,² and he must determine the amount and nature of surety to be required of both officers and employees.³

In the event of insolvency, the Bank Commissioner takes possession and maintains control through to the end, whether it be winding up or reorganization.⁴

Internal Organization. Second in rank to the Commissioner is the Assistant Bank Commissioner, who acts in place of the Commissioner during the latter's absence or disability, and also serves as ex-officio secretary to the Banking Board (and also to the Building and Loan Board). Three years' actual experience in banking is fixed as the minimum qualification for this position, and the statutory salary is \$3,600;⁵ conviction for misconduct or corruption in office automatically effects his removal.⁶

Staff positions created by law are: Attorney (\$5,000), assistant attorney, (\$4,000), chief clerk (\$2,400), bonding clerk (\$1,800), and three stenographers (\$1,500 each); all except the last subject to Board confirmation. The attorney and his assistant must have had five years' experience in the practice of law in the state, and they may not engage in private practice while in office.⁷ For the others, three years' experience in their respective fields is the requirement.

There is also a field force made up of assistants to the Bank Commissioner. The maximum number of positions allowed by law in this group is 14. All are filled by appointment of the Bank Commissioner and approval of the Banking Board, and all incumbents hold office at the pleasure of the Commissioner and the Board. None may have any interest in any bank or building and loan association while in office. All must be "duly licensed accountants"—a term which means nothing—and all but two of them must have had three years' experience in practical banking. As specified by the statutes, these positions include:⁸ Two special assistants or supervisors at large (\$3,600 each), to have two years' previous experience as state or national bank examiner; an auditor for the Banking Department, with three years' previous experience as public accountant, auditor, or bank examiner; and ten additional assistants.

Salary rates as fixed by law for the auditor and for the ten undesignated assistants are: Entrance salary \$2,400; annual increases of \$200 each up to the maximum salary of \$3,000. Entrance salary of \$3,000 is prescribed in case of appointees with two years' experience as state or national bank examiner.⁹

In the current budget, instead of two special assistants or supervisors at large, there is one "chief bank examiner" at \$4,000. Instead of all others in the assistant class, there are eight "bank examiners," for whom a total of \$18,000 per annum is appropriated for each year.

Proposed Reorganization. As set forth in the statutes, the internal organization of the Banking Department is well conceived, and responsibility for its direction is properly placed upon the Bank Commissioner. But the Bank Commissioner is without sufficient authority to meet that responsibility. Thus, he may make appointments of subordinate personnel, but only subject to the approval of a body in which he may be outvoted three to one. He may remove subordinates only by joint action with that body. If favoritism toward the banks does not flourish under this system, it is through no fault of the system; for three determined men on the Banking Board could dominate the Department. That Department and its regulatory functions exist solely for protection of the public. It is no part of its business to "temper the wind to the shorn lamb." Representatives of the banking interests may well have a voice

¹Stat. 1931, Secs. 9128-29.

²Stat. 1931, Sec. 9125.

³Stat. 1931, Sec. 9123; Laws, 1933, Chap. 157, Sec. 11.

⁴Stat. 1931, Secs. 9168-69, 9172-77, 9179, 9181, 9183-84, 9228; Laws, 1933, Chap. 44 and Chap. 157, Sec. 7.

⁵Stat. 1931, Sec. 9149.

⁶Stat. 1931, Secs. 9163.

⁷Stat. 1931, Sec. 9151-52.

⁸Stat. 1931, Sec. 9150.

⁹Stat. 1931, Sec. 9150.

in the counsels of the Department; but that voice should be advisory, not authoritative, and certainly not controlling. Analysis of the activities of the Department in relation to the banks, as conducted by the Commissioner, the Board, and the two together, gives no hint as to the reason for allocating one duty to one and another to another. It does give ground for the proposal that:

The Banking Board should be relieved of all of its powers and continued as a purely advisory body.

Appropriations, Expenditures, and Receipts. Financial data relating to the Banking Department appear below:

Year	Appropriation ¹	Expenditure ²	Receipts ³
1930-31 -----	\$89,150	\$86,113	\$17,648
1931-32 -----	80,950	74,466	14,846
1932-33 -----	80,950	75,743	15,982
1933-34 -----	60,280	57,071	17,216
1934-35 -----	59,080	-----	-----

Comparison of income and outgo gives ground for a question as to whether the banks are paying an adequate share of the cost of the service maintained for their benefit.

Consideration should be given to the expenditures of the Department in comparison with the amounts received from the banks.

Reports. There is no legal requirement that the Bank Commissioner shall make a report of any kind. On his own initiative, however, Commissioner W. J. Barnett issued in 1934 an 86-page pamphlet entitled *Oklahoma State Banks and the Administration of Banking, from May 11, 1932, to February 1, 1934, as shown by report submitted to the Governor.* This presents in narrative form the official steps taken to meet the banking crisis of 1932, the situation at its close, and the need for remedial legislation. There are over 70 exhibits; but nothing as to departmental organization and finance. In other respects it is a readable informing document.

An administrative report should be prepared and published at least biennially.

THE BUILDING AND LOAN BOARD

Under the Constitution⁴ all state loan companies are subject to regulation by a banking Department under the control of a Bank Commissioner. In practice, under legislation in effect since 1925, the regulation of building and loan associations is performed by a Building and Loan Board, of which the Bank Commissioner is member and chairman, and the Assistant Bank Commissioner is secretary, and, in the absence of his superior, acting chairman. The Banking Board, which, alone or in conjunction with the Bank Commissioner has nothing to do with building and loan matters, is an integral part of the Banking Department. But it does not appear that the Building and Loan Board is regarded as within the Department, although its relations with the Bank Commissioner are similar.

The Board. The Building and Loan Board is composed of four members, three of whom are appointed by the Governor and confirmed by the Senate for overlapping terms of four years. Eligible for appointment are citizens of the state who have had three years' experience in building and loan association management. Compensation is \$10 per diem when actually engaged. A provision of law that appears unwise requires that throughout their terms of office these three members "shall be actively engaged in the management of an association."⁵ Removal from office may be effected through court action for cause.⁶ The fourth member and chairman is the Bank Commissioner

¹Budget.

²Auditor's Report.

³Treasurer's figures.

⁴Art. XIV, Sec. 1.

⁵Stat. 1931, Secs. 9842-43.

⁶Stat. 1931, Secs. 3447, 9854.

Monthly meetings at the State Capitol are required, and special meetings are subject to the call of the chairman. Three members constitute a quorum, and the Bank Commissioner has a vote only in case of a tie.¹

To the Bank Commissioner, no additional compensation is allowed, nor is additional surety required, in connection with his building and loan activities.

Functions. It is the duty of the Building and Loan Board to maintain general supervision and control of all building and loan associations, wherever incorporated, doing business in the state.

Activities of the Board. The Board, by virtue of its power to confirm appointments made by the Bank Commissioner, has a voice in the selection of examiners.²

In its discretion, it approves the by-laws of all building and loan associations. It grants or withholds semi-annual certificates of authority or licenses to such associations to conduct business in the state and collects the fees prescribed by law. It also prescribes rules and regulations to govern the conduct of business, and directs the manner in which books and records shall be kept.³

In addition to the examination which the law requires to be made each year, the Board may require additional examinations at its discretion. For all examinations it collects the costs prescribed by law; also a fee based upon the total assets of the association invested in the state. The rate of this fee is four cents per thousand dollars. Costs and fees go to the State Treasurer and are kept in a special Building and Loan Fund; out of which are drawn the moneys necessary for the operation of the Board without expense to the state government.⁴

Activities of the Bank Commissioner. In the statutes there are numerous provisions authorizing and directing the activities of the Bank Commissioner in relation to building and loan association matters. Few of these are left, however, after the elimination of those which have been supplanted by more recent enactments imposing like or similar duties upon the Building and Loan Board. The only authority which the Commissioner may exercise, without the Board's approval, would seem to be to designate one of the examiners as Building and Loan Supervisor, and appoint a file clerk and stenographer,⁵ to fix the amount and determine the nature of the surety deposits which "foreign" associations must keep in the State Treasury,⁶ and to approve or disapprove inter-association borrowing.⁷

With the Board's approval, the Bank Commissioner may take possession of associations in distress and conduct them through liquidation or reorganization.⁸

Reorganization Proposed. An advisory body representing the building and loan associations of the state might serve a useful purpose; but it is difficult to see any proper use for the present Building and Loan Board.

All of the authority and responsibility of the Board should be transferred to the Banking Department, the Board being continued as an advisory body.

Internal Organization. Besides the Assistant Bank Commissioner, who serves as secretary to the Building and Loan Board and on occasion as its acting chairman, the law provides for a personnel of four: Three examiners "to be known as Building and Loan Auditors", appointed by the Bank Commissioner and confirmed by the Building and Loan Board, and a file clerk and stenographer, appointed without confirmation. The Commissioner is directed to designate one of the examiners as building and loan supervisor. For this position the qualifications are: Citizens of the

¹Stat. 1931, Secs. 9842-43, 9845.

²Stat. 1931, Sec. 9844; amended Laws, 1933, Chap. 67, Sec. 1.

³Stat. 1931, Secs. 9848, 9862, 9846.

⁴Stat. 1931, Sec. 9847; amended Laws, 1933, Chap. 67, Secs. 2-3. At the end of each fiscal year a transfer of an amount representing 10 per cent of gross receipts is required from this special fund to the General Fund of the state (Laws, 1933, Chap. 88).

⁵Stat. 1931, Sec. 9844.

⁶Stat. 1931, Sec. 9848.

⁷Laws, 1933, Chap. 17, Sec. 1.

⁸Stat. 1931, Sec. 9851; Laws, 1933, Chap. 44.

state; two years' experience in the active work of building and loan associations. For the other position, no qualifications are specified. The regular statutory salaries for these positions are as shown below:

Building and loan supervisor -----	\$3,600
Building and loan auditor -----	2,400-\$3,000
Filing clerk and stenographer -----	1,500

For the auditors, the regular salary rates are: Entrance \$2,400, with increase of \$200 for each year of service up to a maximum of \$3,000.¹ In the current budget, one-half of the salary of the assistant attorney of the Banking Department is made chargeable to the Building and Loan Fund.

Expenditures and Receipts. The costs of the Board are paid out of collections from the associations under control upon the theory that the beneficiaries of the service should pay the expense. The records show the following:

Year	Expenditure ²	Receipts ³
1930-31 -----	\$16,909	\$16,100
1931-32 -----	16,104	13,000
1932-33 -----	15,585	13,000
1933-34 -----	17,404	13,299

Reports. A recent law requires the Building and Loan Board to file with the Governor and the State Auditor, a financial report at the end of each fiscal year; also to submit interim reports on request.⁴ No administrative report is required.

THE OKLAHOMA SECURITIES COMMISSION

A "blue sky" law was passed in 1919 and for its enforcement a State Issues Commission was set up, its members being the Bank Commissioner, the State Auditor, and the Secretary of State. The successor to that organization, with membership unchanged, is the Oklahoma Securities Commission, which operates under legislation enacted in 1931 and amended in 1933.⁵

The Commission elects its own chairman, now the Bank Commissioner, and vice-chairman, and appoints and directs its administrative personnel. It maintains an office in the State Capitol, where its records must be kept and where it holds its meetings. Meetings must be held at least weekly; two members constitute a quorum for the conduct of business, and a full record of acts and proceedings is required.⁶

Functions. It is the duty of the Securities Commission to protect the people of the state from fraud in their purchases of securities. This it does through the exercise of a dual control; over issues and over particular exchanges, dealers and salesmen. Its authority as set forth in the law extends to matters of extreme detail, and its procedure, as there defined, is prescribed with great particularity. This is also true of the administrative officer, the Commissioner. In some instances the administrative reasons for the distribution of powers and duties between the Commission and the Commissioner are not readily apparent to one who reads the law; however, in practice, it is the Commissioner who must act, and all of his actions are subject to the direction and approval of the Commission.

Control of Security Issues. The law itself specifies classes of securities and varieties of sales methods or transactions which, because of their nature, are exempt from its control. In the case, however, of securities dealt in on any recognized or responsible stock exchange, this exemption is subject at all times to approval of the Commission, both of the exchange itself and of any particular security listed thereon.⁷

In its office the Commission maintains a "Register of Securities" in which are entered the orders which the Commission or the Commissioner makes with reference

¹Stat. 1931, Sec. 9844; amended Laws, 1933, Chap. 67, Sec. 1.

²Auditor's Report.

³Treasury figures.

⁴Laws, 1933, Chap. 88.

⁵Stat. 1931, Secs. 4897-4917; Laws, 1933, Chap. 121.

⁶Stat. 1931, Sec. 4898.

⁷Laws, 1933, Chap. 121, Secs. 1-2.

to any issue of securities. This record is open to public inspection. Registration in this record is by "notification" in the case of matured classes of issues (defined in the law) or by "qualification" in other cases. Whichever type it may be, an issue is registered only in case the Commissioner so orders after the examination of the information and evidence filed to prove its eligibility and upon the payment of the fees required by law. The Commissioner also has authority to revoke registrations and it is his duty to see to it that eligibility is constantly maintained.¹

Control of Dealers and Salesmen. There is another register, the "Register of Dealers and Salesmen," also open to public inspection. Entry of names in this record is conditioned upon the presentation of information satisfactory to the Commissioner, the filing of a bond of \$5,000, and the payment of the legal fee, which must be renewed each calendar year. Registrants must give notification of any contemplated offerings of any issue, and their registration is subject to suspension by the Commissioner and to revocation by the Commission.²

Internal Organization. The positions and compensation of the administrative personnel, as fixed by law, are: A Commissioner at an annual salary of \$5,000, and a Deputy Commissioner at \$1,800; an auditor at \$2,500, and a stenographer-clerk at \$1,800. Both the Commissioner and his deputy must file a surety bond to the amount of \$10,000.³

In the budget for the biennium 1934-35, no provision was made for a Deputy Commissioner.⁴

Appropriations, Expenditures, and Receipts. Financial information over a period of years is made available below:

Year	Appropriation ⁵	Expenditure ⁶	Receipts ⁶
1931-32 -----	\$11,550	\$10,544	\$23,317
1932-33 -----	10,300	7,841	8,476
1933-34 -----	7,700	7,335	7,576
1934-35 -----	7,700	---	---

Report. An annual report to the Governor is required.⁷

Proposed Reorganization. Since the matter of the issuance of securities has been brought under the control of the federal government, the work of state blue-sky organizations must necessarily be less extensive and less important. Granted, that there is a need for state control of the sale of securities within the state, this can be done by a subdivision of the Banking Department. There is no need for an ex-officio type of organization, with its tendency to concern itself unduly with matters of patronage.

The Oklahoma Securities Commission should be abolished and its subordinate personnel, powers, and duties be transferred to the Banking Department.

SECRETARY OF STATE

A part of the functions of the Secretary of State lie within the field of business regulation; and, in a previous chapter, it is recommended that, if and when the Constitution is amended to eliminate the Secretary of State, his functions relative to incorporations be transferred to the Banking Department.

THE CORPORATION COMMISSION

Created by the Constitution, the Corporation Commission is a body of three members chosen by the electorate for overlapping terms of six years. To be eligible for election a candidate must be 30 years old, a state resident for two years, and a voter.

¹Laws, 1933, Chap. 121, Secs. 3-5.

²Laws, 1933, Chap. 121, Sec. 6.

³Stat. 1931, Sec. 4898.

⁴Laws, 1933, Chap. 5.

⁵Budget.

⁶Treasurer's figures.

⁷Stat. 1931, Sec. 4899.

Interest in any variety of public service enterprise subject to Commission regulation is a disqualification.

From its own membership the Commission elects a chairman; it also appoints a secretary. A majority of the members constitute a quorum, and concurrence of such majority is essential to a decision.¹ The present statutory salary rate is \$4,000.²

By the Constitution and by the statute the Commission has been granted great powers—legislative executive, administrative, and judicial—and wide jurisdiction, and both may be extended by legislation. It acts both as a tribunal and as an agency of investigation. It represents the interest of the state in matters coming before the Interstate Commerce Commission. It plays a part in the collection of state revenues. It may concern itself with the affairs of any type of business which the lawmakers declare to be a "public utility;" in other words, business constituting a virtual monopoly or of public consequence through supply, demand, or price. By statute, therefore, the Commission may be authorized to regulate any variety of business activity which the state itself may regulate under its police power.³ By statute, also, the legislature may alter, amend, revise, or repeal Sections 18 to 34 inclusive, Article IX of the Constitution, which relate to the powers, duties, and procedure of the Corporation Commission.⁴

Functions. Briefly, it is the function of the Corporation Commission, on behalf of the state, to control, regulate, and supervise the affairs of privately-owned enterprises which have been declared by statute to be affected with a public interest, including those which have to do with any variety or phase of transportation; transmission; communication; light, heat, and power; water supply and power; etc. It is charged with the enforcement of anti-monopoly laws, and thus with the control of cotton gins. It is also responsible for the conservation of petroleum and natural gas.

Despite the imposing array of statutes which the Commission is called upon to enforce and the complexity of the subject matter coming under its jurisdiction, its objective is simple,—to protect the interest of the public generally and to safeguard the user of essential services from exploitation, inadequate performance, or waste.

Activities. It is a matter of common knowledge that the Commission concerns itself with such questions as the "public convenience and necessity" of projected public service undertakings, and with a variety of matters with relation to enterprises already established. It is concerned with routes and connections; physical plant and equipment; service and safety; rates, classifications, and charges; management and inter-corporate relationships; accounts and reports; finance and financial liability; property values and taxation. To a certain extent (telephone lines and cotton gins) it concerns itself with the probable effect of an additional competitor in an occupied place, area, or route; it gives attention to the physical and financial interrelations of commercial motor vehicles and the public highway system; but it does not appear, nor is it required, to direct its efforts toward the development of an integrated (or at least coordinated) transportation system to serve the state as a whole.

The Commission's work in connection with public utilities, such as cotton gins, which have been thus defined by legislative fiat calls for no particular comment with reference to activities, however interesting it may be as evidence of an advanced outlook in the field of social control. But its conservation activities are out of the ordinary.

Since 1917 the Corporation Commission has been endowed with authority to enforce the laws of the state for the conservation of petroleum and natural gas. This was done because the Commission, as an administrative tribunal, was thought to be more suitable for the handling of enforcement cases than the state courts.

The Commission is responsible for the plugging of abandoned wells, and for the supervision of drilling of new ones. It supervises well operation and pipe line distribution, fixes standards of quality and safety for petroleum products, and conducts

¹Const., Art. IX, Secs. 15-17, 18a.

²Laws, 1933, Chap. 138.

³Stat. 1931, Sec. 12805.

⁴Const., Art. IX, Sec. 35.

an inspection service to see that standards are maintained.¹ It is also the agency for enforcement of measures calculated to keep oil production within the capacity of facilities for handling and marketing and within the range of reasonable market demand.² It is particularly charged with the regulation of oil production from common sources of supply;³ in this matter its authority has been redefined and its organization has been extended by the Preparation Act of 1933.⁴

From the point of view of finance, the oil and gas activities of the Commission are the most important; second rank is held by its appraisal and audit work; third rank, by litigation.

Internal Organization. The internal organization, with the salaries of officials and employees, is as follows:

Office of the Commission:

Secretary, in charge, appointment by Commission,⁵ \$3,000
 Filing clerk, \$1,800
 Stenographer, \$1,500
 Stenographer and law clerk, \$1,800
 Sundry extra help, to the annual amount of \$1,200, by current budget Marshal,
 \$1,200

Bureau of Law (also "Legal Department"):

Attorney, in charge, \$4,000
 Two court reporters, \$2,100 each
 Court reporter, \$2,100⁶
 Law stenographer, \$1,800

Railroad Rate Department:

Special counsel and freight rate expert, \$4,000
 Two stenographers, one, \$1,500; one, \$1,200
 Two rate clerks, \$2,100 each
 Two clerks, one \$2,100, one \$1,500

Bureau of Accounting (also "Accounting Department" and "Bureau of Accounts");

Auditor, in charge, \$3,000
 Assistant auditor, \$2,100⁷
 Five accountants, one \$3,000; four, \$2,500⁸
 Stenographer, \$1,500

Auditor, or Valuation Expert. Compensation fixed by Commission:

Two engineers, one, \$3,600; one, \$2,280.⁹
 Six accountants, one, \$3,600; one, \$2,400; four, \$2,100
 Four clerks, one, \$2,280; two, \$1,500; one, \$1,200
 Five stenographers, one, \$1,500; four, \$1,200
 Dictaphone operator, \$1,200
 Switchboard operator, \$1,200

Bureau of Engineering (also "Engineering Division"):⁹

Railroad engineer; telephone engineer; and gas and electric engineer, respectively,
 in charge, \$3,000 each
 Engineering clerk, \$1,800
 Draftsman, \$1,800

Bureau for the Regulation of Common Carriers (also "Railroad Rate and Traffic Bureau"):

Rate and traffic expert, in charge, \$3,600
 Rate and traffic clerk, \$2,500
 Stenographer, \$1,500

¹Stat. 1931, Secs. 3669-75, 11535-49, 11566-74, 11595; Laws, 1933, Chap. 140.

²Stat. 1931, Secs. 11566-67.

³Stat. 1931, Secs. 11568-74.

⁴Laws, 1933, Chap. 131.

⁵Const., Art. IX. Sec. 18a.

⁶Authorized but none in current budget.

⁷None in current budget.

⁸Authorized but none in current budget.

⁹Three so-called "departments:" Railroad Engineering, Telephone, and Gas and Electric.

Bureau for the Conservation of Oil and Gas (also "Oil and Gas Department," and "Oil and Gas Conservation Bureau"):

Chief Conservation Officer (also "Agent") and ex-officio State Oil Inspector, in charge,¹ \$3,600

Chemist, \$2,400

Chief clerk and stenographer, \$1,800

Two stenographers, \$1,500 each²

Filing clerk, \$1,200

Eleven conservation officers ("Agents"), \$2,700 each³

122 oil inspectors,¹ compensation, fees

Proration Division:⁵

Petroleum umpire, \$6,000

Assistant petroleum umpire, \$4,800

Proration attorney, \$6,000

30 deputy proration umpires, five, \$3,000; 25, \$1,800

Six stenographers, \$1,500 each

Chief clerk, \$2,700

Five clerks, \$1,500 each

Two reporters, \$2,400 each

Two stenographers, \$1,500 each

Two clerks, \$1,500 each

Well Log Division (also "Department"):

Chief clerk, in charge, \$1,690

Clerk, \$1,200

Stenographer, \$1,200

Bureau of Collection of Corporation Taxes (also "Corporation Tax Department," and "Corporation Record Department"):

Chief clerk, \$2,500

Stenographer, \$1,500⁴

Motor Division (also "Motor Bus Division," "Motor Bus Bureau," and "Motor Vehicle Department"):

Director, \$2,400

Department of Cotton Gin Utilities (also "Cotton Gin Department," "Cotton Gin Bureau," and "Cotton Division"):

Inspector, in charge, \$2,000

Three inspectors, \$2,000 each

Stenographer, \$1,200

Appropriations and Receipts. A four-year record of appropriations, classified by type of service, is given in the following table:

Service	1931-32	1932-33	1933-34	1934-35
Administration -----	\$ 48,300	\$ 48,800	\$ 35,000	\$ 35,000
Law -----	12,100	12,100	8,200	8,200
Rate Litigation -----	20,000	20,000	18,000	18,000
Accounting -----	9,600	9,600	3,600	3,600
Appraisal and Audit -----	50,000	50,000	50,000	50,000
Engineering -----	17,100	17,100	13,800	13,800
Rates and Traffic -----	9,400	9,400	6,000	6,000
Oil and Gas Conservation -----	39,000	39,000	17,700	17,700
Oil and Gas Conservation -----	22,500	22,500	12,500	12,500
Well Log -----	12,000	12,000	5,500	5,500
Corporation Tax -----	2,500	2,500	1,500	1,500
Motor Vehicle -----	3,900	3,900	2,000	2,000
Cotton Gin -----	9,600	9,600	---	---
Total -----	\$256,000	\$256,500	\$173,800	\$173,800

In connection with the regulation of motor carriers and of commercial motor ve-

¹Appointment by Commission with approval of Governor (Stat. 1931, Secs. 3669, 11591).

²Authorized (Stat. 1931, Sec. 3496); current budget provides for one.

³Eleven authorized; five provided for in current budget.

⁴Appointment by Commission with Governor's approval.

⁵The positions named are non-budget positions, financed through the Proration Fund set up in 1933 (Laws, 1933, Chaps. 131 and 132). All salaries are at maximum rates.

⁶Authorized (Stat. 1931, Sec. 3496); none in current budget.

⁷None in current budget.

hicles, the statutes require a filing fee for each application for a certificate or permit. These fees are received by the Corporation Commission and deposited in a Motor Vehicle Act Enforcement Fund, established in 1929. Prior to 1933 there were taxes and license fees.¹ Well log transcript fees are collected by the Commission under authority of Section 3624 of the Compiled Oklahoma Statutes.

Following is a summary statement of receipts covering the last four fiscal years, from Treasury figures:

<u>Year</u>	<u>Motor Fees</u>	<u>Well Log Fees</u>	<u>Oil and Gas Inspection, Cotton Gin, and Miscellaneous Fees</u>
1930-31 -----	\$170,679 ²	\$14,712	\$125,384
1931-32 -----	9,717	7,895	94,315
1932-33 -----	14,695	7,548	78,024
1933-34 -----	62,473	7,473	86,574 ³

Reports. An annual report is required by the Constitution,⁴ “. . . every such general order, rule, regulation, or requirement, made by the Commission, shall be published at length, . . . and shall also, so long as it remains in force, be published in each subsequent annual report of the Commission.”

If this requirement were literally complied with, the annual report would soon grow to grotesque proportions. As it is, the report for 1934 is a cloth bound volume of 970 pages, the last 363 pages of which represent the new matter added during that year. It includes a letter of transmittal, a summary financial statement, and an organization statement, each of a single page. Its contents follow the chronological order, but there is a detailed subject index which seems to be well done. The volume is essentially a legal record and guide; not an administrative report.

Routine orders, etc., of the Commission are scheduled; not given in full as the Constitution requires. The remedy is a legislative amendment to the Constitution, as provided for by Section 35 of Article IX.

Appraisal of the Commission. It would not be possible, without a special and prolonged study, to evaluate the work of the Corporation Commission in such a way as to judge whether the present organization is or is not the most appropriate under conditions existing in Oklahoma. There are believed to be shortcomings in the functioning of the Commission. It is not certain that these shortcomings would be remedied by amending the Constitution so as to make the Commission appointive. Minor changes needed are: (1) Abolition of the Bureau of Collection of Corporation Taxes⁵ and (2) amendment of that part of Section 18 of Article IX of the Constitution (as provided in Section 35 of the same Article) so as to enable the Commission to issue its orders, etc., without the present excessive burden of expense.

In a preceding chapter dealing with law enforcement, the oil inspectors in the Bureau for the Conservation of Oil and Gas have been discussed and a recommendation is made for the transfer of their work to the proposed Department of Safety. Attention has also been given in that chapter to the legal staff of the Corporation Commission.

¹Laws, 1933, Chap. 156, Sec. 2.

²Includes taxes.

³Excludes proration fines, \$1,021.

⁴Art. IX, Sec. 18.

⁵Stat. 1931. Sec. 3496.

CHAPTER XII

LABOR ADMINISTRATION

In Oklahoma the functions of the state in the field of labor administration are distributed among four separate and structurally unrelated organizations: (1) the Department of Labor; (2) the Department of Mines and Mining; (3) the Industrial Commission, which includes the State Insurance Fund; and (4) the Department of Public Instruction, which handles vocational education, including trade and industrial education and rehabilitation of industrial workers.

These general functions are seven in number as follows:

1. Promotion of safety in industry.
2. Administration of the compensation system for workmen injured in industry.
3. Rehabilitation of injured workers so that they may become self-supporting or contribute materially to their own support.
4. Training of citizens, both minors and adults for vocations.
5. Operation of public employment offices.
6. Maintaining a mediating service that may be used in the settlement of industrial disputes, especially strikes and threatened strikes.
7. Collection and dissemination of labor statistics.

THE DEPARTMENT OF LABOR

The Constitution in Article VI, Section 20, provides for a Department of Labor to be under a Commissioner of Labor to be elected by the people for a term of four years. Section 21 directs the legislature to create in the Department a Board of Arbitration and Conciliation of which the Commissioner shall be ex-officio chairman. The following duties were by statute assigned to the Commissioner in 1911:¹

1. To carry into effect all laws in relation to labor passed by the legislature in regard to transportation, mechanical and manufacturing industries of the state.

2. To supervise the work of the different branches of his department, which shall be divided into four bureaus, as follows: Statistics; Arbitration and Conciliation; Free Employment; and Factory Inspection.

3. To appoint all officers and employees of the department.

4. To collect, assort and systematize reports of all persons, firms, or corporations required to report to the Commissioner of Labor annually, and present the same to the Legislature at the following session thereof.

5. To compile statistical detailed reports relating to the commercial, industrial, educational and sanitary conditions of the people, included in the mining, transportation, transmission, commercial, mechanical and manufacturing industries of the state.

6. To administer oaths, issue subpoenas for the attendance of witnesses and take testimony "in all matters relating to the proper enforcement of all laws over which he has supervision" under this Act.

Appropriations and Expenditures. Appropriations for the Department for the fiscal year ending June 30, 1933, were \$40,315 and expenditures, \$38,055.23. For the following fiscal year, appropriations were reduced to \$26,021 and expenditures amounted to \$25,888.83.²

The organization of the Department of Labor, with the salaries of personnel, as of January 1, 1935 was as follows:

	Statutory Salary	Appropriated Salary
Administrative Office:		
Commissioner -----	\$3,600	\$2,880
Assistant Commissioner -----	1,800	1,620
2 Stenographic Clerks -----	1,200	1,200

¹Laws, 1911, Chap. 128, Sec. 1.

²Appropriations and expenditures are itemized in the 1934 report of the Commissioner of Labor.

	Statutory Salary	Appropriated Salary
Bureau of Factory Inspection :		
Chief Factory Inspector—McQueen -----	1,620	1,500
Deputy Factory Inspector—Tulsa -----	1,500	1,320
State Boiler Inspector—Muskogee -----	1,500	1,320
Division of Women and Children in Industry :		
Inspector—Oklahoma City -----	1,500	1,320
Bureau of Labor Statistics :		
Statistician -----	\$1,500	\$1,200
Bureau of Free Employment (Affiliated with U. S. Employment Service) : Statistical Supervisor. State Capitol, paid direct by Federal Government. District Office No. 1 Convention Hall, Enid.		
Manager -----	1,200	1,200
Statistical Clerk—paid direct by Federal Government. District Office No. 2, 101 W. Broadway, Muskogee		
Manager Men's Division -----	1,200	1,200
Manager Women's Division—Paid from matched Federal Funds		
Statistical Clerk paid direct by Federal Government. District Office No. 3, 23-25 N. Dewey, Oklahoma City		
Manager Men's Division -----	1,500	1,200
Manager Women's Division—Paid from matched Federal funds		
Veterans Placement Officer—Paid direct by Federal government		
Stenographer Veterans Placement—Paid by matched Federal funds. District Office No. 4, 10-12 S. Boston Street, Tulsa		
Manager Men's Division—Paid from State funds -----	1,200	1,200
Manager Women's Division—Paid from matched Federal funds		
2 Statistical Clerks—Paid direct by Federal government. Commercial and Professional Division, 212 Federal Bldg., Tulsa		
Manager—Paid by matched Federal funds		
State Board of Arbitration and Conciliation :		
Commissioner of Labor, ex-officio chairman by constitutional provision		
Assistant Commissioner of Labor, Secretary		
Three members nominated by the Commissioner of Labor and appointed by the Governor with the approval of the Senate for four-year terms		
Three members appointed by the Governor with the approval of the Senate for four-year terms.		

The Free Employment Service. In the free employment service on January 1, 1935, as shown above, there were 17 positions, of which 4 were supplied by state appropriations, 5 by the federal government through the matching fund process, and 8 by the federal government direct. In addition to this cooperation with the state, the federal government has been maintaining at many points in the state, national re-employment offices, through which were recruited workers for the National Public Works Administration. Thus the free employment service at present in operation in Oklahoma is supported mainly by the federal government.

The present arrangements for free employment offices in Oklahoma is entirely on a temporary basis which will expire July 1, 1935 unless the legislature prior to that time accepts the terms of the national Wagner Peyser Act. Under the terms of this act, which was approved in June, 1933, if the legislature of a state was not in session the Governor could accept the act provisionally and get immediate advantage of federal aid, but the arrangement could not be continued beyond July 1, 1935 unless the legislature confirmed the provisional acceptance by the Governor. At present (March, 1935) Oklahoma has only provisional acceptance by the Governor. Then, too, the federal government is planning to discontinue its nationally supported reemployment offices and to do all employment work through the regular state employment services. Thus unless the legislature of Oklahoma takes action, the great bulk of the free employment work now done by the state will be discontinued July 1, 1935.

Under the terms of the Wagner Peyser Act, payment of grants in aid by the federal government is contingent upon an appropriation of a like sum for the employment

service by the state government from state funds. The amount that the state of Oklahoma can get for the fiscal year 1935 by matching the federal appropriation is initially \$58,590. If a state does not match the federal appropriation, the part of its federal allotment that it does not use becomes available to the states that are cooperating with the national government and are willing to match the federal grant. At present Oklahoma has put up approximately \$8,000 toward matching the federal grant in aid on a temporary basis.

Factory Inspection. The factory inspectors, during the last two fiscal years, made a total of 3,516 inspections, covering 29,526 employees, and 8,338 orders were issued for correcting defects in machinery and equipment. In connection with these figures, the Commissioner of Labor reports that at present the Department has no state owned cars, and an insufficient appropriation to permit of paying the inspectors as much as five cents per mile for the use of their own cars. The one state boiler inspector made during the two years 1,720 external inspections, 210 reinspections, and 498 hydrostatic pressure tests; 2,628 orders were issued to correct defective fittings and appliances and 847 to replace or repair defective safety valves; 66 boilers were permanently condemned and 106 condemned pending repairs. During the same period, the one woman factory inspector visited 1,507 establishments and made 2,191 special investigations, with respect to the employment of women; and, in the enforcement of the child labor law, she visited 1,169 establishments, issued 82 orders to secure certificates, 108 eight-hour orders, and 49 orders to cease employing, and made 667 special investigations.

Bureau of Labor Statistics. The Bureau of Labor Statistics consists of one employee at \$1,200. She prepares a monthly bulletin on the "Oklahoma Labor Market" which shows the number of employees, the rate of wages and the total amount of payrolls for 25 selected industries, from which data a study of trends is made. A cost of living index for Oklahoma is also maintained through the use of the figures on wholesale and retail prices secured from the United States Bureau of Labor Statistics. Statistics are also compiled regarding the work of the employment service, but the bulk of this work is done by employees furnished by the federal government. The publication of a monthly bulletin is not specifically authorized by law and the law under which the data are secured requires the establishments to report annually and not monthly. Unquestionably the practice of the Commissioner in preparing and publishing a monthly bulletin gives a far more useful service. He could do a better job if the law requiring reports were amended to provide for monthly reports.

The State Board of Arbitration and Conciliation. The Board of Arbitration and Conciliation is like a fire department. It acts only in case of an emergency, but it is an excellent thing to have always available.

General Comment. In general, the Department of Labor of Oklahoma appears to be excellently administered. Its personnel, because of the continuity of service that has prevailed, seem to know their work and to devote themselves to it quietly and without confusion. The annual report of the Commissioner deserves special commendation. The safety manuals are also well done. The state employment office at Oklahoma City was visited and inspected. It also merits favorable report on everything except the physical quarters. If the state is to furnish an employment service to all classes of employees and to all classes of employers, it should be housed in a better building in a better location.

When times are better, consideration should be given to the salaries in the Department of Labor. They are at present low; but the Commissioner has apparently been able to secure and keep a staff of reasonably competent employees. The only professionally trained statistician and economist on the staff is in the employment service and is paid for entirely by the national government.

THE DEPARTMENT OF MINES

The Constitution, (Art. VI, Sec. 25) provides for a "Chief Inspector of Mines, Oil and Gas", to be known as "the Chief Mine Inspector", to be elected by the people for a term of four years; this official to have had at the time of his election eight years actual experience as a practical miner; to which the legislature has added that he

shall be a citizen of the United States, a resident of Oklahoma for two years next prior to his election, of temperate habits, of good repute and of personal integrity, and at least 35 years of age. The Constitution (Art. VI, Sec. 26) directs the legislature to create mining districts and to provide for the appointment or election of assistant inspectors and to define their qualifications and duties and fix their compensations, these to be under the general control of the chief mine inspector. The legislature has created four mining districts and has provided for four assistant or district mine inspectors, who are elected by the people for a term of four years. They are required to have the same qualifications as the chief mine inspector.

The legislature has also provided for a State Mining Board of five, appointed by the Governor with the consent of the Senate for a term of four years. The law provides that of the five members, two shall be practical miners, one a practical coal mining engineer, one a practical coal hoisting engineer, and one a coal operator, and all citizens of the United States and of Oklahoma. Their duties are to examine applicants for certificates of competency to fill positions of hoisting engineers, fire bosses, foremen and superintendents of the coal mines of Oklahoma. A candidate for the elected office of chief mine inspector or of district mine inspector must hold a certificate of competency issued by the State Mining Board.

The duties of the chief mine inspector and the district mine inspectors are to examine all mines at least every three months, with special reference to the work and machinery used therein, the state and condition of the mines with respect to ventilation, circulation, and condition of the air, drainage and all other things that have a bearing on the security of life and health of miners.

The salary of the chief mine inspector is \$3,600, and that of the district mine inspectors \$2,400 each. The chief mine inspector has his office at the State Capitol where he has a secretary whose salary is \$2,400.

The members of the Mining Board receive \$6.00 per day when actually employed, and their actual and necessary expenses, but the law provides that they shall not be paid for more than 20 days in any one quarter of a year, except that the secretary of the board may be paid for not to exceed 25 days in a quarter.

As a minor matter, it should be noted that a small saving could be made in the cost of printing the annual report of the Department of Mines and Mining by giving descriptions of mines, mining equipment, condition and so forth in tabular form instead of in running descriptions. Not only would considerable printing be saved, but the material could be more easily used. The present form is probably used because now each elected assistant mine inspector makes a report, which is printed in the annual report, probably about as he prepares it.

Comments. No valid reason seems now to exist for having the chief mine inspector a constitutional officer elected by the people, nor for having the four assistant mine inspectors elected. The present system unnecessarily lengthens the ballot, increases the cost of elections, and compels these technical officials to participate in political campaigns. Mine inspection is a ministerial act and does not, or should not, involve policy or politics. The Constitution specifically provides that the assistant mine inspectors "shall be under the general control of the Chief Mine Inspector" yet they are, like himself, elected by the people, which means that his control can only be nominal. Apparently in the past this division of authority and responsibility has caused some administrative difficulties.

THE STATE INDUSTRIAL COMMISSION

The function of the State Industrial Commission is to administer the Oklahoma Workmen's Compensation Law and the State Insurance Fund, which is a state owned and operated system in which private employers may insure against the liabilities imposed upon them by workmen's compensation law. The fund is in competition with such private insurance carriers as are licensed to do a compensation business in the state.

The State Industrial Commission consists of three commissioners appointed by the Governor and confirmed by the Senate for overlapping terms of six years. The only qualifications required are that they shall have been citizens of the state for over two

years next preceding appointment, qualified voters, and not less than 30 years of age. The statutory salary of the chairman is \$4,200, and of the other two members \$3,900. They are required to devote their entire time to the duties of their offices and are prohibited from holding any other office of trust or profit, from engaging in any occupation or business interfering or inconsistent with their duties, and from serving on or under any committee of a political party.

The Governor may remove any Commissioner for inefficiency, neglect of duty or misconduct, giving him a copy of the charges and an opportunity of being publicly heard in person or by counsel, upon not less than ten days' notice. If such Commissioner be removed the Governor shall file with the office of the Secretary of State a complete statement of all charges made against him and a complete record of his proceedings and his findings thereon.

The staff of the Industrial Commission is as follows:

	Statutory Salary	Appropriation-Fiscal Year Ending June 30, 1935
Chairman -----	\$4,200	\$3,800
Two Commissioners -----	3,900	3,600 each
Secretary of the Commission -----	2,400	2,100
Five Inspectors -----	2,100	1,800
Chief Reporter -----	1,800	1,500
Five Reporters -----	1,500)	---
Three Assistant Reporters -----	1,320)	---
Statistician -----	1,800	1,320
Property Clerk and Bookkeeper -----	1,500	1,200
Docket Clerk -----	1,500	1,200
Assistant Docket Clerk -----	1,500	not provided
Claim Clerk -----	1,500	1,200
Assistant Claim Clerk -----	1,200	not provided
Chief File Clerk -----	1,500	1,200
Three Assistant File Clerks -----	1,200	1,200 each
Insurance Clerk -----	1,200	1,200
Three Stenographers -----	1,200	1,200 each
Appeal Clerk (not in statute) -----	---	1,200

The appropriation for the fiscal year ending June 30, 1935 provided \$45,920 for the salaries of the positions named, and in addition for general repairs, \$200; for traveling, \$4,500; for communication \$2,000; for office supplies \$2,000; for office equipment \$1,000; and for paid premiums \$100, making a total for the fiscal year of \$55,720.

The official statistics indicating the volume of work done by the Industrial Commission for the calendar year 1934 are as follows:

Number of cases filed -----	6,793	
Number of cases heard -----	7,002	
Notices of injury filed -----	21,196	
Number of awards -----	9,073	
Amount of awards on hearings, agreements, and joint petitions -----		\$1,597,066.43
Amount of awards on cases from the Supreme Court -----		107,010.99
Total awards -----		\$1,704,077.42

The principal office of the Commission is by law located in the Capitol. The Commission is, however, authorized by law to make investigations or hold hearings at any place within the state.

Each Commissioner and each inspector, when so authorized by the Commission, may conduct hearings, and exercise the necessary powers incidental thereto, such as administering oaths, issuing subpoenas, compelling the attendance of witnesses, and the production of books and papers and so on. The awards and findings of a single commissioner or of an inspector authorized to act as a commissioner, to be effective, must be approved and confirmed by the Commission. Two members constitute by law a quorum, and the Commission can by law continue to function if one position is vacant.

Safety Work. One of the objects ordinarily sought in a workmen's compensation law is the promotion of industrial safety and the prevention of industrial accidents. In Oklahoma factory inspection is in the Department of Labor, and mine inspection in the Department of Mines. The Industrial Commission conducts no safety work. It does get reports of industrial accidents and the number of reported accidents is counted, 21,196 in the calendar year 1934. It does nothing more than count them, making no analysis of them, and does not attempt to use them in the promotion of industrial safety.

Lawyers' Fees. Another object of the workmen's compensation law is to provide an inexpensive method by which workmen injured in industry can get prompt settlement of their claims, without elaborate procedure. It was hoped that the awards would go to the injured workman and not to the lawyers who represented him before the Commission. The general impression in Oklahoma seems to be that the use of lawyers has materially increased in recent years. In cases where the awards are small or where the case is sharply contested, lawyers have been allowed as much as a quarter of the total award. Unfortunately, the reports of the Commission throw no light on this subject. They do not give the number of cases in which the claimant represented himself and the number of cases in which he was represented by counsel. They do not show the amount of lawyers' fees. Thus, neither the citizens of the state, nor the Governor or the legislature have any real data on this important subject. The facts are probably in the files, but they should be regularly and systematically compiled, so that anyone can tell quickly whether there is any truth to the charge frequently heard that the compensation law in this state has tended to become a legal racket.

Medical Testimony. The Commission employs no medical examiners and has no appropriation by which it can from time to time employ independent examiners. In case after case the testimony of the medical experts for the insurance carriers is diametrically opposed to that of the medical experts for the claimant. The best that the Commission can do at present is to have the claimant examined again by a third medical man who is more or less acceptable to the parties to the case and to the Commission. Some careful observers believe that the present system is inimical to the interests of the claimant. A claimant needs a medical expert once; but insurance carriers need them time and time again and naturally want medical testimony that is conservative in the matter of the extent, nature, and probable duration of the injury. These matters often cannot be determined with precision. There is always room for the exercise of professional judgment. Always present is the danger that the claimant is faking or malingering. Company physicians see enough of that sort of thing so that they become rather inclined to give the company the benefit of the doubt. The claimant has to find a medical man who is not a company man and his choice is rather restricted. He may get a medical man whose reputation at the Commission is for always resolving every doubt in favor of the claimant. Thus the Commission may be inclined to discount his testimony.

Every state with workmen's compensation faces this problem. There are two ways of minimizing the difficulty: (1) By providing independent medical examiners on the staff of the Commission, or retained by it from time to time, and (2) getting and keeping a staff of well qualified inspectors and investigators for the Commission. Unfortunately Oklahoma has not applied to its Industrial Commission the principle of permanency of tenure which is peculiarly necessary in a quasi judicial organization which has to apply so complicated a law to such a diversity of facts extremely difficult to establish with accuracy. In Oklahoma, in marked contrast with Wisconsin where workmen's compensation administration is outstanding, no present member of the Commission has served as long as six years, and only one examiner has served as long as twelve years. The great majority of the employees have been in the service less than four years. High qualifications have not been established either for the commissioners or the examiners.

Office Practice. Prior to the appointment of the present secretary, less than six months ago, the office practices of the Commission were almost unbelievably antiquated. In some respects, they are now being improved. The whole office practice and procedure should be overhauled and systematized.

Quarters. If possible the waiting room for persons calling to see the commissioners or the examiners should be separated from the part of the room in which clerical work is done. An effort should also be made to get desks and files out of the main hearing room, so that employees can concentrate on their work uninterrupted by the hearing, and so that a commissioner will not have to ask an employee to stop typing so that he can hear a low speaking witness. On occasion, too, the commis-

sioners have to make a physical examination of a claimant, which necessitates waiting while the women employees, whose work desks are in the room, drop their work and leave, at least for the duration of the physical examination. The present arrangements give an impression of disorder and confusion.

Statistics. Section 13392 of the workmen's compensation law provides that "annually, on or before the first day of January, the Commission shall make a report to the Governor, to be by him transmitted to the Legislature, which shall include a statement of the number of awards made by it and the causes of the accidents leading to the injuries for which the awards were made." The apparent intent of the legislature was to get the facts regarding the causes of accidents; but the reports for the past four years do not contain the required data; the Commission has not compiled them.

Various persons have stated to us that the Commission has discriminated against the private insurance carriers and in favor of the state insurance fund. The allegation is that the claimant who is to be paid by a private insurance carrier is more likely to get an award than one covered by the state fund and that the award will be larger. If the Commission had anything approaching adequate statistics, it would be possible to check those allegations and see whether there is any foundation to them.

The actual number of cases settled cannot, as a matter of fact, be determined from the statistics of the Commission. The figures relate to awards and not to cases, and there may be a number of awards in a single case. The present statistics relate more to the procedure of the Commission than to matters that are of real concern to the legislators, the insurance carriers, the employees and the industrial workers. They are made up from day to day from the journal of the Commission and not from an analysis of completed cases. Statistics of real significance would come from a study of completed cases, dated according to the time of the accident, so that all concerned would really know how cases are being handled in the Commission. That such work is difficult and requires the services of a highly trained and experienced statistician is admitted. At present the Commission employs a statistical clerk; and if a competent, trained statistician should lay out a statistical plan and supervise its execution, the present employee could handle the details. In Wisconsin the present secretary of the Commission served as its statistician for two years prior to his appointment as secretary in 1922. He was drawn from the Department of Economics of the State University and holds the degree of Doctor of Philosophy from that University.¹ A statistical clerk at an actual salary of \$1,320 cannot be expected to design and install an adequate statistical system, nor to make the analysis that is essential for control of the administration of the workmen's compensation law.

THE STATE INSURANCE FUND

The State Insurance Fund was established July 1, 1933.² The purpose is to insure employers against liability for compensation imposed by the workmen's compensation act and to assure the persons entitled thereto the compensation provided by that act.

The fund is a revolving fund consisting of (1) such specific appropriations as the legislature may from time to time make or set aside for the use of such fund,³ (2) all premiums received and paid into said fund for compensation insurance issued, (3) all property and securities acquired by and through the use of moneys belonging to the fund, and (4) all interest earned upon moneys belonging to the fund and deposited or invested as provided in the law. It is provided that the state is without liability beyond the amount of the fund.

The fund is to be used (1) for the payment of losses sustained on account of insurance and (2) for the payment of expenses in the manner provided in the act.

¹Ray Andrews Brown, *The Administration of Workmen's Compensation*, (University of Wisconsin Studies in the Social Sciences and History, No. 19, 1933, p. 20.)

²Laws, 1933, Chap. 72.

³The state made an initial appropriation of \$25,000 from its General Fund, but this appropriation was never used. Hence, Section 7 of the law that provides for the repayment of the \$25,000 to the General Fund was not brought into operation.

The law states "said fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurance carriers, and it is the intent of the Legislature that said fund shall ultimately become neither more nor less than self-supporting."

The State Industrial Commission is by law invested with full authority over the fund except that: (1) "The State Insurance Board shall have full power and authority to fix and determine the ratio to be charged by the State Insurance Fund for compensation insurance," and (2) the State Treasurer is custodian of all monies and securities belonging to the fund, and disburses the fund "upon awards and orders . . . under the seal of the Commission and signed by the Chairman and attested by the Secretary." All moneys collected must be delivered to the State Treasurer and "no monies received or collected on account of said fund shall be expended or paid out of said fund without first passing into the State Treasury."

The Commission, subject to the approval of the Governor appoints "such assistants, accountants, claim adjusters and other employees as may be necessary to conduct the business, . . . provided that in no event shall the salaries of such employees exceed twenty per cent of the earned premium." Prior to the first days of January and July, the Commission is required to submit to the Governor through the State Budget Officer for his approval, an estimated budget of expenses for the succeeding six months. For the purpose of administration, the commissioners may not expend for any item a greater amount than has been approved by the Governor for that item in the budget.

The Commission is specifically authorized to delegate "to the manager of the State Insurance Fund, or to any officer . . . any of the powers, functions or duties conferred or imposed on the Commission." The officer to whom the powers are delegated exercises them "with the same force and effect as the Commission, but subject to its approval."

The payroll of the fund as of December 31, 1934 was as follows:

Manager -----	\$225
Assistant -----	200
Accountant -----	150
Accountant -----	150
Accountant -----	150
Claim Manager -----	150
Claim Clerk -----	125
Payroll Auditor -----	150
Payroll Auditor -----	150
Stenographer -----	125
Stenographer -----	125
Stenographer -----	125
Stenographer -----	100
Stenographer -----	100
File Clerk -----	100
File Clerk -----	100
	\$2,225

Policies Written. From the establishment of the fund on July 1, 1933 to December 31, 1934, 1,041 policies were written and 162 cancelled; 374 expired; 107 were renewed by certificate and 130 by new numbers; and 742 were in force on December 31, 1934. Audits numbering 622 were made, developing additional premiums amounting to \$28,369.34.

Finances. During the same period, the fund received in cash \$529,422.15, of which only \$21.31 was from interest. It had, in addition, \$54,173.89, earned premiums due it in process of collection. From guarantee deposits from the insured it received \$129,509.18, and from earned premiums \$399,891.76. It has received absolutely no money from the state. All the state has given are the quarters. All other expenses have been paid from the cash receipts for guarantee deposits, earned premiums and the tiny bit of interest.

The total cash disbursements through December 31, 1934, were \$162,484.54,¹ of which \$23,975.27 went for operating expenses, and \$138,509.27 for awards on claims. The awards on claims were divided; \$83,277.84 for compensation awards, and \$55,231.43 for medical awards. Thus, at the close of business the books showed cash and investments of \$366,937.71.

The act provides for the distribution of the earned premiums into reserves, 20 per cent for operating expenses, 10 per cent for catastrophe reserves, and 70 per cent for medical and compensation awards. The status of the three reserve accounts as of December 31, 1934, was reported as follows:

	Operating Expense 20%	Catastrophe 10%	Medical and Compensation 70%	Total
Carried to Reserve	\$79,978.35	\$39,989.17	\$279,924.23	\$399,891.75
Paid out of Fund	23,975.27	-----	138,509.27	162,484.54
Balance of Reserves	\$55,003.08	\$39,989.17	\$141,414.96	\$237,407.21

It should be kept in mind that such figures may prove grossly misleading as to the actual condition of the fund, because liabilities for the payment of claims are not definite and precise, but are uncertain and may extend a considerable time into the future. A case that appears at the outset as a comparatively simple injury may lead to a series of complications; and compensation estimated at first to cost only a few hundred dollars, may in an extreme case run into the thousands and involve in addition large bills for medical treatment.

Under the Oklahoma compensation law, payments for total and permanent disability may continue for as long as five hundred weeks.² A new fund such as this has only a few of those 500 week cases in its early days, but it is constantly adding to them as the years go on; and it is not until the fund is five hundred weeks old that such cases begin to pass off the books. In other words, the fund will not be under full normal load until it has been in existence almost ten years. Thus, although the actual payments out of the fund in the early years are way below the earned premium receipts, showing a substantial cash balance, the fund is not necessarily in good shape financially; and it may even be running behind despite the cash in its vaults.

In the actual administration of the fund, the Commission sets up a special reserve for each case as soon as an award is made, and then it charges all expenditures against that reserve. If the reserve initially set up proves too small, it adds to the reserve from time to time according to its best advance estimate as to what the case will cost from then on. When a case is closed the unexpended balance of the reserve set up for it is written off the books. A table in the Annual Report for 1934 (page 30) shows for each of the nine groups of industries the reserves thus set up, the disbursements from the reserves, and the "unexpended balances," for (1) compensation, (2) medical and (3) total. The term "unexpended balances" used in that table may prove

¹In the annual report of the Industrial Commission for the year 1934, page 30, an item of \$13 835.90 is included as a cash disbursement from the Catastrophe Reserve, but it was spent for investments. It is not included in the \$162,484.50 given above, for it is not a sum actually paid out of the fund. It will be noted that in the report this amount thus invested is subtracted from the Catastrophe Reserve of \$39,989.17, leaving, according to the report, a balance in the Catastrophe Reserve of \$26,153.27. It is submitted that this procedure is misleading. No real expenditure has been made from the Catastrophe Reserve. Its real balance is still \$39,989.17, of which \$26,173.27 is in cash, and \$13,835.90 has been invested, and the investments belong to the Catastrophe Reserve.

²Because of the provisions of the state Constitution, cases of death from industrial accidents are not covered by the compensation law. They go to the courts and not to the Compensation Commission. They are not covered by the state fund insurance policies. Many persons are advocating the repeal of the existing constitutional provision so that the Industrial Commission, under the compensation law, may make awards in event of death from industrial accidents. Such awards often run to the widow for the balance of her life, which adds another element of uncertainty into the financial condition of the fund, and calls for expert actuarial service in setting up reserves and evaluating the real financial conditions of the fund.

misleading. It is recommended that in the future this column be headed "Estimated future costs of compensation already awarded."

The law establishing the state fund has three principal methods for preserving the soundness of the fund; (1) "Reserves shall be set up and maintained adequate to meet unanticipated losses (catastrophe reserves) and carry all claims and policies to maturity, which reserves shall be computed in accordance with such rules as approved by the State Insurance Board;" (2) the rates are fixed by the State Insurance Board; and (3) an advisory committee of five is provided, composed of employers or officers of employers insuring in the fund, appointed by the Governor for a term of two years, with the chairman of the Commission as Chairman of the advisory committee, and this committee is directed "to consider the condition of the State Insurance Fund" and to make "a detailed examination into the condition of its reserve and investment and other matters relating to the administration of such Fund."

It appears that the State Insurance Board is not doing any continuing work in connection with the State Insurance Fund. It merely fixed, at the beginning, the price to be charged by the fund at 15 per cent less than the basic manual rate as used by private insurance companies, and it did not provide for debit ratings for especially bad risks such as the private insurance carriers use. A question may be raised as to whether the state fund may not be getting the poorer risks. The Advisory Board has met twice since the act was passed; but an advisory board of laymen is not equipped to do more than review the material submitted to it by the Industrial Commission and the officers and employees of the fund. In the opinion of the survey,

The State Insurance Fund should be kept under constant actuarial and statistical control, and for this purpose it should establish and operate an adequate statistical system. The work of designing, installing, and supervising such a system should be done by an actuary or statistician experienced in the field of workmen's compensation.

In this type of work it is extremely easy for the laymen to go wrong, and even fairly able accountants, untrained in actuarial science, may get the fund into difficulties. In this connection attention should again be called to the unverified allegation that the fund has been protected and built up at the expense of the claimants insured under it. If such is the case the fund will not make so good a financial record under a fairer administration. An adequate statistical actuarial system is essential to disclose the facts and to enable the Governor, legislators, employers and employees to know how the fund is actually being administered.

Administrative Difficulties. Administration presents difficulties because the state has three functions to perform: (a) It is the judge determining upon the merits of a controversy between an injured worker and the fund; (b) it must protect the fund against the malingerers and the claimant who exaggerates the nature, extent, and probable duration of an injury; and (c) it must see that the rights of the employee are fully protected.

Relations With Medical Profession. Administration involves also close relationship with the medical profession. When a private employer is insured under the state fund, all his employees must be examined by a physician approved by the fund and passed by that physician; and applicants for employment must be approved by the physician before they are employed. Medical care satisfactory to the state fund must be available for such employees covered by the state fund policy as may be injured. When a claim is filed, the company physician, approved by the state fund, must give testimony. Thus, the state has a large influence over the choice of physicians. Conceivably it might, if it wished, use its economic power to influence the nature of the testimony it receives at hearings. A politically-minded administrator could select physicians on a patronage basis, a dishonest one might even select physicians who would split fees with him. The extent of the difficulty is in part indicated by the fact that in the calendar year 1934 the state fund disbursed over \$54,000 for medical compensation; and during the first three months of that year the fund was just getting under way. If estimates are based on the last nine months of 1934, the annual medical compensation bill would be about \$66,000; if based on the last three months, about \$80,000. If the number of employees insured increases, as seems

probable, the expenditure for medical compensation will, of course, increase greatly beyond these figures. Under these circumstances:

It would appear wise for the state to obtain through open competitive examination at least, a medical advisor who should have general supervision over all the medical work of the fund, and of the Compensation Commission.

He should be a physician of high standing in the medical profession, an expert diagnostician, a good administrator and a person of unquestioned integrity. He should be primarily responsible, under general direction, for all the medical work connected with compensation insurance. He should have available funds to permit him, when necessary, to call in other physicians, chiefly specialists. He should review, or provide for the review, of all contested cases in which there is a marked divergence in the testimony of physicians and give to the commissioners the results of this review for their information and guidance in the settlement of the case. He should investigate all complaints involving medical matters and report his findings to the Commission. He should make recommendations to the Commission regarding all selections of physicians required under state law. It is recommended that he be a full-time employee and that he be prohibited during his tenure of office from engaging in private practice. The salary, therefore, should be high enough to attract and hold a first class man. It is further recommended that the open competitive examination be given by a board of three physicians, to be appointed by the Governor, from a panel of not less than nine submitted to the Governor by the governing board of the Oklahoma Medical Society. The examining board of physicians should certify to the commissioners of the Governor, the names of the three candidates deemed by the examining board best qualified for the position, and the Commissioner or the Governor should appoint one of the three as medical director. If the state fund is placed under the Department of Labor as subsequently recommended, the medical advisor could serve the entire Department.

Safety Work. The workmen's compensation policy issued to employers insured in the state funds contains the following argument on the part of the fund as one of the considerations for the premium paid by the employer:

To serve the Employer (1) by the inspection of the work places set forth in said declaration, whenever deemed necessary by the State Insurance Fund, and thereupon to suggest to the employer such changes and improvements as may operate to reduce the number and severity of personal injuries during work.

The fund, however, has no safety engineering positions and no employees specially qualified for such work. In fact thus far the state insurance fund has not deemed it necessary to do safety work.

Payroll Auditing. The question may also be raised whether the state fund is keeping abreast of the necessary auditing of payrolls to make sure that premiums are being paid for the actual number of employees who are covered by insurance. It is, of course, desirable to keep down the operating costs of the fund and to build up a strong reserve; but, unless payroll audits are kept up-to-date, the fund may lose considerably more in premiums than it saves in costs of administration. To preserve fairness to employers, all must pay full premium for the number of employees actually carried on the rolls. The 622 audits made up to December 31, 1934, developed additional premiums due the state fund of \$28,369.34, an amount which exceeded the entire operating expenses of all branches of the fund by over \$4,000. Thus, the fund may actually be losing money by holding down its expenditures for auditing.

Quarters. It is surprising to find the employees of the state insurance fund quartered in rooms that have no windows, no natural light, and no adequate provision for ventilation. When the doors are open, the noise and confusion are disturbing; if the doors are closed, the air quickly becomes stale. The working conditions in the rooms were highly unsatisfactory in January and February; they must be worse in June, July, and August. Several of the inside rooms at the Capitol are probably unsuitable for work quarters for any considerable number of employees. They might be used for storage, files, or book stacks

DIVISION OF VOCATIONAL EDUCATION, STATE BOARD OF EDUCATION

The Vocational Rehabilitation Service is directed by the State Board of Education, cooperating with the United States Office of Education. Headquarters have been established in the Department of Education, where the work is administered by a state supervisor. Two regular full-time case production and service workers are provided to cover designated sections of the state. One has headquarters in Oklahoma City, and the other in Tulsa.

Each individual case may call for one, and usually at least two, of the following services: (1) physical restoration; (2) vocational training; and (3) placement in employment.

The program of trade and industrial education carried on in cooperation with the federal government, has three main parts: (1) Day trade schools; (2) part time schools; and (3) evening trade extension schools. The day trade school is organized to teach one or more complete trades or occupations. Each pupil prepares for a particular trade and devotes his full time to preparation. In 1933-34, such schools were conducted in nine centers and enrolled 1,180 male and 46 female pupils. Part-time schools are either (a) trade extension or (b) trade preparatory. These schools operated in 1933-34 at seven centers enrolled 1,318 students, all female. Evening trade extension schools were conducted during 1933-34 at 17 centers, a total enrollment of 3,668, of whom 3,156 were male and 512 female. The vocational division also conducts from time to time foremanship conferences. Five were conducted in the biennium participated in by 484 men. Police conferences and foreman training school have also been conducted. The Superintendent of Public Instruction reports for the year ending June 30, 1933, the rehabilitation of 87 individuals; and, for the following year, 166 individuals. Open cases numbering 1,884 were reported on June 30, 1934. Expenditures on this work during the biennium 1932-34 amounted to \$100,243.96, of which about 48 per cent came from federal funds, 45 per cent from state funds and 7 per cent from local funds. The staff for vocational rehabilitation on December 31, 1934 included, besides the state supervisor and the two local supervisors, a secretary, a part-time clerk, a part-time case-worker, and a part-time auditor.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

The preceding review of labor administration shows that closely related activities are carried on by different and separate organizations. No method has been devised to coordinate them. Influenced by the federal government, the rehabilitation unit in the Department of Education has two cooperative agreements, one with the Department of Labor covering employment service, and the other with the Industrial Commission. The former has a breath of vitality, but the latter, entered into with due formality on November 23, 1920, is so much a dead letter that certain responsible officers of the present organization did not even know of its existence. Experience in public administration indicates that such cooperative agreements tend to become mere scraps of paper unless some definite organization is provided to give them effect. In this instance, the best results would probably be obtained if all the agencies now concerned with labor matters, excepting only the trade and industrial education unit of the Department of Education, were brought together in a single department. It may be suggestive, in considering how the Department shall be set up, to refer to two different plans, one adopted by New York and the other by Wisconsin.

New York has a Department of Labor, presided over by a single commissioner appointed by the Governor. The commissioner is responsible for the administration of the Department, but does not do the quasi judicial work involved in settling claims under the workmen's compensation law. These claims are heard by an industrial board of five members appointed by the Governor "at least one of whom shall be an attorney." The Industrial Board, in its quasi judicial work, is entirely independent of the commissioner; but all the administrative, investigative and clerical work involved in administering the compensation act is carried on by a bureau of the Department under the direction of the commissioner. Thus the members of the industrial board are in effect judges with no direct responsibility for administration.

Wisconsin has concentrated its labor activities under an Industrial Commission of three members appointed by the Governor. The commissioners are (1) the administrative directors of the Department and (2) the judicial officers, settling in the first instance, compensation claims. The Commission has a special division or Bureau for administrative, investigative, and clerical work involved in the administration of the compensation act. All labor legislation is enforced by the three commissioners.

Oklahoma, apparently, cannot adopt the Wisconsin plan without a constitutional amendment. It could, however, adopt the New York plan by having the commissioner of labor the chief executive officer and having the quasi judicial work of settling compensation claims done by the present Industrial Commission, which Commission would be independent of the Commissioner of Labor in its quasi judicial functions. The administrative, investigative and clerical work, which is not quasi judicial in character, would constitute the responsibility of the Commissioner of Labor and would be in charge of a bureau chief. It is believed that this rearrangement, which could be effected without constitutional change, would result in a marked improvement in the administration of the labor laws of the state.

The Department of Labor in Oklahoma, under an elected head, is among the best administered departments in the state government, and is much better run than many of the agencies under appointive heads. It has secured reasonable continuity of service for its employees. With conditions as they were in Oklahoma in the first three months of 1935, with politics permeating the administrative departments, a recommendation that the Department of Labor be placed under an appointive board or an appointive commissioner cannot be made with any enthusiasm or conviction. For the time being there appears to be no hurry about amending this provision of the Constitution. Oklahoma could make enormous improvements in its labor administration under it; and then later, if it seemed wise, it could change the Constitution either by providing for an appointive commissioner or an appointive board. For the present, therefore, it is recommended that:

The state Department of Labor should be reorganized so that it will contain all agencies of the state now concerned with the administration of labor matters, excepting only the unit of the state Department of Education concerned with industrial education.

The Industrial Commission should be transferred to the Department of Labor and its work be distributed as follows:

a. *Its quasi judicial functions left with the three commissioners who shall be an independent board within the Department without any administrative authority over either the state insurance fund or the detailed administrative work in the field of workmen's compensation, said board in its quasi technical functions to be independent of its commissioners.*

b. *The administrative, investigative and clerical work incidental to workmen's compensation be placed in a new division of the Department under an able division chief, preferably a member of the bar, experienced in workmen's compensation work.*

c. *The statistical work to go to a division of research and statistics.*

The State Insurance Fund should be transferred to the Department of Labor and made a division of the Department, with its manager as division chief, subject to the general control of the head of the Department and not of the Industrial Commission.

The Constitution and the mining laws should be amended to provide that the chief mine inspector be appointed by the Commissioner of Labor, with the approval of the Governor; and the district mine inspectors should be appointed by the chief mine inspector, with the approval of the Commissioner of Labor.

The rehabilitation work now done in the Department of Education should be transferred to the Department of Labor.

It is suggested that the reorganized Department of Labor should have, in addition to the Industrial Commission and the Board of Arbitration and Conciliation, the following subdivisions:

(1) **The Office of the Commissioner, serving as a bureau of administration.**

(2) **The Bureau of Employment, to be organized much as at present, except that all compilation and analysis of statistics should be done in the Bureau of Research and Statistics.**

(3) The Bureau of Safety and Sanitation, having as its chief a trained and experienced safety engineer. Under him should be three sections (a) factory inspection, (b) mine inspection and (c) enforcement of the laws governing the employment of women and children. This Bureau should do, in addition to regular factory and mine inspection, all the safety work required in the enforcement of the workmen's compensation law and the administration of the state insurance fund. The Bureau of Research and Statistics should do all compilation and analysis of statistics.

(4) The Bureau of Workmen's Compensation which should be under a director, preferably a member of the bar, with practical experience in the investigation of compensation cases and in the administration of workmen's compensation laws, a first class administrator of unquestioned integrity, to serve during good behavior and to keep entirely aloof from all political activities. Sections of this Bureau might well be: (a) claims (b) investigations (c) dockets, and (d) files and records. The claims section should be so organized that the claimants can be helped and advised in the preparation of their claims. Conceivably the Department might employ, at state expense, one or more claimants' council, who, when so desired by a claimant, would represent his interests in hearings before the Industrial Commission. All statistical work now done by the Industrial Commission should be transferred to the Bureau of Research and Statistics.

(5) The State Insurance Fund, headed by a manager, preferably one with knowledge and experience in insurance administration and a good working knowledge of casualty actuarial work, to be directly under the Commissioner of Labor. Neither the Industrial Commission nor the Bureau of Workmen's Compensation should have any control over him, and the Industrial Commission should have no authority over the State Insurance Fund and no responsibility for it. Any ground for suspicion that the judges are influenced by the condition of the fund should, so far as possible, be removed. The fund should get needed safety work done by the Bureau of Safety and Sanitation, and its statistical work by the Bureau of Research and Statistics.

(6) The Bureau of Rehabilitation, which should attend to (a) all those persons applying to the employment service for jobs who cannot be placed because of physical or mental defects, or because of marked deficiency in education or experience, and (d) all persons so disabled that they cannot return to their old employments and must be retrained if they are to become self-supporting. The Bureau should cooperate with the Department of Public Welfare, the Department of Education, and, when necessary, with the Department of Health.

(7) The office of the Chief Medical Adviser, which should serve primarily (a) the Industrial Commission (b) the Workmen's Compensation Bureau (c) the State Insurance Fund, and (d) the Rehabilitation Bureau.

(8) The Bureau of Research and Statistics, which should be directed by a well-trained, experienced labor economist and statistician, and especially well equipped in the field of workmen's compensation and able to make the necessary tabulations to provide actuarial and statistical control for the administration of the State Insurance Fund. The employees now doing statistical clerical work in the various agencies composing the reorganized department of labor should be transferred to this Bureau. After a new statistical system has been designed and installed, the director of this Bureau should have some time to devote to research on labor problems in Oklahoma, partly for immediate administrative purposes and partly to aid in long time planning. Since he and his assistants will do the statistical work for the Bureaus of Employment and Rehabilitation, it seems probable that the federal government might contribute to the costs of this Bureau.

Should a system of unemployment insurance be adopted in Oklahoma, it could be handled administratively through a Bureau of Unemployment Insurance in the Department of Labor.

CHAPTER XIII

LIBRARIES AND RELATED AGENCIES

Administrative organization in Oklahoma includes several agencies concerned in the main with the collection, preservation, and use of books and other publications, written and printed records, and other materials of historical, scientific, and educational value. Public functions in this connection take the form of library administration, management of archives and of museums, and legislative reference work. In every state, such functions are considered essential to the general welfare; and they are to a greater or less extent and under different types of organization, established and supported by government. The major agencies in Oklahoma that exercise such functions include; (1) The Oklahoma Library Commission; (2) the Oklahoma Historical Society; and (3) the Board of Directors of the State Library (the justices of the Supreme Court). Minor agencies are the custodians of (1) the American Legion Memorial Hall, (2) the Grand Army Memorial Hall, and (3) the Confederate Memorial Hall.

THE OKLAHOMA LIBRARY COMMISSION

The Oklahoma Library Commission, established in 1919, consists of five members, the Superintendent of Public Instruction ex-officio, and four other members appointed by the Governor, for overlapping six-year terms.¹ Members of the Commission, as such, are unsalaried, but receive their necessary traveling expenses.

Appropriations. For the fiscal year ended June 30, 1934, the Commission received an appropriation of \$8,560 for salaries, contractual services, supplies, and equipment. An appropriation of \$2,596 for books and periodicals was vetoed.

Internal Organization. The Commission appoints a secretary, who acts as its executive officer and is in immediate charge of administrative work. An indefinite number of assistants are authorized by law, the compensation of each assistant being limited to \$1,800 a year. At the time of the survey, the staff consisted of the secretary, the assistant secretary, a traveling library director, an individual loan director, a packer and shipper and a record clerk and bookkeeper.

Functions. The mandatory functions of the Commission are: (1) To give advice to all school, free, and other public libraries and to all committees proposing to establish libraries; and (2) to make an annual report. Under a law passed in 1925, the Commission constitutes a Board of Library Examiners for the certification of librarians; and no head librarian of any free public library or school library in Oklahoma can be legally appointed unless so certificated. The Commission is authorized: (1) To receive gifts of money, books, or other property; (2) to purchase and operate traveling libraries; (3) to publish lists and circulars of information; (4) to conduct summer schools of library instruction; (5) to conduct a clearing house for periodicals for free gift to local libraries; (6) in connection with and under the supervision of each state normal school, to arrange for lecture courses at these schools on library management; (7) to cooperate in devising plans for school district libraries; (8) to aid teachers in school library administration; and (9) to formulate rules governing the use of school libraries, such rules to be promulgated through the Superintendent of Public Instruction.

Operations, Needs, and Results. The statutory powers and duties of the Library Commission seem to be adequate; and are performed as fully as conditions permit. Its present staff is apparently competent, devoted to its work, and keenly interested in the adoption of sound policies. Its operating methods have not been carefully studied but appear efficient and economical. The law requires the headquarters of the Commission to be in the Capitol; and the rooms now occupied by the book collections are crowded.

Measured by the needs of the state, recent appropriations for the Commission have been obviously insufficient. In 1934, there were 74 public libraries in the state. These included one county library. The Commission reports that 1,582,000 persons in the state are without local library services; and in 26 counties not a single public library is to be found. Most of the people without local libraries live in the rural districts

¹Stat. 1931, Secs. 4918-26.

Oklahoma ranks low among the states with respect to library service. Only 15 other states have as large a percentage of people without such service; only 13 others have as few books in their public libraries in proportion to the population; and only 10 others spend as little per capita for these essential services. Nevertheless, there is every indication that Oklahomans, like other intelligent people, appreciate the value of books and make good use of them when they are procurable.

In attempting to improve the situation generally and to provide equal opportunities for rural residents, the Oklahoma Library Commission had acquired up to June 30, 1934, about 81,000 books; and the total number of books in the library, after deducting those worn out and discarded, was about 69,000. The Commission sent out upon request during the biennium 1932-34 about 287,000 books, serving approximately 984,000 people.

OKLAHOMA HISTORICAL SOCIETY

The Oklahoma Historical Society, established in 1895, was given at an early date a quasi-public character and is made for certain purposes an agent of the state.¹ It is governed by a Board of Directors, consisting of 25 members, with the Governor as an ex-officio member. All members, except the Governor, are elected by the Society.²

Appropriations. Recent state appropriations to the Society have been by fiscal years as follows:

1929-30	-----	\$32,000
1930-31	-----	32,000
1931-32	-----	29,800
1932-33	-----	27,400
1933-34	-----	19,880
1934-35	-----	19,880

Collections from membership funds are reported as follows:

Year ending Jan. 23, 1930	-----	\$548
Year ending Jan. 29, 1931	-----	517
Year ending Jan. 28, 1932	-----	552
Year ending Jan. 26, 1933	-----	565
Year ending Jan. 25, 1934	-----	537
Year ending Jan. 24, 1935	-----	517

Building. The state has provided the Society with a monumental structure, which contains a good-sized auditorium and a spacious reading room.

Personnel. The members of the staff in immediate charge of the library and museum collections are shown below as of March 29, 1935.

<u>Position</u>	<u>Salary</u>	<u>Service in Years</u>
Secretary -----	\$1,800	4½
Librarian -----	1,200	7½
Chief Clerk -----	1,200	12
Collector (museum) -----	1,200	16
File Clerk (newspapers) -----	1,200	5
Cataloguer -----	1,200	6
Stenographer * -----	1,200	1½
Guide -----	1,080	3½
Clerk-archivist -----	1,200	5½
Custodian (G. A. R. Hall) -----	1,200	9
Custodian (Confederate Hall). -----	1,200	4

Functions, Operations, and Results. The Society is required by statute to collect books, maps, and other papers and materials illustrative of the history of Oklahoma in particular and of the West generally; to procure narratives of events from early settlers; to collect information regarding the Indian tribes; to purchase books; to procure by gift and exchange scientific and historical reports from other states; to catalogue the Society's collections; and to prepare an annual report.

To enable the Society to effect exchanges, the law provides that 60 bound copies of

¹Stat. 1931, Secs. 4893-96.

²S. B. 39, approved April 25, 1935.

each state publication, except the reports of the Supreme Court and the Criminal Court of Appeals, shall be donated to the Society. The law stipulates however, that the Society "shall not expend its resources in procuring duplicates of such publications as may be in the university library." In the statute law, therefore, the Historical Society figures as a library and museum agency; and its functions as such are of primary concern in this report.

The library comprises about 10,000 volumes, not counting of course the archives of the Five Indian Tribes, recently loaned to the state by the federal government. Except in rare instances, none of these books are loaned. The law providing for deposit of state publications is not in all cases observed. Little use is made of the collections by research students; and practically no use is made of the reading room. Practically no calls are made on this library by state officials or members of the legislature. In spite of the clear intent of the law, many books in this collection duplicate those at the University. A journal, *Chronicles of Oklahoma*, is published quarterly by the Society; but this periodical does not impress one as possessing outstanding merit. The most creditable developments in the Historical Building are the museum collections which, in the main seem capably handled. The law provides for three memorial halls, one for the American Legion, one for the G. A. R., and one for the Confederate Army. Each is under a custodian who must be a veteran of the army thus memorialized and who is appointed and removable by the Governor. Each has a statutory salary of \$1,200. The American Legion Memorial Hall is in the Capitol; the other two halls are in the Historical Society Building.

THE STATE LIBRARY

The law provides for a public library, to be known as the "Oklahoma Library," under the direction and control of a Board of Directors, consisting of the justices of the Supreme Court.

Personnel. The State Librarian is appointed by the Board of Directors, serves at their pleasure, and is authorized to appoint, with their consent, an assistant state librarian and a reference librarian. The staff in March, 1935, consisted only of the State Librarian at \$1,800 and her assistant at the same salary.

Functions and Operations. This library, established in 1893, must, according to the law, "consist of all law books, miscellaneous books, pamphlets, maps, charts, pictures, documents, and all other literary matter" owned or acquired by the state. The law requires that 100 copies of each "report, paper, book or pamphlet" pertaining to the business or conduct of any office or department of the state shall be deposited with the State Librarian, who must keep ten copies of each publication and may exchange the others. The Librarian is also directed to send one copy each of all reports, session laws, journals of the Senate and of the House and other books and pamphlets to each of the states and territories for the use of its library. Supreme Court reports are also distributed by the State Librarian. As in the case of the Historical Library, the law providing for the deposit of state publications is not consistently observed.

The State Library seems to be an adequate law library, and, as such, competently staffed and managed. It has no space, equipment, or staff for the conduct of legislative reference or archival work or for expansion into a general library.

This Library should remain a specialized law library in its present physical location and with no change in its administrative set-up.

PROPOSED REORGANIZATION

In library development, Oklahoma does not rank high in comparison with other states; but it has nevertheless given partial recognition to obvious needs and has taken encouraging steps. The reorganization problem is actually much simpler in this state than it is in older commonwealths where various scattered agencies have become deeply rooted. Proper provision seems to have been made for coordination of the State Library Commission with public school administration; and the system for certification of librarians is highly commendable. Oklahoma needs, however, a wider appreciation of the value of library service, a more authoritative, better integrated, and

more adequately supported central organization, elimination of duplication among state agencies, and provision of adequate library facilities for the rural population. Attempts to establish legislative reference and archival work has thus far been almost wholly ineffectual.

These shortcomings, however, are not apparently due to the organization of the Oklahoma Library Commission.

The Commission should be continued with its present set-up.

The Historical Society is to be complimented for its interest in Oklahoma history. Such an organization is needed and may be expected to make continuing and important cultural contributions. It is evident, however, that its present administrative and financial relationships with the state government have not worked satisfactorily and are not likely to improve. State financial support should be accompanied by state control. The activities, which are essential and which are now carried on in the Historical Building, could be performed more effectively and more economically if transferred in part to the Library Commission and in part to the department of history at the University.

State appropriations for the Historical Society staff should be transferred to the Library Commission.

A committee should be appointed by the Governor representing the Historical Society, the Library Commission, and the University to make recommendations relative to the disposition of the book collections now in the Historical Building.

It is suggested that the Society be given by the state such space in the building as may be needed by its secretary; and it may be desirable, during a limited period, for the state to contribute some part of the secretary's salary.

The book collections and offices of the Library Commission should be transferred to the Historical Society Building.

Such action would put to practical use space now unused and would relieve congestion in the Capitol.

The secretary of the Library Commission should be designated State Librarian.

Under the State Librarian should be a Bureau of Archives; each public official in charge of a department or other separate agency should be definitely obligated by law to turn over to the State Librarian, not only an appropriate number of each of its publications currently, but also all of its records and files when these are no longer active.

The present "State Librarian" should be designated Law Librarian and should have no duties relative to the receipt, exchange, or distribution of publications, except those of a legal and judicial nature.

Legislative reference work should not be a function either of the Library Commission or the Law Library.¹

With due regard to financial conditions, careful consideration should be given to the question of establishing regional libraries in the rural sections, these to be maintained partly by the counties and partly by the state and to be closely coordinated with and supervised by the State Library Commission.

The library law of the state should be revised.

For the revision of the law and the planning of a long-time service program, an unsalaried commission should be established for a period of two years.

The purpose of the foregoing recommendations is to pave the way for the development in Oklahoma of an effective, equitable, and economical library system, worthy of the state, and contributing in the largest possible measure to the enlightenment and happiness of its citizens, rural as well as urban.

¹Legislative reference work is discussed in a later chapter.

CHAPTER XIV

COUNTY ADMINISTRATION

County agencies concerned with public instruction, public welfare, health, highway construction and maintenance, law enforcement, finance, and elections are discussed in other chapters of this report. Abolition of township officers was completed in 1933; and their duties were transferred to appropriate county officers. The only functions relating to the once existing townships are those in connection with township roads and the liquidation of township indebtedness. These functions are discussed in appropriate sections of other chapters. The officers which remain to be discussed in this chapter are the board of county commissioners, the county clerk, the court clerk, the county surveyor, and the weigher. The more important functions of some of these agencies are treated elsewhere. The purpose of this chapter is to discuss the activities and officers which do not fit into the broad functional fields which form the subjects of other chapters. In the chapter on State and Local Administrative Organization, near the end of this report, the various parts of both the state and the county organizations will be brought together and described as a whole to indicate the nature and degree of their present relationships, and to show what changes will be produced if the recommendations of this report are adopted.

BOARD OF COUNTY COMMISSIONERS

The Constitution provides, subject to change by the legislature, that there shall be a board of county commissioners composed of three members in every county in the state.

Selection. Each commissioner is elected from a district within the county by the voters of that district. The commissioners lay out the districts in compact form with as nearly as possible equal population; but districting may not be done oftener than once in three years.

Term. All three are elected at the same time and serve a term of two years "or until a successor is elected and qualified," beginning the first Monday in July following their election.

Eligibility. The general eligibility requirement for county officers serves for the county commissioners; namely, that they be qualified voters of their county, except that no employee, officer or stockholder in any railroad in which the county holds stock may be eligible to the office of county commissioner.

Bond. Each commissioner before entering on his duties shall execute bond in a penal sum of "not less than one or more than five thousand dollars," the amount and sufficiency to be determined by the county judge, who keeps the bonds on file in his office.

Vacancies. Any vacancies which occur in the office of commissioner are filled by the Governor.

Functions. The functions of the board of county commissioners may be treated under four headings: (1) supervisory, (2) financial, (3) administrative, and (4) penal.

Supervisory. Certain of the supervisory duties of the board of commissioners may be considered as matters of routine business. These are the procuring and keeping of a suitable seal of the county to be used by the county clerk; holding stated and special meetings, which must be open to the public, for the transaction of county business; causing a report of proceedings to be published as soon as practicable after each meeting; and electing one of their members as chairman to preside at meetings, administer certain oaths, and sign all orders and all warrants drawn on the county treasurer, attested by the clerk.

Other more general supervisory powers and duties relate to the supervision of other county officers, to the custody of county property and to the organization of subdivisions of county government, namely: Filling vacancies in other county offices; approving the appointment of deputy county officers; buying and selling county property and full custody thereof; providing quarters and supplies for county officers;

providing safe and convenient cases for keeping all books and documents of the county entrusted to officers; auditing accounts of all officers having to do with money belonging to the county or appropriated for its benefit; and organizing and changing boundaries of water improvement districts and drainage districts. The chairman of the board is also an ex-officio member of a regional planning commission if any is formed in the county.

Financial. Financial duties relate to voting appropriations, acting on claims, buying and selling property, and purchasing and contracting. These are discussed in the chapter on County Financial Administration.

Administrative. The county commissioners have certain direct administrative duties such as: supervising the construction and maintenance of highways and bridges, and hiring out county road machinery for private use; employing livestock inspectors for work in tick eradication and animal quarantine; supervising public health and welfare activities; establishing justice of the peace districts, and naming justices' successors in certain cases; assisting in the enforcement of laws relative to marks and brands of livestock; and assisting in the extermination of predatory animals. Most of these duties are treated in other chapters.

Penal. Their penal powers pertain largely to the conduct of their own meetings. They may preserve order when in session by punishing contempt with fines or imprisonment in the county jail; and they may enforce obedience by attachment or other compulsory process and may collect fines through justices of the peace. Appeal from decisions of the board may be made to the district court by persons aggrieved, including the county through its attorney.

Cost. The total cost of the 77 boards of county commissioners for each of the past four years, with the amount appropriated for the current year, has been as follows:

1930-31	-----	\$223,119.00
1931-32	-----	322,059.00
1932-33	-----	280,427.00
1933-34	-----	274,427.00
Yearly average	-----	274,642.00
1934-35 (Appropriations)	-----	286,468.00

About 90 per cent of the total cost of the boards is for compensation to the commissioners. Until 1935, this item included per diem and mileage allowances in addition to a small salary; but the 1933 legislature enacted a county salary law in which this method of pay is replaced by a system of straight salaries fixed in the statute and scaled according to a classification of counties, the classification being based on population, except in the case of Osage County which is classed separately because of its large area. During 1933-34, the last full year under the old law, the following distribution was made of the cost of the 77 boards.

Salaries	-----	\$150,406 00
Per diem	-----	85,930.00
Mileage	-----	5,282.00
Miscl.	-----	32,809.00
Total	-----	\$274,427.00

Under the new law the commissioners' salaries are their sole compensation, and range from \$1,200 in counties with a population of 14,500 or less to \$3,600 in counties with a population of 200,000 or more (Oklahoma County). The full effect of the change cannot yet be determined because of the constitutional provision that no salary change can be made effective during the term for which officers have been elected. The act was approved May 5, 1933, seven months after the election of officers for the last preceding term. Thus, it can not become effective until the beginning of the present term, July 1, 1935.

Some idea may be had, however, of the effect of the new law by estimating the amount of the expenditures it calls for. Table I has been prepared from the statutory provisions (Law 1933, Ch. 11). The population class interval used to classify the

counties appears on the left. The first column shows the number of counties in each class; the second, the total salary paid to the three commissioners in each county in each class; and the third, the total of the commissioners' salaries for all counties in each class. Osage County is omitted from the population grouping and added at the bottom because it is dealt with by special act. The total commissioners' salaries provided for all 77 counties is shown at the foot of the last column.

TABLE I
COMPENSATION OF BOARDS OF COUNTY COMMISSIONERS
AS PROVIDED BY LAWS, 1933, CH. 11

Counties Grouped by Population Classes (1930 Census)	Number Counties	Salary Each Commissioner times 3	Total Salaries
14,500 or less	17	3,600	61,200
14,501 - 16,000	9	3,600	32,400
16,001 - 24,200	15	3,960	59,400
24,201 - 25,000	3	3,960	11,880
24,500 - 25,000	—	—	—
25,001 - 43,000	20	3,600	72,000
43,001 - 65,000	7	4,500	31,500
65,001 - 75,000	2	5,400	10,800
75,001 - 100,000	1	5,400	5,400
100,001 - 200,000 (Tulsa)	1	7,200	7,200
Over 200,000 (Oklahoma)	1	10,800	10,800
Over 2,200 squ. miles (Osage)	1	7,200	7,200
Total Compensation to Commissioners			\$309,780

Some allowance must be made for miscellaneous expenses; and if \$30,000 is added (in round numbers the amount of miscellaneous expenses in 1933-34) the total requirements of the 77 boards under the new law may be estimated at something like \$340,000. This is 5 per cent higher than the highest of the four years 1930-34, and 23 per cent higher than the average.

The legislature is to be commended for replacing the old basis of compensation with a straight salary system. The advantages of the latter in eliminating the temptation to extravagance and in placing the budget on a more business-like basis are obvious. In this particular instance, it does not appear to have been the purpose of the legislature to promote economy so much as to protect the commissioners' budgets from possibly drastic reductions by over-zealous excise boards. Yet, opportunities do exist for reducing the cost of the commissioners' office while keeping them on a straight salary basis.

Nature of Commissioners' Duties. Unlike the jobs of administrative officials, the commissioners' work cannot be regarded as professional. It is in the nature of a civic duty for citizens to help determine the policies they wish to follow in the conduct of their public affairs. The responsibility for these policies naturally devolves on those most interested and active in public life. This responsibility should never be allowed to come into the hands of mere office seekers, and whatever may tempt them to assume it, whether it be the ability to control patronage or simply the rate of remuneration, should be done away with. People who consider it their duty to take part in their government are amply rewarded by the results of properly conducted government. It is not necessary to compensate them by more than a moderate honorarium designed to cover their expenses.

Opportunities for Economy. When a person is given a straight salary, it is assumed that he will perform a minimum amount of work. A fair minimum to expect of each of the commissioners, including supervision of the highways and overseeing the poor, could scarcely exceed 300 half days or 150 full days per year in all but the largest counties. On this basis, the following rates of compensation are scheduled by the present law:

In 46 counties at \$1,200	-----	\$ 8.00 per day
In 18 counties at \$1,320	-----	9.20 per day
In 7 counties at \$1,500	-----	10.00 per day
In 3 counties at \$1,800	-----	12.00 per day

In the remaining counties, where commissioners are paid from \$2,400 to \$3,600 it may

be assumed that a higher minimum of work is required. Even here it is doubtful if more than 200 days could be expected. But assuming 200 days as a basis, the rate of pay would be:

In 2 counties at \$2,400 -----	\$12.00 per day
In 1 county at \$3,600 -----	18.00 per day

Elsewhere in this report, it is recommended that construction and maintenance of the secondary road system be entrusted only to qualified engineers; the technical duties of accounting and reporting, only to qualified financial officers; and the duties of caring for public health and overseeing the poor, only to trained workers in those fields. It is in keeping with these recommendations, therefore, to suggest that the boards of commissioners be relieved of all specific functions connected with highways, public health, welfare, and financial administration. If this were done, the commissioners could restrict themselves to supervisory and policy-making functions; and their compensation could be reduced accordingly. There would be little business which they could not dispose of through the county clerk's office or at their regular monthly and quarterly meetings. All regular and special meetings need not then occupy the commissioners more than 50 or 60 full days a year. On the basis of the day rate derived in the previous paragraphs the following scale of honorariums is a possibility:

In 46 counties, 50 days at \$ 8.00 per commissioner per day -----	\$55,200
In 18 counties, 50 days at 9.20 per commissioner per day -----	24,840
In 7 counties, 50 days at 10.00 per commissioner per day -----	10,500
In 3 counties, 50 days at 12.00 per commissioner per day -----	5,400
In 2 counties, 60 days at 12.00 per commissioner per day -----	4,320
In 1 county, 60 days at 18.00 per commissioner per day -----	3,240
Total -----	<u>\$103,500</u>

This would mean a total cost for commissioners' salaries in the 77 counties of \$103,500. If \$30,000 is added to this figure for miscellaneous expenses, we have \$133,500 as a total cost of the boards to be compared with the estimated present cost of \$340,000. Further savings could be made if desired by reducing the day rate on which the estimate is based.

Utilization of Savings. The proceeds of this saving could be applied effectively to increase the salaries of the more highly specialized administrative officers. Transfer of duties from the commissioners to other officials increases the responsibility of the other officers and requires that they be trained and responsible administrators. It is pointed out elsewhere that the present salary scale for the administrative officers is not designed to attract trained persons to public office in periods of normal business activity.

Opportunities for Further Economy. Further savings might be possible in some counties by establishing a different form of executive agency. Provision should be made for other types of management; and the choice of the type best suited to local needs in any particular case should be left to the electorate of the county in question. Alternatives to the present system which might be considered for some counties are (1) a wholly unsalaried board of county commissioners, representing citizen participation without monetary profit, a plan which might suit the needs of some poorer counties, and (2) the county manager plan, which might be suitable in the wealthier counties, provided desirable state-local relationships are not interfered with. In view of the high cost of the present county structure relative to financial ability in the poorer counties the legislature might provide for two or three optional forms of county management.

RECOMMENDATIONS

The county electorate should be able to choose the type of management which best suits local needs.

Adoption of this proposal will require provision for types of management other than the commissioner type, and will require legislation permitting the county elector-

ates to select the type which best suits their needs. Suggested alternatives are (1) the county council form, (2) the county manager form.

If the present commissioner form is retained, all commissioners should be elected at large.

This recommendation would require amendment of the Oklahoma Statutes, 1931, Section 7606, and would permit the repeal of Section 7643.

All members should be chosen at the same election as state officers. Their terms of office should be four years and should begin on the second secular day in January following their election.

This also calls for amending Section 7606 of the 1931 Statutes.

The direct administrative duties of the commissioners in connection with highways, public health and welfare should be taken from them and entrusted only to trained administrative officials.

Adoption of this proposal will require amendment of the 1931 Statutes, Sections 7653, 7655, 7656, 7660.

Each county officer should have authority, subject to any personal law which may be applied to the counties, to appoint and remove his subordinates without interference from the board of commissioners.

Appointment, in other words, should not be subject to the approval of the commissioners.

The compensation of the commissioners should be a moderate fixed honorarium designed to cover the expenses incurred by them in the performance of their duties.

COUNTY CLERK

The county clerk is an elected officer serving a two-year term. Before entering office he must give bond in the amount of at least \$5,000 fixed and approved by the board of county commissioners.

As clerk of the board of county commissioners he or his deputy attends all meetings of the county commissioners; keeps their seals, records and papers; records their proceedings and resolutions; and attests all properly signed orders of the board for the payment of money. All accounts acted upon by the board are preserved by him with their action thereon, and he is bound to furnish a certified copy of these accounts or any other record in his office in receipt of a stipulated fee from any person demanding it. As clerk of the board he also serves as county auditor. His duties in this connection are discussed in the chapter on County Financial Administration.

As Register of Deeds. Article XVII, Section 2 of the state Constitution provides, among other officers, for a county clerk and for a register of deeds. By an act of the legislature, however, the functions of the register were merged with those of the county clerk, and the office of register was abolished. Since 1915 the county clerk has performed a two-fold office. As register of deeds he is assigned the work of keeping proper record of all deeds, mortgages, maps, plats and other legal instruments required by law to be recorded in his office. He keeps the road record, and a complete record of drains and ditches.

Additional Functions. In addition to his functions as clerk and register, he reports certain information to officers of the state government, for example he forwards annually to the Secretary of State a list of the names and signatures of all county officers elected at the last preceding general election, and assists in compiling certain census information and reporting it.

Eligibility. The only statement which the statutes carry regarding eligibility for office as clerk is the general one that no one can hold county office who is not a voter at the time of election or appointment.

Present Personnel. Inquiry as to the experience and personal qualifications of the administrative officers of the counties as well as an examination of the county reports, creates the impression of a qualified and responsible personnel. Personal observation strengthens this impression and suggests that the successful conduct of local public

affairs is due more to the knowledge and interest of the people in office than to popular opinion or to the supervision of higher authority. Of 30 county clerks who were interviewed, all but two were over 30 years of age; 29 had received at least a graded school education; 25 had finished high school. Four had had two years or more of college training. Five had taken a clerical course from some business or correspondence school. One had finished law school. Their previous occupational experience varied. Fourteen had been in some form of manufacturing or mercantile business; six had been in politics before; six had been bookkeeping clerks; two had been teachers; and one a farmer. Only four, however, had held office for more than four years; 12 had served from two to four years; that is, they had served or were serving a second term. The remaining 14 (nearly half) were serving their first term.

It is desirable that a longer tenure of office be provided for the county clerk. The notion that jobs should be passed around so that "everybody can have a chance" is incompatible with good administration. Efficient performance of the county clerk's duties requires training and experience. In all cases, a careful selection should be made from qualified persons; and those selected should be given opportunity to master thoroughly their jobs.

Required Qualifications. The management of the clerk's office is unusually dependent on the interest and industry of the chief officer, who is charged with the performance of a wide variety of tasks. His office has become a dumping ground for all the clerical odds and ends connected with local public administration. He has lately been charged with locally administering federal and state relief. In some counties, also, he is required to oversee the poor in the commissioner's district where the county seat is located. These duties and responsibilities call for experience and judgment in several lines and require persons of varied ability and training. The qualifications required by statute of the candidates for office are certainly not designed to prevent those who may be incompetent from running for election; and voters as a rule do not know what the duties of a particular office entail. It is true that the present incumbents are, for the most part, persons of unusual ability; but it is not reasonable to suppose that these officers can be retained at present salaries in the smaller counties after a return of normal business conditions.

Consolidation of Offices. The accomplishments of the clerk's duties began when his office was consolidated with that of the Register of deeds. The consolidation was evidently effected in order to decrease the number of responsible officers and reduce the salary bill; but its effect on the administrative organization is clearly disappointing. There is no magic by which consolidation will bring about reduced expenditure or better organization. The combination of the functions of two or more offices should be a studied process executed with due regard for the nature of the resulting organization.

Cost. The total cost of the offices of county clerk for each of the past four years is shown below with the yearly average and the amount appropriated for the current

1930-31	-----	\$ 756,493.00
1931-32	-----	655,527.00
1932-33	-----	567,936.00
1933-34	-----	530,565.00
Yearly Average	-----	(627,830.00)
1934-35 (Appropriation)	-----	543,170.00

The cost per county varies widely. In 1933-34, it ranged from \$2,525 in Latimer County to \$73,516 in Oklahoma County. This variation was partly due to the difference in the salaries paid to the chief officer, partly to the difference in the supplies and miscellaneous expenses, but chiefly due to the difference in the cost of clerk hire. Three counties are chosen for illustration; and they may be compared in the following table:

	<u>Latimer</u>	<u>Noble</u>	<u>Oklahoma</u>	<u>State Average</u>
Salary Chief Officer	\$1,350	\$1,800	\$ 3,000	\$1,967
Clerk Hire	780	1,944	61,645	3,303
Supplies and Miscellaneous	395	1,111	8,871	1,620
Total	\$2,525	\$4,855	\$73,516	\$6,890

The first county, Latimer, with next to the smallest assessed valuation in the state

in 1934, represents the lowest valuation class; the second, Noble, a medium valuation class; and the third, Oklahoma, with the largest valuation in the state, the highest class. The figures for the three counties may be compared with the averages for all 77 counties shown in the last column. The salary item from one extreme to the other shows a difference of 122 per cent; the supplies and miscellaneous item, a difference of 2146 per cent while the clerk hire shows a difference of 7803 per cent. It is easy to see, therefore, that the highly variable item, "clerk hire is chiefly responsible for the wide range in the cost of the clerk's offices, although supplies and miscellaneous expenses make a variable of considerable influence.

Salaries. The salaries of the county clerks are fixed by statute; and in both the 1933 law and the one which prescribed the 1933-34 salaries they are scaled according to a classification of the counties based on population. According to the older law, they ranged from \$1,300 in counties with the smallest population to \$3,600 in Tulsa County. The new law increases the range by lowering the salaries in the lowest population group to \$1,200, and providing a salary of \$4,000 for the clerk in Oklahoma County. Salaries are lowered in 74 counties, raised in two (Osage and Oklahoma) and left unchanged in one (Tulsa); and the net result of these changes in compensation is a saving of \$24,510 in the total amount paid to the 77 clerks.

Clerk Hire. The 1933 salary law does not affect allowances for clerk hire. The old law governed the number of deputies and their salaries as well as the salaries of the chief officer. It provided for 60 classes of counties based on population, and contained special acts for 70 counties as well as a number of other special acts affecting only certain officers and their deputies. It represented the extreme of special legislation; and the 1933 legislature did well to amend it. The amendments, however, affect only the salaries of the chief officers. It is regrettable that the provisions for clerk hire are left in the chaotic condition prescribed by the older law.

Supplies and Miscellaneous. Supplies of the clerk's office include office supplies, blank record books, ledgers, forms, etc. Miscellaneous expenses include postage, telephone, telegraph, furniture and office equipment, and traveling expenses. Appropriations for these purposes are in the hands of the commissioners, subject to the approval of the county excise boards.

Fees. As against a total expenditure of \$530,565 in 1933-34, the 77 clerk's offices collected \$479,174 in fees, besides \$84,747 in county licenses to cigarette dealers. Since the clerks are on a salary basis, none of their collections are retained. All fees collected go to the county general fund and serve to reduce the amount of the ad valorem levies the following year. The county cigarette licenses are no longer collected; but they did go to the county highway fund. Taking the counties as a whole, fees collected almost pay the expenses of the clerk's offices. But the amount of these collections depends on the amount of business (recording, certifying, copying, etc.) which the clerks' offices do; and, taking the counties individually, the fees collected show a wide variation from county to county and from year to year. In the larger counties, the clerks' fees may exceed their total expenses in some years, but in the smaller counties the fees may fall short of total expenses by as much as 50 per cent. For illustration, the net expense of the clerk's office, to be borne by the ad valorem taxes shown for Adair and Seminole counties for the years 1930-31, 1932-33; and 1933-34.

	Adair	Seminole
1930-31 -----	\$1,897 66 per cent	\$ 574 3 per cent
1932-33 -----	1,572 69 per cent	(1,171) 10 per cent
1933-34 -----	1,470 54 per cent	(2,510) 24 per cent

The percentages after each figure indicate the proportion which the net expense is of the total expense in each case. Where fees exceed total expenses the amount of the excess (net revenue) and its per cent of the total expenses are shown in parentheses. This condition is a cause in part of the serious revenue problem in some of the counties with low property valuation: for that portion of the cost which is not covered by fees must be borne by ad valorem taxation. When fees are small or suddenly fall off, it becomes difficult for these counties to raise sufficient revenue under the constitutional tax-rate limit of fifteen mills.

Cost and Volume of Work. Since fees are uniform throughout the state and since the amount of fees collected depends on the volume of business done, the collection of fees forms a good though rough index to the volume of work done in the clerks' offices and to the unit cost of the work. Eight counties are shown in the following table to illustrate the lack of uniformity which exists in the volume of work per person employed and in the total cost per dollar of fees collected in the several offices of county clerk. The amount of fees collected range from \$750 per person in Adair County to \$2,833 in Logan County. The total cost of the clerk's office ranges from \$0.01 in Oklahoma County to \$1.85 in Adair County. It is evident that some counties get more from their employees than others, and also that some counties get more for their money.

County	Estimated Current Annual Fees ¹	Size of Present Staff ²	Fees Collected Per Person Employed	Total Appropriation 1934-35	Total Estimated Cost Per Dollar Fees Collected
Adair	\$1,500	2	\$ 750	\$ 2,770	\$1.85
Woodward	4,500	4	1,125	5,365	1.19
Cleveland	7,500	4	1,875	7,154	0.95
Logan	8,500	*3 ³	2,833	8,988	1.06
Muskogee	9,000	*7	1,286	14,474	1.61
Seminole	12,000	*6	2,000	12,850	1.07
Tulsa	35,000	*14	2,500	36,139	1.03
Oklahoma	90,000	41	2,195	81,900	0.91

These differences depend partly on differences in the salary scale, partly on the fact that some counties make more use of labor-saving machinery than others, and partly on the systems and organization employed. It is to be expected that a salary scale which is based on the population of the counties will not everywhere be proportionate to the counties' business. There is a minimum salary for the chief officer, for example, which must be paid regardless of the volume of work in order to get a chief officer at all. This, with the fact that the present statutory organization of the clerk's office practically requires that he employ at least one deputy, explains largely the high unit cost of operations of the clerk's office in Adair County. The use of photostatic machines may sometimes account for an unusually small staff. In Woodward County, for example, it requires four people without a machine to do roughly half the work that is done in Logan County by three people with a machine. On the other hand, it is evident that a photostatic machine is no automatic substitute for employees. Machines are used in both Muskogee and Seminole counties; yet seven people are employed in Muskogee to do three-fourths of the work done by six people in Seminole.

Much of the efficiency with an office functions must be attributed to its organization and system. Dividing the work into an appropriate number of tasks and delegating responsibility for each job among the several employees of the office is a way of utilizing the labor force in an efficient manner. The ease with which each job is done, and the speed with which work passes from one employee to another, or to its proper place in a file or record, are matters for the systematic arrangement of persons, equipment and working space. No formula can be given for a "model system" which will not seem absurd in particular cases; but a great deal can be done by the officer in charge to improve both the organization and system, as is indicated by the number of suggestions received by the several officers with whom consultations were held.

Reorganization. The complexity of the clerk's functions has been discussed. As the office is now organized, in every county there are two divisions—the registry, and the clerk's division. In the chapter of this report which deals with financial administration, it is recommended that all matters connected with accounting, auditing, and reporting be delegated to a competent financial officer whose selection should be carefully made. With the reorganization of the clerk's office as proposed, the staff of the clerk's division could be reduced to a clerk of the board of county commissioners, who might have an assistant or stenographer in the larger counties, and who could

¹Rough estimate based on last four years' collections; does not include cigarette licenses.

²Includes county clerk, and full time employees whether ranked as deputies or extra help.

³An asterisk indicates that the county employs a photostat machine for copying and recording.

be appointed by the chairman of the board of county commissioners. The county clerk could then devote his entire attention to the duties of register of deeds.

The effect of the proposed reorganization on the cost of the clerk's office can be illustrated with reference to four of the eight counties dealt with in previous paragraphs. In most cases the effect would be similar to that of dispensing with the chief bookkeeper and his assistants and replacing them with a clerk of the board. The clerk could head the registry division. The chief bookkeeper is usually the first deputy and in making the calculations for the following table, it is assumed that the gross saving in every case would be at least the equivalent of the first deputy's salary. The savings which could be made through better organization if the county clerk became register of deeds and had the one job to do are difficult to estimate. In some cases a deputy might possibly be saved in the registry division. In other cases part-time work might be dispensed with.

In Table II no guesses are attempted regarding further savings. The gross saving in every case is the total salary paid to the bookkeepers where it can be segregated. The net saving is found by subtracting an arbitrary amount from this for hire of clerk to the board of commissioners. In any case the table is to be treated as an illustration of the minimum that might be saved. It is not to be regarded as stating what, in the opinion of the survey, ought to be saved.

TABLE II
MINIMUM SAVING POSSIBLE THROUGH REORGANIZATION OF COUNTY
CLERK'S OFFICE, BASIS OF CURRENT YEAR'S DATA

County	Number of Deputies Eliminated	Gross Savings	Hire of Clerk on Board of Commissioners	Net Savings
Adair	1	\$ 720	\$ 720	\$ ----
Cleveland	1	1,090	720	370
Seminole	2	2,700	1,200	1,500
Oklahoma	9	15,360	3,000 ¹	12,360

In a county such as Adair where the clerk is allowed one deputy at \$720 a year, there is little opportunity for saving. The clerk's salary of \$1,440 a year is no more than is due a qualified register of deeds; and a clerk for the board of commissioners could scarcely be paid less than \$720. In the larger counties, however, savings may be considerable.

At present the clerk appoints a deputy to serve as register. With a reorganization such as that proposed, he himself could be selected for his qualification as register of deeds. The duties of register are clerical duties requiring training and some knowledge of law. They are duties for which a person may prepare himself; and his preparation and aptitude may be tested by examination. There is no need to argue for the appointment of the register of deeds in Oklahoma. It is largely recognized that there is no reason for electing a register of deeds; that in the interest of preserving reliable legal records, there is every reason for having him appointed. As time goes on the necessity of having accurate records carefully kept is increasingly important. The practice of appointing the register of deeds should be continued, and if possible on the basis of impartial examination.

The office of county clerk should be reorganized along the following lines:

a. *The clerk's division should be abolished, and the board of county commissioners should be furnished with a clerk who might be allowed an assistant where required.*

b. *The register's division should be headed by a ranking county officer with the standing of the present county clerk.*

Adoption of this recommendation will require the repeal of Chapter 161 of the Laws of 1913, by which the office of register of deeds was merged with that of county clerk.

The act which provides for the clerk of the board of county commissioners should provide for his appointment by the chairman of the board.

¹Includes assistant.

The act which restores (with whatever title) the register of deeds should provide for his appointment by the county or district court from a list of eligibles selected in accordance with the appropriate state or county personnel law.

Adoption of the second and third proposals will require amendment of Section 7606 of the 1931 Statutes which provides for the election of a county clerk in all organized counties. As an alternative to the proposed reorganization of the clerk's office it is recommended that:

The county clerk should be relieved of all duties which are duplicated by other officers; and he should be appointed in a manner similar to that proposed for the register of deeds.

Conversations with more than 30 county clerks indicate the need of an intensive study of (1) the way to organize the office of register of deeds, (2) methods of recording, filing and indexing legal instruments and keeping and indexing plat records, (3) the best way of relating salaries to the volume of business handled. Study should also be made of the relation between the work of the assessor of deeds, especially of the method by which the assessor may be furnished information regarding title changes, actual consideration in real estate transfers, value of mortgages recorded, and other matters important in the assessment of property.

COURT CLERK

Every county has a court clerk elected for a two-year term. Before entering office, he must give bond to the state of not less than \$2,000 nor more than \$40,000 to be fixed by the board of county commissioners.

This office like the county clerk's, is the result of consolidation. In this case, three officers were brought together; the clerks of the district court, the county court, and the superior court. The district court clerk was created by the Constitution (Art. XVII, Sec. 2); the county court clerk, by a general statute affecting all counties;¹ and the superior court clerk, by special act when and where a superior court was created.² The offices of the three clerks were abolished in 1913 by the act which abolished the register of deeds;³ and their functions were assigned to the "court clerk."⁴

Functions. The court clerk keeps the records, books, bonds and papers appertaining to the courts and court cases, and records court proceedings. He keeps various appearance, judgment, and executive dockets; and his records include those of children's cases, probate cases and all civil and criminal cases of the county, district and special courts. In addition to keeping the records of the courts the court clerk issues marriage licenses and all writs and orders of the courts which he is empowered and required to issue. He also has charge of the court fund and of deposits made in civil cases and keeps account of the sheriffs' and deputy sheriffs' earnings, which he pays from a depository account maintained with the county treasurer.

Personnel. In the court clerk's office, education and experience are necessary. The duties are semi-professional, requiring clerical experience and some legal knowledge, but no mention of qualifications appears in the statutes except that the clerk must be a voter. Nevertheless, the court clerks interviewed appear to be highly qualified persons.

Of 29 clerks interviewed, all but one were 25 years old or older. All had received at least a graded school education. Twenty-two had finished high school. Eight had two years of college training; and an equal number had taken clerical courses from some business or correspondence school. Three were studying or had studied law. Their occupational experience was varied. Six had previously been in politics; and the same number, in mercantile business. Six had been clerks or bookkeepers; four, school teachers; three, post office clerks; two, farmers; one, a lawyer; and one, a barber. Notwithstanding this comparatively favorable showing, only five of the 29 clerks interviewed had held office for four years or more, and few if any had received previous training related to their work. With a term of only two years and a double

¹Laws 1910, Chap. 69, Sec. 15.

²Stat. 1931, Chap. 21, Art. 4; for example Secs. 3877 and 3895.

³Laws 1913, Chap. 161.

⁴Laws 1913, Chap. 161, Sec. 1.

primary election, the chances, are overwhelmingly on the side of a comparatively rapid "turn-over" in the court clerks' offices. The chance of getting and keeping trained officials in the court clerks' offices is small.

There is no more reason for electing the court clerk than there is for electing the register of deeds. The purely administrative functions of his office raise no issue of local self-government. They are duties for which a candidate can make preparation; and both his preparation and his aptitude can be tested by examination.

Results of Consolidation. Consolidation of the several court clerks' offices, unlike that of the county clerk and register of deeds, appears to have been a well-advised move. Tasks of the same essential nature have been combined; and, where full advantage has been taken of the change, the result has been to systematize the work of keeping and indexing records and to provide an efficient office for the receipt and issuance of legal papers. In many cases, however, there has been no change in the location or arrangement of the offices over which the clerk has charge, with the result that the offices are not connected and may not even be on the same floor of the court house.

Cost. The total cost of the court clerks' offices for each of the past four years is shown below with the yearly average and the amount appropriated for the current year.

1930-31	-----	\$ 516,649
1931-32	-----	444,841
1932-33	-----	376,490
1933-34	-----	346,963
Yearly average	-----	(421,236)
1934-35 (Appropriation)	-----	312,378

As in the case of the county clerk, the cost per county varies widely, ranging in 1933-34 from \$1,495 in Latimer County to \$35,616 in Oklahoma County. Salaries are fixed by statute according to the same scale which determines the county clerks' salaries. Again, the chief variable is the amount expended for clerk hire. In Latimer, no expenditures were made for this purpose. In Oklahoma County, the total was \$29,920.

Fees. The 77 court clerks collect a total of about \$400,000 in fees compared with an expenditure of about the same amount, the fees collected constituting a rough index to the volume of the court clerk's work. Prior to 1933, all the court clerk's fees were returned into the county general fund; but Chapter 117 of the 1933 Laws created a special fund designated as the court fund. Since then, all fines, fees, and forfeitures which the court clerk collects and which belong to the county are deposited in the court fund to defray the expenses of the district and county courts. No mention of marriage licenses is made in the statute creating the court fund; and fees from such licenses are turned into the county general fund. The county financial statements do not present a consolidated account of the receipts and expenditures of the court funds so that time has not permitted the assembling of current data on which to base calculations of cost and volume of work such as were made in the case of the county clerk. It is possible, however, to make these calculations for 1932-33; and they are presented below.

County	Fees Collected 1932-33	Size of Present Staff ¹	Fees Collected per Person employed	Total Expenditure 1932-33	Total Cost per Dollar of Fees Collected
Adair	\$ 1,834	1	\$1,834	\$ 2,090	\$1.14
Woodward	2,517	2	1,259	3,209	1.27
Logan	5,074	3	1,691	4,902	0.97
Cleveland	5,623	3	1,874	3,744	0.67
Seminole	8,378	5	1,676	11,350	1.35
Muskogee	10,470	5	2,094	12,257	1.17
Tulsa	33,044	14	2,717	32,138	0.84
Oklahoma	54,189	24	2,258	33,088	0.70

These figures indicate wide variation in volume of work per person and in total

¹The size of the staff is assumed not to have changed materially in the past two fiscal years.

cost per dollar collected. There is not the same opportunity to employ labor-saving machines in the court clerk's office as in the county clerk's, although some use can be made of photostatic machines. Variations are due chiefly to differences in the salary scale and in organization and system.

What is said of organization and system in connection with the county clerk applies with equal force here. Wide variations in the cost of the court clerks' offices suggest the need of further study. Administration is hampered in many cases by the fact that divisions of the office are located in different parts of the court house. This condition sometimes calls for the hire of an extra deputy in order that service may be given where required. The advisability of assigning the management of the court cash fund to the court clerk is questionable. The financial aspects of this fund are treated in the chapter on financial administration; and the point is made that a separate court fund adds unnecessary complications to budgeting and other financial operations. Here, the court fund must be objected to on the ground that its administration involves duties not properly assignable to the court clerk. His office is not equipped for bookkeeping; and the routine of accounting for many small sums is a task which he should not be expected to undertake.

The court clerk should be appointed by the county or district judge from a list of eligibles submitted in accordance with whatever personnel law is made applicable to county officers, and he should remain in office during good behavior.

This recommendation calls for amendment of Section 7606 of the 1931 Statutes.

All fees collected by the court clerk and belonging to the county should be turned into the county general fund, and the court clerk should be relieved of the task of managing the court cash fund.

This latter recommendation calls for repeal of Chapter 117 of the Laws of 1933 and enactment of suitable legislation.

COUNTY SURVEYOR

The office of county surveyor was originally provided by the Constitution (Art. XVII, Sec. 2). It has been abolished by statute in several counties, however, for example in Beaver (Laws, 1927, Ch. 129) and in Texas (Laws 1927, Ch. 128). A county surveyor is now maintained in 64 counties according to the roster of county officers issued.

The county surveyor is an elected officer, with a two year term running from the first Monday in January following his election. No provision is made specifically for the selection of deputies or assistants, but mention is made of "chainmen" who "must be disinterested persons," in case a disputed boundary is to be surveyed; mention is also made of "chainmen" and "other assistants" who "must be paid for their services by the person for whom the survey is made"; and the county surveyor "is authorized to administer oaths to all of his assistants in making all surveys directed by the district or county courts or board of commissioners." Mention of "deputy" occurs in connection with the administration of "oath or affirmation to any witness who may be brought to prove any corner or line" of his survey, the surveyor or his deputy being authorized to administer the oath. In counties where no surveyor is provided, or in any county when the surveyor is disqualified or absent from the county, the "regularly elected and qualified" surveyor of any other county or any duly qualified county engineer may act for him and the acts of the substitute are legally binding.

The statutes are silent regarding eligibility for office of surveyor except that the surveyor shall be a "qualified voter of the county."

Duties. The county surveyor makes surveys of both private and public land, the former on request of any bondsman or his representative, the latter on order of the courts or board of county commissioners; and his surveys are presumptively correct. Besides surveying land, under order of the county commissioners, he may make complete surveys, plans, specifications, and estimates for all bridges, culverts, roads, ditches or other public works to be constructed under authority of the county commissioners; and, when ordered to do so, superintends construction of such work, reporting to the commissioners whenever they require. The commissioners may, if they wish, employ a civil engineer to act alone or work in conjunction with the county surveyor in such

work. He must transcribe all field notes and place them into permanent record books whenever the commissioners deem it advisable. It should be noted that the surveyor may be required to serve in the capacity of an engineer on occasion, and that the responsibility for determining his qualifications devolves on the commissioners.

Expense. The county surveyor apportions the cost of a survey "among the land-owners interested, according to their respective interests." Unpaid costs are reported to the county clerk who levies a tax on the property. When land is not taxable, the surveyor may require a bond to be executed, payable to him. Thus, the surveyor is charged with duties which belong properly to the assessor and treasurer.

The total cost of the county surveyors in the state is shown below for each of the past four years with the yearly average and the amount appropriated for the current year.

1930-31	-----	\$ 19,798
1931-32	-----	20,929
1932-33	-----	22,281
1933-34	-----	15,538
Yearly average	-----	(19,637)
1934-35 (Appropriation)	-----	14,441

During the fiscal year 1933-34, 57 counties hired the services of a surveyor. Of the total cost of the 57 surveyors' offices 86.5 per cent was the surveyors' salaries. The other 13.5 per cent included expenses for fees and special services field supplies and instruments, office supplies, postage, telephone and telegraph, furniture and office equipment.

There is a high degree of uniformity in the cost per county of the surveyor's office. Forty-eight of the 57 counties employing a surveyor in 1933-34 spent \$300 or less. The cost, therefore, has more effect on the tax rate in counties with low valuation than in those with high valuation. There is not much reason to quibble over such petty expenditures; but the statutes permit counties to make use of surveyors employed regularly by other counties, so that opportunity for economy is offered.

Most of the surveyor's work is done for the county without extra charge. Thus, there is no satisfactory index to the volume of the surveyor's work. From 1930 to 1934, only two instances are recorded of revenues received by the surveyor. Both of these instances occurred during 1933-34, one in Johnston amounting to \$156 and one in Creek amounting to \$1,267. The financial statements do not indicate the nature of this revenue.

The surveyor should be appointed when a county requires such services, by the board of county commissioners from a list of eligibles submitted in accordance with such personnel law as is made applicable to county officers.

The surveyor should not be allowed to perform the duties of the county engineer except when qualified to do so.

To make provision to meet the requirement of this proposal will require amendment of Section 7795 of the 1931 Statutes which permits the commissioners to call on the surveyor for engineering work.

The surveyor should not be responsible in the case of a private survey, for apportioning the cost among the property owners. Apportionment should be made by the assessor on the basis of the surveyor's statement of expense submitted to him.

The surveyor should not be responsible, in case of a private survey, for collecting the costs. The treasurer should make these collections on the basis of the surveyor's statement of expense.

Uncollected costs should become a lien against the property assessed for those costs, and should be treated as other liens.

In the case of the survey of private land which is not taxable the bond to be executed should be made payable to the county.

The above proposals call for amendments to Section 7606 and 7802 of the 1931 Statutes.

THE PUBLIC WEIGHER

The county public weigher is a two-year elective official maintained in 37 counties according to the roster of county officers. He may appoint, with the approval of the board of county commissioners, one or more deputies for each precinct in his county, their respective jurisdictions to be the precincts for which they are appointed. To be eligible for the office of weigher one must be a voter and a resident of his county. No person may be "appointed as a county weigher or deputy county weigher or weigher for the public who is in any wise interested as a dealer or speculator or as an agent or employee of any firm, company or corporation in the sale or purchase of cotton, grain, livestock, hay, cotton seed, broom corn and all other farm products sold by weight."

The weigher must execute a bond to the county, approved by the commissioners, in the sum of \$2,000. His deputies must each execute a bond to him in the amount of \$500.

Functions. The functions of the weigher are to receive, inspect and weigh, cotton, grain, livestock, hay, coal and wood, and all other "farm products" sold by weight and to preserve suitable record of their weight which is taken as the legal weight of those commodities. His office, equipment, and supplies must be furnished at his own expense and those of his deputies the same. Cattle must be weighed whenever buyer and seller demand it, "a fee to be paid equally by the seller and purchaser" and the weigher must provide a suitable enclosure for such purpose. He is not required to weigh vegetables, poultry, eggs or dairy products. In the case of cotton it is his duty to keep a record of all the marks appearing on each bale weighed so that it can be identified afterwards by anyone desiring information about it.

The scales of the weigher are inspected and sealed by the sheriff or his regular deputy. No provision is made for the regularity of these tests except that they may be made at any time on signed request from five citizens but not oftener than once in 30 days.

Since the county makes no appropriation for the cost of the weigher's office, and since none of his receipts are paid into the county treasury, no report is made of the receipts or expenditures of the county public weighers.

The election of the weigher is an unnecessary expense. Perhaps it would be simplest for the board of county commissioners to appoint a public weigher in each precinct of the county, or wherever one is requested by a certain number of residents. It is recommended, therefore:

That a public weigher, or as many as may be requested for each precinct in the county, be appointed by the board of county commissioners, subject to such personnel law as may become applicable to county officers, for term of good behavior.

Such bonds as may be required should be made payable to the county.

PART III
FINANCIAL ADMINISTRATION

CHAPTER XV

STATE FINANCIAL ADMINISTRATION

The state government of Oklahoma is handicapped today because of lack of financial control by its chief executive, the Governor. Until Oklahoma adopts a modern budget system, an effective financial organization, and an up-to-date system of financial administration, and abandons its present spoils system, it will continue to operate under adverse conditions.

Of the several factors entering into the problem of efficient government, possibly none is of greater importance than that of financial administration. A large part, probably more than half, of the time of the legislative branch is devoted to consideration of financial measures: What revenues shall be raised; how they shall be collected, cared for and disbursed; what provision shall be made for meeting the expenditure needs of the government and the conditions to be observed in making such expenditures. On the administrative side, there is scarcely an act of government that does not have its financial aspects. The fact that an accurate record, susceptible of verification, must be kept of every penny of income due the government and collected, and of every penny expended, means that practically every act of government must be reflected in the financial records. These records constitute at once the most important instrument of control over the fidelity and efficiency with which government officers perform their duties, the means of affording information regarding operations, and the basis for determining future needs.

Government may be likened to a private business. To be successful it must have a proper and efficient organization, a well-designed plant, and an effective system of distribution. Oklahoma needs simplified organization, qualified and well-trained personnel, and modern business and accounting methods.

The state has made little progress in improving its financial organization and procedure since statehood. This is due in part to its Constitution and in part to its statutory laws. In 1919, the state legislature made some progress in reforming the state's financial administration by the enactment of the budget law; but, unfortunately, this act did not provide for budgeting all of the funds of the state government and neither did it give the Governor authority to execute the budget after enactment of the appropriation measures.

Present control over the financial operations of the state government is too diffused to be effective. This is largely due to: (1) Duplication of accounting and auditing authorities; (2) the existing system of decentralized disbursing, which does not even permit of post-auditing all of the disbursements of the departments and institutions; and (3) the ineffective system of accounting and reporting of the State Auditor's office.

PRESENT FINANCIAL STRUCTURE •

Under the present organization there is no single agency responsible for financial administration or for exercising control, no central agency responsible for accounting for all public funds, and no published report containing information with regard to all state financial operations. Excluding the State Tax Commission, the Commissioners of the Land Office, and the Commissioner of Pensions, which are treated in other chapters, the following nine agencies share the duties and responsibilities of administering the financial functions of the state government:

1. The Governor, a constitutional office with certain constitutional and statutory financial duties.
2. The Budget Officer, a statutory office.
3. The State Treasurer, a constitutional office.
4. The State Auditor, a constitutional office.
5. The State Examiner and Inspector, a constitutional office.
6. The State Depository Board, a statutory ex-officio board.
7. The State Bond Commissioner, a statutory ex-officio office.
8. The State Fiscal Agency, a statutory agency.
9. The State Board of Public Affairs, a statutory board.

It will be observed that of these nine agencies, four are constitutional and five

are statutory, with two of the latter ex-officio in character. The fiscal duties of the above agencies are outlined below.

The Governor. Under Section 12 of Article VI of the Constitution, the Governor has the power to veto appropriation bills or any item which he disapproves in such bills. He is the Chief Budget Officer of the state government and as such he is required by Chapter 27, Article 1 of the Oklahoma Statutes, 1931, to hold public hearings on the budget, to make surveys of officers and departments, to submit a printed budget to the legislature within five days after the beginning of each regular session and, finally, to submit copies of tentative appropriation bills to the presiding officer of each House, at the time he submits his budget document to the legislature.

Other fiscal duties are assigned to the Governor by the statutes; for example, he must authorize all out-of-state travel of all highway officers and employees,¹ and he is authorized to designate a national bank in the City of New York or some trust company in that city, which is a member of the Federal Reserve system, as the fiscal agency for the payment of bonds and coupons issued by the state, or any of its political subdivisions, which, by the terms of said bonds or coupons, are made payable in the City of New York.²

The Budget Officer. This office was created by the legislature in 1923.³ The act creating this office provides for the appointment of a Budget Officer for a term of four years. He is appointed by the Governor, with the advice and consent of the Senate. The Budget Officer, with the approval of the Governor, is authorized to employ one stenographer.

The powers and duties of the Budget Officer are given in Chapter 27, Article 1. of the Oklahoma Statutes, 1931. He acts for the Governor in the matter of surveying the state departments and institutions and the holding of public hearings on any and all estimates; and he prepares the budget document and tentative appropriation bills submitted to the legislature.

The budget law gives the Governor no authority for executing the budget after enactment of the appropriation bills and, in view of this, the Budget Officer's functions have to do primarily with the preparation of the budget document, the preparation of the tentative appropriation bills submitted to the legislature at the beginning of each regular session of that body, and of occasionally surveying the state departments and institutions.

The organization of the Budget Office as of March 18, 1935, with the expenditures for the fiscal year 1934, is presented below:

Position	Annual Salary	Continuous State Service			
		Present Year	Position Month	Other	
				Year	Month
Personal Services:					
Budget Officer	\$3,600.00	--	1	--	--
Stenographer	1,500.00	4	9	--	--
Extra help	1,375.00				
Total Salaries	6,475.00				
Other Expenses	606.94				
Total Annual Cost	\$7,081.94				

Since the work of this office has to do with the preparation of the budget document, which is prepared only once in two years, it is recommended that this office be abolished and that its functions and its personnel be transferred to the proposed office of State Comptroller, recommended elsewhere in this report.

The State Treasurer. The Constitution⁴ makes provision for a State Treasurer and sets forth that he shall perform such duties as may be prescribed by law. He is elected by the people at the same time as the Governor; holds office for four years; is not eligible immediately to succeed himself; must be not less than 30 years of age;

¹Stat. 1931, Sec. 10087.

²Stat. 1931, Sec. 5386.

³Stat. 1931, Sec. 5367.

⁴Art. VI, Secs. 1, 3 and 4.

and must "have been three years next preceding his election, a qualified elector of the state." The Treasurer is a member of the Executive Department and is required to give a bond of \$750,000. He is ex-officio treasurer of the Board of Regents of the University of Oklahoma, and he is ex-officio a member of the State Board of Equalization,¹ the State Depository Board,² and the new State Board of Public Welfare created in Senate Bill No. 1 of the current legislative session.

Functions of Treasurer. The only provision of the Constitution with respect to the functions of the State Treasurer is that he shall perform such duties as may be prescribed by law. Article 16 of Chapter 20 of the Oklahoma Statute, 1931, enumerates the general duties of the Treasurer with regard to the collection, custody, and disbursement of public funds, and the accounting and reporting therefor. These general duties are expanded in Chapter 27 of the Oklahoma Statutes, 1931. In this chapter are given the Treasurer's functions with reference to the State Fiscal Agency; the funding bonds; the exchange and renewal of bonds; the operation of State depositories; the registration of "non-payable" warrants; the application of miscellaneous receipts; and the operation of the (so-called) revolving funds, school funds and the public building fund. Other sections of the statutes provide that he shall be custodian of all securities deposited by state depositories to secure deposits of state funds; that he shall receive deposits of county funds where the banks refuse to put up securities and/or pay interest on local government deposits (Sec. 7428); that he shall supply copies of all of the receipts issued by him to cover moneys into the treasury; that he shall file all redeemed bonds, warrants and interest coupons with the State Auditor daily; that he must render daily and monthly reports of all of his transactions to the State Auditor "showing by classes all receipts and by funds all disbursements";³ that he shall register all dormitory bonds sold by the state; and that proceeds of all bond sales shall be deposited in the state treasury.⁴

Organization and Cost of Treasurer's Office. The only provisions in the statutes regarding the organization of the office of the State Treasurer are Section 3485, fixing the annual salaries of the personnel of the Treasury Department, and Section 3481, fixing the salaries of elective officers. This latter section was amended by Chapter 138 of the Session Laws of 1933 to reduce the salary of the State Treasurer from \$5,000 to \$3,600 per annum.

Internally the State Treasurer's office is divided into (1) The Office of the Treasurer; (2) the Cashier's Division; (3) the Bookkeeping Division; and (4) the Bond and Securities Division.

The personnel of each of the above divisions and the annual salaries paid are given below, together with the length of state service of the occupants of the respective positions at the time of our survey:

Position	Annual Salary	Continuous State Service				
		Present Position			Other	
		Year	Month	Day	Year	Month
Office Proper of State Treasurer:						
State Treasurer -----	\$ 3,600	--	--	5	--	--
Assistant Treasurer -----	3,600	--	1	--	--	--
Chief Accountant -----	2,100	4	--	--	4	--
Stenographer -----	1,800	4	--	--	--	--
Total -----	11,100					
Cashier's Division:						
Cashier -----	2,040	4	--	--	--	--
Assistant Cashier -----	1,620	--	1	--	1	6
Remittance Clerk -----	1,500	4	--	--	--	--
Utility Clerk (extra help) -----	1,800	1	8	--	--	--
Bookkeeper (stenographer) -----	1,500	--	1	--	--	--
Total -----	8,460					
Bookkeeping Division:						
Warrant Clerk -----	1,800	4	--	--	--	--

¹Const. Art. X, Sec. 21.

²Stat. 1931, Chap. 27, Art. 6.

³Stat. 1931, Sec. 3564 as amended.

⁴Stat. 1931, Art. 26, Chap. 34.

Position	Annual Salary	Continuous State Service				
		Present Position			Other	
		Year	Month	Day	Year	Month
Bookkeeper -----	1,500	4	--	--	--	--
Bookkeeper -----	1,500	--	7	--	--	--
Bookkeeper -----	1,500	1	--	--	--	--
Total -----	6,300					
Bond and Securities Division:						
Registrar -----	2,040	--	--	30	--	--
Assistant Registrar -----	1,500	--	11	--	--	--
Total -----	3,540					
Total Salaries -----	29,400					
Other Expenses -----	15,275					
Total Annual Cost -----	\$44,675					

Discussion of Treasurer's Office. The accounting system now employed in the Treasurer's office collects the financial data needed by him to account for all receipts and the disposition of all moneys coming into his possession. It does not, however, record the data in the most usable form for administrative and statistical purposes. This is due to the "old fashioned" methods of bookkeeping now in vogue, to existing law establishing the so-called revolving funds for practically all departments and institutions, and to the manner in which governmental revenues are now retained in, and governmental cost payments are now made out of, the state depository accounts. The bookkeeping system is also deficient because no standard revenue and fund classifications have been established for the guidance of the state departments and institutions. Such classifications are absolutely essential to the operation of a simplified and effective accounting system.

The failure to have an up-to-date system of treasury accounting and reporting does not lie wholly with the Treasurer, since the legislatures in the past have created many so-called revolving funds, and have by general law authorized many expenditures out of the depository accounts of the departments and institutions, which make it impossible for the Treasurer, who now merely acts as a banker for these moneys, to exercise any control over their disbursement. These moneys are not budgeted and the vouchers are not pre-audited and warranted out by the State Auditor as are those moneys "covered in" to the Treasury to the credit of the general revenue and special funds. Our recommendations of the changes in law needed to correct this condition and an outline of the kind of accounts which ought to be maintained by the Treasury Department are hereinafter described under the caption, "Accounting and Reporting."

The State Auditor. The Constitution¹ makes provision for a State Auditor. It provides that he shall perform such duties as may be prescribed by law. He, like the Treasurer, is elected by the people at the same time as the Governor; holds office for four years; is not eligible immediately to succeed himself; must be not less than 30 years of age, and must have been a qualified elector for three years preceding his election.

The Auditor is a member of the Executive Department and is required to give a bond of \$50,000. He is ex-officio a member of the Board of Commissioners of the Land Office² and the State Board of Equalization.³

Functions of Auditor. The only provision in the Constitution with respect to the functions of the State Auditor is that he shall perform such duties as may be prescribed by law. The principal duties of this officer are given in Article VI, Chapter 20, of the Oklahoma Statutes, 1931. The State Auditor is the chief accounting officer of the state. It is his duty to keep the central accounting records of all receipts, all disbursements, and all assets and liabilities of the state government; to apportion all receipts received into the State Treasury to the proper funds, and to pre-audit all claims against the state government, except certain special funds administered by

¹Art. VI, Secs. 1, 3 and 4.

²Const., Art. VI, Sec. 32.

³Const., Art. X, Sec. 21.

various examining boards permitted by law¹ to disburse their receipts independently of the State Auditor. His other fiscal duties in addition to those enumerated are: To issue and exchange registered bonds; to publish notice of the establishment of and change in the State Fiscal Agency; to maintain a record of all written contracts; to issue all warrants on the State Treasurer for the payment of all claims pre-audited by him; to record and disburse all trust moneys of insane persons deposited in the State Treasury;² to make quarterly audits of all persons or corporations with whom the Governor shall contract for the treatment, care and maintenance of insane persons;³ to make deductions of 25 per centum from the monthly salaries of state officers and/or state employees who are delinquent on loans made to them by the Commissioners of the Land Office;⁴ to make a monthly report to the State Treasurer of all transactions recorded on his bookkeeping records; to make a semi-annual report to the Governor of all transactions of his office; to submit a biennial report to the legislature at the beginning of each regular session; and to supply the Budget Office, on or before the first day of November, biennially, in the even-numbered years, with the following statements classified and itemized in strict accordance with the budget classifications adopted by the Governor.⁵

1. A statement showing the balance standing to the credit of the several appropriations for each department, bureau, division, officer, board, commission, institution or other agency or undertaking, of the state at the end of the last preceding appropriation year.

2. A statement showing the monthly expenditures and revenues from each appropriation account, and the total monthly expenditures and revenues from all the appropriation accounts, including special and all other appropriations, in the twelve months of the last preceding appropriation year.

3. A statement showing the annual expenditures in each appropriation account, and the revenues from all sources, including expenditures and revenues from special and all other appropriations, for each year of the last two appropriation years with a separate column showing the increase and decrease for each item.

4. An itemized and complete financial balance sheet for the state at the close of the last preceding fiscal year ending June 30.

5. Such other statements as the Governor shall request.

Organization and Cost of Auditor's Office. The only provisions in the statutes regarding the organization of the State Auditor's office are Section 3486, fixing the salaries of the personnel of the Audit Department, and Section 3481, fixing the salaries of elective officers. This latter section was amended by Chapter 138 of the Session Laws of 1933, to reduce the salary of the State Auditor from \$6,000 to \$3,600 per annum.

The Auditor's office is divided into (1) The office of the State Auditor; (2) the Pre-audit Division; (3) the Warrant Division, and (4) the Bookkeeping Division.

The personnel, the functions of each of the above divisions, and the annual salaries paid are given below, together with the length of state service of the occupants of the respective positions at the time of the survey.

Position	Annual Salary	Continuous State Service			
		Present Year	Position Month	Other Year	Other Month
Office Proper of State Auditor:					
State Auditor	\$ 3,600	--	1	8	--
Assistant Auditor	2,400	8	--	--	--
Secretary and Stenographer	1,800	--	1	--	--
Total	7,800				
Pre-Audit Division:					
Claim Auditor	1,800	10	--	--	--
Assistant Claim Auditor	1,800	--	1	--	--
Total	3,600				

¹Laws, 1933. Chap. 88.

²Stat. 1931, Sec. 5035.

³Stat. 1931. Sec. 5047.

⁴Laws, 1933. Chap. 188.

⁵Stat. 1931, Sec. 5370.

Position	Annual Salary	Continuous State Service			
		Present Position		Other	
		Year	Month	Year	Month
Warrant Division:					
Chief Warrant Clerk -----	1,800	12	--	--	--
Warrant Clerk -----	1,500	--	1	--	--
Warrant Clerk -----	1,500	--	1	--	--
Warrant Writer ¹ -----	1,200				
Total -----	6,000				
Bookkeeping Division:					
Chief Accountant -----	2,400	--	1	--	--
Assistant Accountant -----	1,800	--	1	--	--
Appropriation Bookkeeper (Chief Clerk) -----	1,800	--	1	--	--
Revolving Fund Clerk -----	1,800	--	1	--	--
Bookkeeper -----	1,500	--	1	--	--
Clerk -----	1,500	--	1	--	--
Stenographer -----	1,500	--	1	--	--
Total -----	12,300				
Total Salaries -----	29,700				
Other Expenses -----	2,320				
Total Annual Cost -----	\$32,020				

Office Proper of State Auditor. The State Auditor has general supervision over the work of the Auditor's office. In addition, part of his time is devoted to ex-officio duties. The immediate supervision of the work of the office is by the Assistant Auditor.

Pre-Audit Division. The function of this division is that of pre-auditing all purchase claims, contract vouchers and payrolls submitted for payment out of those funds (moneys) "covered in" to the Treasury; that is, the General Revenue Fund and the so-called cash funds representing earmarked receipts or special revenues restricted by the legislature for specific purposes.

The audit work of this division excludes the checking of those vouchers submitted for payment by the State Board of Public Affairs. The examination now made by that Board is accepted by the State Auditor except that such claims are reviewed to see that the required certifications and approvals are present and that the correct appropriation symbol is indicated on the approved vouchers.

The pre-audit as now conducted is deficient in the following respects: (1) The vouchers are not audited against contract prices, except construction contracts; (2) the claims are not audited against agreed prices contained in open-market purchase orders; (3) the payrolls are not audited against agreed salary and wage rates; (4) travel vouchers are not audited against authorized travel orders; and (5) the warrants issued are mailed to the approving officers originating the transactions for delivery to the payees.

The pre-audit falls short in the above respects because purchase contracts are not now filed with the State Auditor as required by Section 3565 of the Oklahoma Statutes, 1931; copies of purchase orders are not forwarded to the Auditor's office at the time of issuance nor are they transmitted with the claims when submitted for payment; no standard travel regulations have been promulgated for the guidance of officers and employees authorized to travel within and without the state; and, finally, no payroll records are maintained to check the names and rates of persons appearing on payrolls submitted for payment—the only personal service payments now subject to audit are those persons appearing on the regular statutory rolls since the state government has not established a routine for notifying the Auditor of the persons employed and of the rates of pay authorized by the Governor or by heads of departments and institutions. The Auditor now pays without question the persons listed on the payrolls at the rates certified by the heads of departments.

Warrant Division. The function of this division is that of preparing and signing all warrants issued in the payment of claims submitted to it for payment; of supplying the chief accountant with a daily statement of warrant disbursements, and of mailing these warrants to the approving officers for delivery after certification of the warrants by the State Treasurer's office as to whether the warrants are "payable" or "non-payable"—

¹Paid from Highway Fund.

that is, whether money is available in the Treasury to pay the warrants upon presentation.

Bookkeeping Division. The functions of the bookkeeping division of a central accounting office are ordinarily: (1) The maintenance of all registers and records of original entries not maintained in the receipts and warrant (disbursement) division; (2) the maintenance of subsidiary and detail ledgers, such as individual appropriation and allotment accounts; (3) the keeping of control accounts for the fund group and the proprietary group; and (4) the preparation of financial and statistical statements.

These, however, were not the functions being performed at the time of the survey, in that: (1) No central control accounts were maintained to record and control all moneys received and disbursed by the State Treasurer; (2) no accounts were maintained to produce proprietary and budget balance sheets, except some general accounts which have no significance, except to summarize cash and warrant transactions of the so-called "Treasury Account No. 1," which represents the receipts and disbursements of the general fund and certain special funds known as "Cash" funds on the Auditor's books; (3) no fund distinctions were made in collecting the expenditure data by functions, organization units and objects of expenditure; (4) the records of revolving funds of departments and institutions were largely memorandum accounts; (5) the records of the depository accounts were purely memorandum accounts; (6) no control accounts were maintained of the endowment of trust funds received and disbursed by the Commissioners of the Land Office; (7) no periodical reports were being made to the Governor and to the heads of departments to show the standing of appropriation and special fund accounts; (8) the financial statements published in the State Auditor's Biennial Report contained no statements to display the results of operations under legislative appropriations, since they were primarily statements of receipts and warrant disbursements. No attempt was made to compare expenditures with amounts appropriated. The financial statements were, therefore, of little service for budget making or for controlling budget operations.

Discussion of Auditor's Office. Reference to the organization outline discloses that the present State Auditor upon taking office, January 14, 1935, retained but three of the staff employed by his predecessor; and none familiar with the bookkeeping details of his office. This practice of replacing trained employees every four years has been the custom since statehood. The absence of a merit system offers little incentive to state employees to become proficient in their respective jobs. The constant training of new and inexperienced employees, who, without knowledge of governmental bookkeeping, of state laws, and of rules and regulations governing the receipt and disbursement of public moneys is not only expensive but no doubt accounts for the inadequate and antiquated methods now employed in the State Auditor's office. This office as now operated is little more than a warrant issuing and record office.

The framers of the budget law and Chapter 159, Session Laws, 1915, contemplated that the State Auditor would maintain all those accounts needed to control and report the financial operations of the state government. An examination shows, however, that the present system does not even supply him with the data needed to report the exact standing of the appropriation accounts much less a ". . . complete financial balance sheet for the state at the close of the last preceding fiscal year . . ."

The absence of uniform classification of funds, appropriations, revenues and expenditures and the present pen and ink system of bookkeeping precludes the ready preparation of current financial data such as that outlined in the budget act.

The Auditor has no control at the present time over the receipt and disbursement of any funds of the state government other than the general fund and the so-called special (cash) funds, the receipts of which are "covered in" to the State Treasury. He has no effective control over the moneys now deposited in the so-called revolving funds and no control whatever over the moneys deposited in and paid out of the depository accounts of the departments and institutions.

In view of the fact that this report recommends that the duties of the State Auditor be restricted to post-auditing and examining the financial operations of the state departments and establishments, eventually the State Auditor's duties should be ex-

tended to the audit and examination of the fiscal affairs of local governments. Consideration should also be given to amending the Constitution to require the State Auditor to be elected by the legislature.

State Examiner and Inspector. The State Examiner and Inspector is a constitutional officer and is eligible to succeed himself. He must have had at least three years' experience as an expert accountant, in addition to the usual qualifications required of state elective officers.¹ He is a member of the Executive Department and is required to give a bond of \$15,000. He is ex-officio a member of the State Board of Equalization.

Some of the duties of the Examiner and Inspector are laid down in the Constitution. These include the duty of prescribing a uniform system of bookkeeping for the use of all treasurers, and of examining at least twice in each year, without previous notice, the books, the accounts, and the cash on hand or in banks, in charge of the State Treasurer and each county treasurer. A report of the examination must be published at least once each year. Statutes supplement the Constitution in respect to the examiner's duties. His statutory duties, as given in Article II of Chapter 20 of the Oklahoma Statutes, 1931, are: To audit the accounts of the State Treasurer and county treasurers semi-annually; to audit the accounts of all county offices every two years;² to make annual and special audits of the Highway Commission and State Tax Commission; to audit each year the books of the Conservation Commission; to audit annually all other state departments; to examine and report at least once each year upon the books and financial accounts of all state educational, penal, and eleemosynary institutions; to prescribe and enforce correct methods of accounting in all state institutions; to prescribe an effective system of accounting for the Commissioners of the Land Office;³ to prescribe a uniform system of bookkeeping for the Free Fair Boards, and to devise and install a uniform system of bookkeeping for the State Treasurer, county treasurers and all other county offices. In addition, he is required to examine and report his findings to the Governor in the report required to be filed quarterly by the State Board of Affairs;⁴ to audit the accounts of all drainage and irrigation districts; to audit the books and accounts of independent school districts upon the written request of 25 per cent of the legal voters of such districts; to examine and report his findings on each and every claim filed for refund of the gross production tax; and finally, he is required to render an annual report to the Governor on the first day of November of each year to "report statistics of the state institutions, of the county and state finances ascertained by him, which report shall be printed to the number of five hundred copies and shall be included with other officers' reports in the volume of executive documents."⁵

Organization and Cost of Office of State Examiner and Inspector. The qualifications and salaries of the regular assistants for the State Examiner and Inspector are fixed in Sections 3509 to 3515 of the Oklahoma Statutes, 1931. Other examiners are authorized in Section 10109 for the Highway Commission audit, the expense of which is not to exceed \$9,000 per annum; and additional assistants are also authorized by Chapter 40, Session Laws, 1933, to perform the biennial and special audits of all county officers who collect or disburse moneys, fees, fines, or public charges of any kind including tax rolls, and an audit of each of the Justices of the Peace within each county. These assistants are paid by the counties out of the special levy authorized for such purpose in Section 5 of said act. This law fixes the salaries of the head deputy examiners and assistants at the same salary and expenses provided by law for the regular staff.

The internal organization of the **regular** personnel of the State Examiner's office, as of March 1, 1935, is given below:

¹Const., Art. VI, Sec. 19.

²Const., Art. X, Sec. 21.

³Laws, 1933, Chap. 40.

⁴Laws, 1933, Chap. 189.

⁵Stat. 1931, Sec. 3578. Now filed annually.

⁶Stat. 1931, Sec. 3731.

Position	Annual Salary	Continuous State Service			
		Present	Position	Other	
		Year	Month	Year	Month
Office Proper of the Examiner and Inspector:					
State Examiner and Inspector -----	\$ 3,000 ¹	8	2	--	--
Assistant Examiner -----	2,400	--	1	3	3
Total -----	5,400				
Departmental Audits:					
Head Deputy Examiner -----	2,400	5	6	2	--
Deputy Examiner -----	2,000	5	6	--	--
Deputy Examiner -----	2,000	1	6	--	--
Total -----	6,400				
Penal and Eleemosynary Audits:					
Head Deputy Examiner -----	2,400	5	6	2	--
Deputy Examiner -----	2,000	2	1	--	--
Total -----	4,400				
State Educational Audits:					
Head Deputy Examiner -----	2,400	2	--	3	8
Deputy Examiner -----	2,000	4	--	--	--
Total -----	4,400				
County Treasury Audits:					
Head Deputy Examiner -----	2,400	5	6	2	--
Deputy Examiner -----	2,000	7	4	--	--
Deputy Examiner -----	2,000	3	7	--	--
Deputy Examiner -----	2,000	3	6	--	--
Deputy Examiner -----	2,000	2	9	--	--
Total -----	10,400				
Report Section:					
Deputy Examiner -----	2,000	10	3	--	--
Clerk -----	1,500	3	--	--	--
Stenographer -----	1,500	8	--	--	--
Stenographer -----	1,500	3	9	--	--
Total -----	6,500				
Total Salaries -----	37,500				
Other Expenses -----	15,313				
Total Annual Cost -----	\$52,813				

It will be observed that the length of services of the regular staff of this office ranges from one and one-half years to ten years and three months. This is probably due to the requirement that the examiners must have had at least three years' experience in municipal accounting in the state, and because the present State Examiner and Inspector has been in office for over eight years.

Discussion of State Examiner. The State Examiner is now performing work in two fields; Accounting and auditing. He is now required to make 342 audits a year of which 154 are audits of county treasurers' office. He has never audited the State Auditor's office. He has never been in a position to keep his work current because of legislative restrictions on the number of examiners he may employ.

The State Examiner has managed to outline a uniform system of accounting and reporting for all state institutions, conforming to the standard expenditure classifications promulgated by the Governor under the Budget Act of 1919, and he has installed a uniform system of accounting for county treasurers and county governments; but these systems need modernization, particularly the system prescribed for local governments. This has not been accomplished largely because of the small force appropriated for heretofore, and because of the difficulty of obtaining men qualified in modern government accounting at the salaries fixed by the legislature. He has also devised a combined warrant register and appropriation ledger for the state departments; but this book falls far short of the departmental system needed to be of real service to the administrative officers in accounting for all receipts, deposits, and appropriation and special fund expenditures.

In our examination of the system now in use, it was noted particularly that no uniform classifications of funds, receipts, and appropriations have been promulgated

¹Salary reduced from \$5,000. Laws, 1933, Chap. 138.

for the guidance of the departments and state institutions. The absence of such classifications no doubt accounts in part for the inadequate reports now submitted by the State Auditor's office, the State Treasurer's office, and the operating departments and institutions of the state government.

The difficulties which now arise from having the Governor promulgate the budget and accounting classifications, and the State Examiner and Inspector prescribe the accounting systems of state departments and institutions should be obviated by assigning all such functions to one official. Neither the State Examiner and Inspector nor the Governor should possess these functions. These should be the functions of a central accounting office.

State Depository Board. This is an ex-officio body composed of the Governor, Attorney General and State Treasurer. The duties and responsibilities of this Board are outlined in Article 6 of Chapter 27, Oklahoma Statutes, 1931, as amended by Chapter 207, Session Laws, 1933. Its specific duties are: To select qualified banks within the state as depositories; to designate the State Fiscal Agency in New York as a state depository for those moneys which the Oklahoma banks decline to accept because of the requirement that the banks put up legal securities to secure deposits and at the same time pay interest¹ on average daily balances; to investigate, examine, and approve the securities deposited by the banks to secure state deposits; and to fix a uniform general rate of interest on the average daily balances of all public funds deposited in the various depository banks by the treasurers of all political subdivisions of the state.

The deposits are limited to the amount of approved legal securities pledged by the depository banks. However, the depository banks insured by the Federal Deposit Insurance Corporation are required to secure proper collateral only for sums deposited in excess of deposits insured by such Corporation.² The banks are required to collect free of charge to the state all drafts, bills of exchange, and checks deposited by the several treasurers and other officials having the custody of public funds. The banks are also required to send the Treasurer a check each month for the amount of interest earned on deposits, and to render a quarterly report of all deposits, withdrawals and balances, including accrued interest belonging to the state.

This Board has no personnel other than its ex-officio members. The detail work of the Board is performed by the personnel of the Treasurer's office.

State Bond Commissioner. The Attorney General is ex-officio Bond Commissioner. His functions as such are those given in Article 5 of Chapter 27 of the Oklahoma Statutes, 1931, and Chapter 164 of the Session Laws, 1933; namely: To prepare standard forms and prescribe the procedure to be employed by the state government and its political subdivisions in the issuance of public securities and bonds; to examine into and pass upon all securities to be issued; and to issue certificates declaring the validity of the bonds and/or notes issued. In performing these duties the Attorney General is not confined to the determination of whether or not the forms of procedure have been complied with; but he may examine into all the facts and conduct of the officers, as to the good-faith performance of their duties incident to such issue imposed upon them by law.³

All of the bonds and/or notes issued by the state government are registered and recorded in the State Auditor's office and the State Treasurer's office. In addition, the State Auditor registers and issues a certificate of registration for all funding, refunding, court house, jail, and school building bonds issued by the political subdivisions of the state.⁴ The Attorney General has no special personnel engaged upon this work. The time required for the examination and issuance of bonds is contributed by his regular staff.

State Fiscal Agency. The selection of the State Fiscal Agency is made by the Governor.⁵ The law requires the chief executive to designate a national bank or trust com-

¹H. B. No. 198, Regular Session, 1935, authorizes the Depository Board to fix a uniform general rate semi-annually.

²H. B. K. O. 26, Laws, 1935.

³*Board of Education v. Short*, 89 Okla. 2, 213 Pac. 857.

⁴Stat. 1931, Secs. 5937, 6735, and 7509.

⁵Stat. 1931, Art. 2, Chap. 27.

pany in the City of New York, which is a member of the Federal Reserve system as the fiscal agency of the state. To qualify, the bank or trust company selected may, in the discretion of the Governor, be required to give a bond to the state double in amount of state moneys which it may have in its custody at any one time. It is the duty of this agency to pay such bonds or coupons of the state, or any county, city, school district or board of education, as may be payable in the City of New York. To finance such payments the State Treasurer and all local government treasurers are required to remit to the State Fiscal Agency, at least 15 days before the maturity of the bonds and coupons, a sufficient sum of money for the redemption of the bonds due and the coupons to be paid by the Agency, together with the commission to be paid, not to exceed one-fourth of one per cent, for the disbursement of the moneys so deposited.

The State Fiscal Agency is paid one-fourth of one per cent on the total amount of state money disbursed by it in the redemption of matured bonds and coupons. The state government's cost is only nominal in that its outstanding bond and note indebtedness is small. The disbursements made by the Fiscal Agency together with the amount of the commissions paid by the state government during the past seven fiscal years are tabulated below :

Fiscal Year	Total Principal and Interest	Principal	Interest	Commissions Paid
1930 -----	\$ 43,927.50	\$ 35,000.00	\$ 8,927.50	\$ 96.95
1931 -----	36,057.50	28,500.00	7,557.50	90.14
1932 -----	6,425.00	-----	6,425.00	16.07
1933 -----	17,705.10	10,000.00	7,705.10	44.27
1934 -----	1,350,508.75	1,219,500.00	131,008.75	3,376.27
1935 (to Jan. 28, 1935) -----	255,630.00	192,500.00	63,130.00	639.07
Total -----	\$1,710,253.85	\$1,485,500.00	\$224,753.85	\$4,262.77

The State Board of Public Affairs. This Board, in addition to its strictly institutional responsibilities, is charged with the construction, repair and maintenance of all buildings, used or occupied by or on behalf of the state, and with making all purchases of all departments and institutions, with certain exceptions. The financial and business functions exercised by this Board over the operations of the departments and institutions are performed under the authority of Article 7, Chapter 20, of the Oklahoma Statutes, 1931. These relate primarily to the control exercised over purchase and contract expenditures of the departments and establishments; to the final audit and approval of all claims filed with the Board for payment of purchases or other obligations incurred by it or under its authority; to the employment, subject to the approval of the Governor, of certified public accountants or auditing companies "to audit the books, records and files of all state commissions and departments";¹ to the employment of a field auditor to audit the accounts and physical properties of all state penal and eleemosynary institutions; to the maintenance of a set of books which largely duplicate the appropriation accounts now maintained in the State Auditor's office; and to receive, review, compile and file all departmental and institutional quarterly reports of accounts receivable, other than taxes, over 60 days old with the Attorney General's office for collection. This latter office is charged by law² with the duty of instituting the necessary proceedings to collect all items of indebtedness reported to it by the Board of Public Affairs.

The Board of Public Affairs maintains an auditing and bookkeeping division to perform its audit and accounting duties. The personnel and the annual salaries paid to those employees engaged in this part of its work are given below, together with the length of state service of the occupants of the respective positions at the time of our survey:³

¹Stat. 1931, Secs. 3593, 3594.

²Stat. 1931, Sec. 3423.

³The organization and personnel engaged in the purchasing work are given in Chapter XIX.

Position	Annual Salary	Continuous State Service			
		Present		Other	
		Year	Month	Year	Month
Field Auditor -----	\$ 2,400	4	--	--	--
Claim Auditor -----	1,800	4	--	--	--
Assistant Claim Auditor -----	1,500	--	3	--	--
Bookkeeper -----	1,800	1	--	--	--
Total -----	\$ 7,500				

The field auditor is engaged primarily in post-auditing the institutions under the Board.

Under the suggested reorganization of the fiscal affairs of the state government, it is proposed to confine the State Auditor's functions to that of inspecting and post-auditing the fiscal transactions of all departments, boards, commissions, agencies, and institutions of the state government. If this recommendation is approved, it follows then that the institutional audit work and the field audit position now authorized for the Board of Public Affairs should be transferred to the State Auditor's office. It also follows, since it is proposed to centralize all pre-audit and bookkeeping work in the proposed State Comptroller's office, that this work, and the three positions now authorized for the Board of Public Affairs, should be transferred to this proposed office, if created.

Conclusions and Recommendations. At the time of the survey, Oklahoma had ten agencies, including the State Tax Commission, exercising some degree of control over the financial operations of the state government. Complete information with regard to the financial condition and operations of the government could not be obtained from the State Auditor's records or reports. To procure the financial and statistical data contained in this report, it was necessary to search: (1) The published and unpublished reports of the five agencies having to do directly with the maintenance of financial records; and (2) the published and unpublished reports of the State Examiner and the other departments and institutions of the state government.

The accounting functions are now diffused and improperly assigned. For example, the State Examiner and Inspector is charged with the duty of devising and installing uniform accounting systems in some state departments and in all state institutions; the Governor is charged with the duty of establishing uniform budget classifications, and the State Auditor is charged with the duty of keeping the appropriation or other central control accounts. Finally, the examination and approval of claims against the state government is the responsibility of three different state agencies: The State Auditor, the State Board of Affairs, and the State Examiner and Inspector.

To effect a better coordination of the financial organization and an improved administration of the financial affairs of the state, a Comptroller's Office should be established in the Executive Department; this office should be headed by a State Comptroller appointed by the Governor without term, and directly responsible to him; and that this office be composed of the following divisions and sections:

Office of State Comptroller

Budget Division

Division of Central Accounting and Reporting

- 1. Pre-Audit Section*
- 2. Warrant Section*
- 3. Bookkeeping Section*
- 4. Reporting Section*

The office of State Comptroller should be generally responsible for the conduct of the work of all of the divisions of the Comptroller's office, and, in addition, he should be the administrative head of the Budget Division. The Budget Division should be in immediate charge of the State Comptroller. It should take over the work of the present budget officer; and, in addition, should execute the budget after adoption by the legislature. The functions of this division should be: (1) To prepare the budget document and draft the legislation to make it effective; (2) to make field surveys and studies

of governmental agencies looking toward economy and greater efficiency; (3) to make allotments to control expenditures; (4) to authorize transfers of appropriations authorized by law; (5) to study the accounting and other reports rendered by the central accounting office and departmental services; and (6) to aid the Governor in the economical management of state affairs.

At the head of the Division of Central Accounting and Reporting should be an assistant state comptroller, whose functions would be that of a chief accountant. This division should take over the accounting and auditing duties now performed by the claim audit and bookkeeping sections of the State Board of Public Affairs; the pre-audit of claims now performed by the State Examiner and Inspector's office; the settlement and audit of claims and bookkeeping work now performed by the Pre-Audit Division, the Warrant Division, and the Bookkeeping Division of the present State Auditor's office. In addition, there should be transferred to this division the duty of preparing uniform budget and accounting classifications now delegated to the Governor, and there should also be transferred to it the work of installing modern accounting methods in the state departments and institutions now delegated to the State Examiner and Inspector. The positions now authorized for this work in the several offices, and the equipment now used by the personnel of these offices, should also be transferred to the State Comptroller's office, when this office is created by the legislature. The functions of this division will be: (1) To settle and issue all warrants liquidating all claims payable by the state; (2) to verify the distribution and issue state warrants for the distribution of all taxes and other dues collected for local governments; (3) to superintend the recovery of all debts due the state government; (4) to keep the Central Budget and Proprietary Accounts¹ of the state government; (5) to prepare and issue financial and accounting reports periodically, at least quarterly; (6) to prescribe all forms, systems, and procedure for administrative accounting in the several departments and establishments; (7) to certify to the Comptroller, for his approval, each and every requisition by a duly accredited disbursing officer for an advance of funds from the Treasury; and (8) to establish a pre-audit system of settling claims either for the entire state government or for any bureau or bureaus of departments thereof, under which system vouchers supporting proposed payments would be submitted to the Comptroller for audit and payment.

If the recommendation to create an office of State Comptroller is approved, then the following recommendations are pertinent to the complete reorganization of the present financial structure of the state government:

The Budget Office should be abolished.

The present budget law should be repealed and a new budget law should be enacted similar to that outlined later in this chapter.

A Budget Division should be created in the proposed Comptroller's Office, having the duties and responsibilities outlined in recommendations later made.

The State Treasurer should eventually be appointed by the Governor.

All laws requiring the issuance of warrants by the State Auditor should be amended to substitute the title "State Comptroller" for "State Auditor" so that all warrants on the Treasurer will be drawn by the State Comptroller.

The Treasurer's office should maintain detail income accounts to collect accounting and statistical data needed to report by distinct class of funds the sources of all receipts credited to each fund; and his records should also collect these data by titles of the agency collecting and depositing moneys in the State Treasury.

The State Comptroller should install a more up-to-date and coordinated system of treasury accounting in the State Treasurer's office, so that the cash condition of each distinct fund and the sources of all receipts covered into the Treasury may be readily ascertainable.

Eventually the State Auditor should be elected by the legislature.

¹Budget accounts are those accounts maintained to control the receipts and disposition of all funds, appropriations, and allotments. Proprietary accounts are those accounts relating to assets, liabilities, income, and expense.

The pre-audit and accounting and reporting duties of the State Auditor, as enumerated in the Oklahoma Statutes and Session Laws, should be transferred to the proposed State Comptroller's office.

The positions now listed under the Pre-Audit Division, the Warrant Division, and the Bookkeeping Division should be transferred to the proposed State Comptroller's Office.

The duties of the State Auditor should be restricted to post-auditing and examination of the financial operations of all state departments, boards, commissions, agencies, and institutions of the state government, including the proposed State Comptroller's office, and he should report his findings annually to the Governor and biennially to the legislature.

If the budget law is not repealed as recommended, it is suggested that item (2) of Section 5370 of the Oklahoma Statutes, 1931, requiring the Auditor to submit biennial reports to the Budget Office, compiled by months, be amended to require comparative statements by fiscal years.

If the recommendation to create a State Comptroller's office is not approved by the legislature, the State Auditor should be required to reform his present system of accounting and reporting to conform to the proposed system recommended later; and he should be required also to pre-audit all settlements on the basis of documentary evidence, such as contracts, open-market purchase orders, personnel papers, and the like.

If a State Comptroller's office is not created, the State Auditor should abandon his present practice of mailing all warrants issued by him to the approving officers for delivery to the payees.

Section 19 of Article VI of the Constitution should be amended by deleting those provisions directing the State Examiner and Inspectors (1) To audit the accounts of the State Treasurer semi-annually, and (2) to prescribe the kind of accounts to be maintained by the State Treasurer's office.

Eventually, this whole section should be repealed and all of the accounting functions should be transferred to the State Comptroller and all of the auditing duties to the State Auditor.

The work of post-auditing the financial records of the State Highway Commission and the State Tax Commission and the positions authorized for this work, and the work of post-auditing the financial records of all other state departments and establishments and the positions authorized for this work, should be transferred to the State Auditor's office.

The prescribing and installation of uniform accounting and reporting methods in all state departments and establishments and the positions authorized for this work, and the duty of examining and reporting on the claims for refunds of the gross production taxes should be transferred to the proposed State Comptroller's office.

The duties of the State Examiner and Inspector, for the present, should be restricted to the devising of uniform accounting systems for counties and the audit and examination of the financial records and reports of all local governments; and he should retain that part of his regular personnel engaged in county-treasury audits and all of the special assistants engaged in the audit of county offices.

The State Examiner and Inspector should organize a statistical section in his office; this section should be assigned the duty of collecting, compiling and publishing, at the close of each fiscal year, annual financial statistics reporting the financial condition and operations of all county governments.

The pre-audit and bookkeeping work now performed by the personnel of the State Board of Public Affairs, and the three positions now authorized for this work, should be transferred to the proposed State Comptroller's office.

The post-auditing of state institutions, now performed by the Board, and the position of field auditor, now authorized for this work, should be transferred to the State Auditor's office.

Section 3422 of the Oklahoma Statutes, 1931, should be amended, to direct the filing of the quarterly reports of accounts receivable with the State Comptroller's office.

Section 3423 of the statutes should be amended to authorize the State Comptroller to enforce collection of all accounts receivable, other than taxes.

FINANCIAL PROCEDURE

The process involved in the exercise of financial control fall into three distinct

classes: (1) Those having to do with the actual work of determining moneys due the government through an assessment or other process, the collection of the amounts so found to be due, their custody, their disbursement in accordance with appropriation acts and other provisions of law, and the management of public debt; (2) those having to do with the exercise of administrative control over the agencies having the performance of the foregoing duties through the determination, or settlement as it is termed, of claims for and against the government and the issuance of warrants therefor, the keeping of central control accounts, the preparation of the budget document and supervision over the budget as enacted; and (3) that of an independent examination or audit of the accounts of all officers having the duty of determining amounts due the government, and the receipts, custody and disbursement of public funds.

The first class of duties relate to the work of the State Tax Commission, and state collection agencies, and the State Treasurer.

The second class of duties relate to the work of a central financial control office; and these functions should be allocated to the proposed State Comptroller's office, which office should be under the immediate supervision of the Governor.

The third class of duties relate to the work of auditing, which is now performed in part by the State Auditor and in part by the State Examiner and Inspector; but, if our recommendations are approved, the State Examiner and Inspector's accounting and auditing duties will be restricted to local governments, and the State Auditor will be relieved of all ministerial pre-audit and accounting work in order that he may devote his full time to examining and post-auditing the financial operations of all state departments and institutions for the purpose of determining that all requirements by the legislature in respect to the assessment, collection, custody and disbursement of public funds have been duly complied with and that all state officers having the assessment, collection, custody or disbursement of public moneys can faithfully account for money coming into or that should come into their possession.

A State Budget System. Viewed broadly, a budget system embraces the operations of planning, determining, executing, and controlling. That is, the administration of the financial affairs of a government involves a continuous chain of operations, the links of which are: (1) Estimates of expenditure and revenue needs; (2) revenue and expenditure acts; (3) accounts; (4) audit; (5) reports.

In this chain of operations, the budget document finds its place as the instrument through which these several operations are correlated, compared, and brought under examination at one and the same time. The budget document, thus, is something more than a mere estimate of revenues and expenditures, as it is now in Oklahoma. It is, or should be, the document through which the Governor, as the authority responsible for the actual conduct of governmental affairs, comes before the legislature and makes a full report regarding the manner in which he and the department heads have administered affairs during the last completed fiscal year, in which he exhibits the present condition of the State Treasury, and, on the basis of such information, sets forth his program of work for the current year in progress and the ensuing biennial period, and the manner in which he proposes that such work shall be financed. Briefly, an effective budget system embraces the following features:

1. A budget agency directly under the Governor charged with the duties of: (a) Preparing the budget document and drafting the legislation to make it effective; (b) making field surveys and studies of governmental agencies looking toward economy and efficiency; (c) making allotments to control expenditures; (d) approving transfers of appropriations authorized by law; (e) studying the accounting and other reports rendered by the bookkeeping and reporting division of the central accounting office and departmental services; and (f) aiding the Governor in the economical management of state affairs.

2. An effective central accounting and auditing system to control the financial operations of the state government and to prevent the diversion of appropriations for unauthorized purposes.

3. An effective central disbursing system.

4. A comprehensive budget document prepared for submission to the legislature for its revision and adoption. This document should consist of three parts: First, the Governor's budget message in which he sets forth his program for meeting all expenditure needs of

the government for each of the years of the biennium to which the budget relates and certain summary financial statements; second, his recommendations for appropriations to meet the expenditure needs of the government from each general class of funds, classified by departments and establishments, and indicating for each the appropriations recommended for: (a) Cost of administration, operation, and maintenance of such departments and establishments and (b) appropriations recommended for land, public improvements, and other capital outlays; and third, a draft or drafts of appropriation bills and revenue and borrowing measures suggested for enactment in order to finance the appropriations recommended.

5. Mandatory submission by the departments and institutions of estimates of receipts and estimates of appropriations to the budget agency on or before a given date preceding each regular session of the legislature.

6. Prohibition of estimates or requests for appropriations being made directly to the legislature.

7. Requirement that the budget agency supply the legislative committees with such aid and information as they may request.

8. Execution of the budget by the Governor after enactment; that is, putting into effect the provisions of the revenue and appropriation acts. This feature should provide that appropriations made by the legislature shall not be available to the spending services until allotted by the Governor.

Present Budget Law. The existing budget law includes a number of the above provisions. It was enacted by the Seventh Legislature and was approved March 18, 1919.¹ It was amended in 1923² and, among other things, authorized the Governor to appoint a budget officer by and with the advice and consent of the Senate. The present law is embodied in the Oklahoma Statutes 1931 as Sections 5366 to 5378 inclusive. Briefly this law created a budget office and provided:

1. That the Governor shall prepare a uniform budget classification.

2. That all departments and institutions shall, on the first day of July biennially in even-numbered years, submit to the Governor, on official estimate blanks furnished by him, an estimate in itemized form showing the amount needed for each year of the ensuing biennial period beginning with the first day of July thereafter.

3. That the State Auditor shall, on or before the first day of December biennially in even-numbered years, prepare and submit estimates of the financial needs of the legislative and judicial branches of the state government. These estimates are not subject to revision by the Governor.

4. That the estimate blanks shall be uniform and shall clearly designate the kind of information to be supplied by the departments and establishments of the state government.

5. That the State Auditor shall furnish the budget office, on or before the first day of November biennially in even-numbered years, the following statements, classified and itemized in strict accordance with the budget classifications adopted by the Governor:

(a) A statement giving the status of all appropriations at the end of the last preceding appropriation (fiscal) year, classified by organization units and titles of appropriations.

(b) A statement "showing the monthly expenditures and revenues from each appropriation account, and the total monthly expenditures and revenues from all the appropriation accounts, including special and all other appropriations, in the twelve months of the last preceding appropriation year."

(c) A comparative statement of "the annual expenditures in each appropriation account, and the revenues from all sources, including expenditures and revenues from special and all other appropriations, for each year of the last two appropriation years, with a separate column showing the increase and decrease for each item."

(d) "An itemized and *complete financial balance sheet* for the state at the close of the last preceding fiscal year ending June 30"; and, finally,

(e) Such other statements as the Governor shall request.

6. That the Governor or his assistants shall survey the operations of all state departments and establishments on or before the first day of December biennially in even-numbered years in order that "he shall be in possession of working knowledge upon which to base his recommendations to the legislature."

¹Laws, 1919, Chap. 142.

²Laws, 1923, Chap. 48.

7. That upon request the departments and establishments of the state government shall furnish the Governor with any information desired by him in relation to their respective affairs or activities.

8. That the Governor shall hold public hearings on all the estimates to be included in the budget, which hearings shall be held during the month of November biennially in the even-numbered years.

9. That the Governor shall require the attendance at these hearings of the heads or responsible representatives of all state departments and establishments receiving or asking financial aid of the state government.

10. That the budget document shall be prepared by the budget officer under the supervision and direction of the Governor.

11. That the departmental and institutional estimates of the budget document shall be classified by function, character, and object, and that the document shall contain estimates and revenues and borrowings for each year of the ensuing biennial period.

12. That *within five days after the beginning of each regular session* of the legislature, the Governor shall submit to the presiding officer of each House printed copies of the budget document and tentative appropriation bills.

13. That the Governor shall accompany the budget with:

(a) A statement of the revenues and expenditures for each of the two appropriation years next preceding, classified and itemized in accordance with the official budget classifications adopted by the Governor.

(b) A statement of current assets, liabilities, reserves, and surplus or deficit of the state.

(c) A statement of the debts and funds of the state.

(d) A statement showing the governor's itemized estimates of the condition of the State Treasury as of the beginning and end of each of the next two appropriation years.

(e) An itemized and complete financial balance sheet for the state at the close of the last preceding fiscal year ending June 30.

(f) A general survey of the state's financial and natural resources, with a review of the general accounts, industrial and commercial condition of the state.

In taking action upon the budget recommendations of the Governor, the law provides:

1. That the appropriation committees of each House "*shall sit jointly in open sessions* while considering the budget, and shall begin such joint meetings within five days after the budget has been submitted * * *"¹

2. That the joint committee may require the attendance at their hearings of all heads or responsible representatives of the departments, institutions and other state agencies.

3. That the hearings shall be open to "all persons interested in the estimates under consideration."

4. That the Governor, or his representative, and the Governor-elect has the right to sit at the public hearings "and be heard on all matters coming before the joint committee."

5. That all bills introduced in either House carrying appropriations shall be itemized in accordance with the classifications used in the budget.

6. Finally, the budget law provides that the legislature may increase or decrease items in the budget bill "as it may deem to be in the interests of greater economy and efficiency in the public service, but neither House *shall consider further or special appropriations, except in the case of emergency, * * * until the budget bill shall have been finally acted upon by both houses.*"¹

Constitutional Provisions for Money Bills. The following provisions are incorporated in the Constitution with regard to appropriations:

1. No moneys shall ever be paid out of the State Treasury, nor any of its funds, nor any of the funds under its management, except in pursuance of an appropriation by law.²

2. No money shall be paid from an appropriation unless payment is made within two and one-half years *after passage* of the appropriation.³

3. Every law making an appropriation, or continuing or reviving an appropriation, shall distinctly specify the sum appropriated and the object to which it is to be applied.³

¹Stat. 1931, Sec. 5376.

²Stat. 1931, Sec. 5377.

³Const., Art. V, Sec. 55.

4. The general appropriation shall contain nothing but appropriations for the expenses of the executive, legislative, and judicial departments, and for the interest on the public debt.¹

5. No provision can be made in the general appropriation bill for increasing the salary of any state officer or employee, or for the payment of salary to the incumbent of any new position, until a law has been passed providing for the change in salary, or for the creation of the position and of fixing the salary therefor.¹

6. Clerical and all other positions created by law may be abolished or changed only by amending or repealing the law creating them, or by law enacted for that purpose.¹

7. No provision can be made in the general appropriation bill for increasing or diminishing the salaries fixed in an act of the legislature creating an office or a position.²

8. All appropriations other than those contained in the general appropriation bill must be made by separate bills, each embracing but one subject,¹ which must be described in its title.³

9. All appropriation bills must be submitted to the Governor, who may veto the bills in toto or disapprove any particular item or items,⁴ "but in order to veto any distinct item of an appropriation bill the Governor is required to disapprove the objectionable item in toto."⁵ Such a veto, total or partial, may be overcome by a two-thirds vote of the legislature.⁴

10. Subject to the special restrictions and limitations imposed by the Constitution, the legislature has the right to make appropriations at its own discretion, under the provision that "the authority of the legislature shall extend to all rightful subjects of legislation."⁶

The provisions of the Constitution relating to the financing of budget appropriations are:

1. That the legislature must provide by law for an annual tax sufficient, with other resources, to finance the *ordinary* expenses of the state government for the ensuing fiscal year.⁷

2. That whenever the expenses of any fiscal year shall exceed the income, the legislature may provide for levying a tax for the ensuing fiscal year, which tax with other resources shall be sufficient to pay the *deficiency*; as well as the estimated *ordinary* expenses of the government for the ensuing fiscal year.⁸

3. That the legislature shall levy an annual tax sufficient to pay *interest and principal of the state's debt*, if any, within 25 years from the final passage of the law creating the debt.⁹

4. That the legislature "shall have power to provide for the levy and collection of license, franchise, gross revenue, excise income, collateral and direct inheritance, legacy, and succession taxes; also graduated income taxes, graduated collateral and direct inheritance taxes, graduated legacy and succession taxes; also stamp, registration, production or other specific taxes."¹⁰

5. That debts may be contracted by the state to meet casual deficits or failure in revenues, or expenses not provided for, "but such debts direct and contingent, singly or in the aggregate, shall not at any time exceed four hundred thousand dollars * * *"¹¹

The Constitution also contains a provision with reference to reporting that is similar to Section 5371 of the Oklahoma Statutes, 1931. It is Section 33 of Article VI. This section requires all officers and commissioners of the state to make a semi-annual report to the Governor, and provides further that:

The Governor may, at any time, require information in writing, under oath, from all officers and commissioners of the State, and all officers of State Institutions, penal, eleemosynary, educational, and industrial on any subject relating to their respective offices and institutions; which information, when so required shall be furnished by such officers and managers, and any officer or manager who, at any time, shall make a false report, shall be punished as by law provided.

Other constitutional provisions relating to budget operations restrict the activities of the legislature. The legislature is forbidden to:

¹Const., Art. V, Sec. 56.

²*Teale v. Carter, State Auditor, et al.*, Okla. Appellate Court Reporter, December 1934, p. 614.

³Const., Art. V, Sec. 57.

⁴Const., Art. VI, Sec. 12.

⁵*Peebly v. Childers*, 95 Okla. 40, 217 Pac. 1049.

⁶Const., Art. V, Sec. 36.

⁷Const., Art. X, Sec. 2.

⁸Const., Art. X, Sec. 3.

⁹Const., Art. X, Sec. 4.

¹⁰Const., Art. X, Sec. 12.

¹¹Const., Art. X, Sec. 23.

1. Retire any officer on pay or part pay, or make any grant to a retiring officer.¹
2. Appropriate the public money for the establishment or maintenance of a Bureau of Immigration.²
3. Increase the number or emolument of its employees, or the employees of either House, except by general law, which shall not take effect during the term at which such increase was made.³
4. Authorize the state to make a donation to, or become an owner or stockholder in any company, association or corporation.⁴
5. Appropriate money borrowed by the state for a purpose other than that specified in the act authorizing the loan.⁵
6. Appropriate revenue from state taxes for a purpose other than that specified in the act levying the tax.⁶
7. Increase the salary or emoluments of any public official during his term of office, unless by operation of law enacted prior to such election or appointment.⁷

Statutory Provisions Governing Budget Operations. In addition to the budget law itself, there are two other statutes which form part of the budget control established by law. These relate to: (1) Deficiencies in appropriations, and (2) to the restrictions put upon the State Auditor in the matter of issuing pay warrants.

The anti-deficiency law of 1931⁸ makes it unlawful to overdraw an appropriation, thus creating deficiencies, except in emergencies, and then only after receiving the written consent of the Governor and an allotment from the Governor's Deficiency Fund. The appropriations to this fund were \$75,000 for each of the two years of the current biennial period. Any violation of this law makes the officer, agent or employee found guilty of such violation, subject to imprisonment of from 30 days to six months, to removal from office, to a fine of not less than \$500 and not more than \$1,000, and ineligible to hold any office under the laws of the State of Oklahoma for a period of two years after conviction.

The State Auditor's limitations with reference to the issuance or drawing of warrants is contained in Section 3568 of the Oklahoma Statutes, 1931. This section provides that it is unlawful for the State Auditor to issue his warrant on the Public Building Fund, Section 13 Funds, New College Funds, Game Protection Fund, General Revenue Fund or any other state fund or fund under the management of the state, except in pursuance of an appropriation act. And further, that no warrant shall issue out of any of the above funds after two and one-half years from the date of the passage of an appropriation act.

Present Budget Document. The budget report now submitted to the legislature is little more than a pamphlet of summary estimates of those funds now required by law to be appropriated biennially by the legislature. In general, it conforms to the legal requirements of the Budget Act with the exception of the financial statements supplied by the State Auditor under Section 3 of Chapter 142, Session Laws, 1919.⁹ It does not, however, conform in content and method of presentation to the generally accepted proforma budget report. Neither does it supply all the information required by the legislature to determine the financial status of any given fund or groups of funds. This is due, in part, to the fact that the central accounting system now in operation is faulty in that it does not produce the kind of financial data needed to report the financial condition and operations of the state government.

Appraisal of Present Budget System. The budget law as a whole indicates that its framers intended to centralize authority in the Governor for the presentation of

¹Const., Art. V, Sec. 47.

²Const., Art. V, Sec. 48.

³Const., Art. V, Sec. 49.

⁴Const., Art. X, Sec. 15.

⁵Const., Art. X, Sec. 16.

⁶Const., Art. X, Sec. 19.

⁷Const., Art. XXIII, Sec. 10.

⁸Stat. 1931, Secs. 3529, 3530.

⁹Stat. 1931, Sec. 5370.

a comprehensive work program to the legislature at the beginning of each regular session. In some respects, the law provides an opportunity for the preparation of a real budget document and the operation of an effective budget system. It requires the Governor to establish uniform budget classifications; it requires the departments and institutions to submit estimates of their requirements in accordance with these classifications; it requires the budget officer to make field surveys and studies of governmental agencies looking toward economy and efficiency; it requires the Governor to hold public hearings; and it requires the Governor to submit the budget document and tentative appropriation bills to both Houses of the legislature at the beginning of each regular session. In addition, it requires the State Auditor to submit estimates of revenue and certain financial statements to the Governor for incorporation in the budget document, and inferentially, it requires him to establish an effective central accounting system to record, control and report currently the financial condition and operations of the state government. Moreover, the law provides: (1) That the legislature, in taking action upon the budget recommendations of the Governor, shall sit jointly in open sessions while considering the budget; and (2) that neither house shall consider any supplemental or special appropriation bills, except in case of emergency, until the appropriations recommended by the Governor in the budget shall have been finally acted upon by both Houses.

Budget Law. The budget law provisions heretofore outlined, if effectively administered, would contribute largely to better financial management; but, because of the constitutional provisions hereinafter discussed, and because the budget law is not sufficiently embracing in its scope in other respects, the law is defective in accomplishing its purpose. Its primary defects are:

First, it requires the Governor to submit the budget document and tentative appropriation bills to the fund-raising and fund-granting body within five days after the beginning of each regular session of the legislature. The new Governor does not take office until after submission of the budget. This means that he, in addition to serving about five and one-half months of his term under appropriations made by the preceding legislature, must also administer appropriations recommended by his predecessor for the first two full fiscal years of his administration; unless, as a matter of courtesy, the outgoing Governor agrees to the appointment of an unofficial budget committee by the incoming Governor to review the estimates submitted, hold hearings, and prepare the budget for submission to the legislature by the **outgoing** Governor as his recommendations or proposals for the ensuing biennial period. Otherwise, the budget law now places each Governor in the position of operating under the plans of his predecessor for two and one-half years of his term. This can be remedied by legislation. Alabama solved this problem: (1) By requiring all state departments and establishments to submit their estimates of income and expenditures to the State Comptroller on or before October 1, next prior to each regular session; (2) by requiring the preparation of a tentative budget by the State Comptroller on or before November 1 next succeeding, and of transmitting this budget to the Governor; (3) by requiring the Governor to hold public hearings thereon not later than the ensuing month of December; (4) by requiring the Governor to invite the Governor-elect, the State Comptroller, the Chairman of the Appropriations Committee of the House and the Chairman of the Finance and Tax Committee of the Senate of the preceding legislature, to be present at such hearings and to participate in the hearings through the asking of questions or the expression of opinion in regard to the items in the tentative budget; (5) by requiring the new Governor, following his inauguration, to proceed with the formulation of his first budget and directing that he shall give such weight to the estimates of income, as prepared by the State Comptroller, and the estimates of expenditure requirements as submitted by the departments and establishments, and to the testimony elicited at the hearings thereon as he deems proper; and (6) that the Governor, following his inauguration, shall transmit the budget document and tentative appropriation bills to the legislature not later than February 15 of the year of each regular legislative session. The states of New Hampshire and Iowa have overcome similar situations by enactment of like provisions in their budget and accounting laws.

Second, it does not require the Governor to include a budget message in the budget document.

Such message should be required and should set forth:

The Governor's program for meeting all the expenditure needs of the government for each of the years of the biennium to which the budget relates, indicating the classes of funds, general or special, from which such appropriations are to be made and the means through which such expenditures shall be financed.

Financing statements giving in summary forms: (1) The condition of the Treasury at the end of the last completed fiscal year, the estimated condition of the Treasury at the end of the year in progress, and the estimated condition of the Treasury at the end of each of the two years to which the budget relates if his budget proposals are adopted by the legislature; (2) statements showing the bonded indebtedness of the government, debt authorized and unissued, debt redemption and interest requirements and the condition of the sinking funds; (3) a summary of the appropriations recommended for each of the years of the biennium of which the budget relates for each department and establishment and for the government as a whole, in comparison with the actual expenditures of the last completed fiscal year and the estimated expenditures for the year in progress; (4) a summary of the revenue, classified according to sources, estimated to be received by the government during each of the two years of the biennium to which the budget relates, in comparison with the actual revenue received by the government during the last completed fiscal year and the estimated income during the year in progress, and (5) such other financial statements, data and comments as in his opinion are necessary or desirable, to make known in all practicable detail the financial condition and operations of the government and the effect that the budget, as proposed by him, will have on such condition and operations.

Third, the present law does not require the Governor to make recommendations to the legislature in respect to the manner in which the budget is to be financed other than the inclusion of an estimate of revenue available to finance his appropriation proposals.

In the case of a deficit, the law should require the Governor to supply the legislature with his recommendations as to how the deficit shall be met, whether by the imposition of new taxes, increased rates on existing taxes, or otherwise; and if the aggregate of the estimated revenues, plus estimated available balances in the Treasury is greater than his recommended appropriations for the ensuing biennial period, he should be required to make recommendations with reference to the application of such surplus to the reduction of debt or otherwise, to the reduction of taxation, or each other action as in his opinion is in the interest of the public welfare.

Fourth, the law does not prohibit the heads of departments and establishments from advocating increases in the appropriations recommended by the Governor in his biennial budget. These advocates are not restricted to the departments headed by elected officials who feel little, if any, responsibility to the Governor in the matter of financial planning.

The Oklahoma budget law should contain a provision similar to Section 22 of the Iowa Budget and Accounting Act,¹ prohibiting the heads of departments and establishments from either advocating an increase of an item or of submitting any estimate to any committee of the legislature, unless at the request of either House of the legislature, and then only through the Governor and his budget officer, the State Comptroller.

Fifth, the law does not require the budgeting of all state funds. The only funds budgeted and appropriated biennially by the legislature are those moneys now covered into the Treasury to the credit of the unrestricted General Fund, certain educational funds, the Public Building Fund, and certain special funds.

While all earmarked receipts now funded to special funds need not be reappropriated each biennial period, there are considerable sums of money now disbursed from the so-called Revolving Funds and the State Depository Accounts which ought to be covered into the General Fund and special funds, be budgeted and appropriated biennially, and be expended only by the

¹Acts 45 G. A., Chap. 4.

issuance of state warrants. *These transactions and the operations of the so-called cash (special) funds should be reported in and be made part of the budget document.*

This is essential if the legislature is to be kept informed of the financial condition of these funds and the extent of their operations. This subject is discussed more in detail hereafter, under the caption "Accounting and Reporting."

Sixth, the law does not give the Governor authority to execute the budget after approval by the legislature. The budget law should be amended to delegate authority to the Governor to execute the budget after enactment of the revenue and appropriation bills. The Fourteenth Legislature recognized the necessity for this in the passage of the appropriation measures for the biennial period ending June 30, 1935. In these acts the legislature provided that the Governor should make quarterly allotments and that the State Auditor should "not issue warrants in excess of the approved estimates, neither shall the Board of Affairs, the Board of Agriculture, or other governing boards make contracts in excess of such estimates. . . ."¹ This provision, however, was found to be unconstitutional by the then Attorney General on the grounds that an appropriation bill can not include general legislation. The legislature should have amended the budget law.

To remedy this situation it is suggested that the budget law be amended and that the amendment provide: (1) That no appropriation shall be available for expenditure until allotted by the Governor; (2) that all appropriations are to be maximum, conditioned and proportionate appropriations, the purpose being to make the appropriations available in full in the amounts named, but only in the event that the estimated budget resources of each fiscal year of the biennium for which such appropriations are made, are sufficient to finance all of the appropriations in full; and (3) that the Governor shall restrict allotments to prevent an overdraft or deficit in any fund in any fiscal year for which appropriations are made.

Seventh, the law provides that the appropriations committees of each House shall sit jointly in open sessions while considering the budget and that the Governor, or his representative, and the Governor-elect has the right to sit at the public hearings "and be heard on all matters coming before the joint committee." The records do not indicate that such joint hearings have been held. Governor Trapp, in his message of January 6, 1925, commented on this subject, and said:

In order to secure a better harmony of action between the two Houses, that we may save time and obtain as high a *degree of efficiency* as possible, I most respectfully and urgently request that your honorable bodies appoint a Joint Committee on Appropriations and that such committee hold joint meetings as the budget law requires. That will enable the Budget Officer to be in attendance at all meetings and the committee will have the advantage of the knowledge he has gained of the various institutions and departments in his work of the past six months.

The two Houses can then work harmoniously toward a fixed total appropriation, bearing in mind the resources of the State as compared with the actual demands we will be required to meet. This work can be completed in this manner in half the time it has previously required, and we can work much more intelligently than has heretofore been possible.

The Budget Officer and the members of the State Board of Public Affairs, and the heads and executive officers of the several departments and institutions will be placed at the disposal of this Joint Committee throughout its sessions upon the institutional and departmental bills.

The inclusion of this provision in the budget law was for the purpose of facilitating the action of the legislature upon the appropriation recommendations of the Governor. It is a wise provision and if followed it ought to aid materially the two committees in arriving at the total appropriations to be made for the support of the government for the ensuing biennial period.

Finally, the budget law should provide for enforcement of the allotment provisions.

Therefore, it is suggested that this law be further amended to provide that in case of

¹Similar provisions are embodied in the appropriation acts for the biennium 1935-37. In view of the former Attorney General's opinion, there is a question as to whether this provision in an appropriation act is enforceable.

failure of any department or establishment to submit quarterly estimates within the time specified,¹ the Governor shall cause to be prepared such estimates for such department and establishment as in his opinion are reasonable and proper.

Constitution. The Constitution includes many provisions which ought to be embodied only in statutory law. Some of the financial provisions hinder the economical administration of governmental operations. The Constitution, for example, now prevents the Governor from proposing changes in the salaries and/or the abolishment of unnecessary positions in his budget document and proposed appropriation bills. These same provisions also make it impossible for the legislature to make changes in existing salary statutes in appropriation measures without first enacting or amending the particular law or laws creating the positions and of fixing the salaries of the positions created.

That part of Section 55 of Article V, which makes appropriations available for two and one-half years after their passage, should be repealed or amended.

This means that an appropriation for the **last year** of a biennial period is available for approximately six months after the close of the fiscal year, and that an appropriation for the **first year** of the biennium is available for two and one-half years or less after the close of the fiscal year, depending upon the time of passage of the act. This is entirely too long a period for an appropriation to remain available. It has resulted in Oklahoma, like in other states which do not have an up-to-date system of budget accounting, in the continual charging of the first year's appropriation with amounts which ought to be charged to the second year of the biennial period. The charging of a prior year's appropriation at the present time is largely possible because of the incomplete accounting control system in operation in the State Auditor's office. This could be remedied by the Auditor requiring sworn statements of all outstanding claims as of June 30 of each fiscal year, and of not allowing any claim to be charged to a prior year's appropriation not listed on the statement submitted at the close of a given fiscal year. These statements should be accompanied by copies of all purchase orders outstanding and/or contracts unfilled as of the close of the fiscal year for which schedules are submitted. Upon receipt of each report, the Auditor should encumber the obligations against the appropriations affected and liquidate these obligations only after a careful audit of the claims submitted for payment. If this procedure were followed it would be possible for the central accounting office to close its books for each fiscal year by September 30 of each year. The appropriation accounts now remain open for approximately two and one-half years, provided the appropriations are not exhausted or wholly expended prior to the lapsing date. This revision also prevents the central accounting office from collecting and reporting the costs of a given fiscal year because of subsequent charges made to the appropriation accounts after the close of a fiscal year.

In order that the accounts of each fiscal period may be finally closed within 90 days after the close of each fiscal year—

Consideration should be given to amending this section of the Constitution so as to prohibit the payment of any claim rendered after the close of a fiscal year, unless the obligation has been reported to and recorded on the books of the central accounting office as an encumbrance.

This procedure would not only facilitate bookkeeping but would also conserve the state's cash resources.

Section 56 of Article V provides that no provision can be made in a general appropriation bill for increasing the salary of any state officer or employee, or for the payment of a salary to the incumbent of any new position, or for decreasing the salary of any state officer or employee until a law has been passed providing for the change in salary, or for the creation of the position and of fixing the salary therefor. This section further provides that clerical and all other positions created by law may be abolished or changed only by amending or repealing the law creating them,

¹Usually 20 days before the beginning of each quarterly period.

or by law enacted for that purpose. These provisions are objectionable because (1) they prohibit the Governor from making any recommendations in his budget estimates and general appropriation bill for adjusting the salaries of state officers and employees in the light of changing conditions and (2) they prevent the Governor from omitting from his budget or from the general appropriation bill the salaries of employees for positions which he believes should be abolished. This section defeated the purpose of the Fourteenth Legislature in reducing the salaries of statutory employees in the appropriation acts for the fiscal years 1934 and 1935. The Supreme Court held that such reductions were unconstitutional, because no provision can now be made in the general appropriation bill for increasing or diminishing the salaries fixed in an act of the legislature creating an office or a position.

In view of what has been said, that part of Section 56 of Article V, which prohibits the legislature from adjusting a salary or abolishing a position which has been created in a special law, should be repealed so as to permit the legislature to use its discretion in determining whether the salary recommendations of the Governor, contained in the budget and in the tentative appropriation bills, should be approved or disapproved by the legislature.

As a general principle, all salaries, other than those of the heads of departments and establishments, should be fixed not in permanent law but in the budget and appropriation acts, biennially.

Section 2 of Article X of the Constitution directs the legislature to provide by law for an annual tax sufficient, with other resources, to finance the ordinary expenses of the state government for any given fiscal year for which appropriations are made.

At the time of adoption of this provision the Constitution provided for the levy and assessment of general property taxes, but since this provision was repealed in 1933 this section should be amended to direct the legislature to provide other taxes than property taxes sufficient to finance the budget. This comment is also applicable to Sections 3 and 4 of Article X.

Section 23 of Article X provides that the state may contract debts to meet casual deficits or failure in revenue, or expenses not provided for in revenues, but limits this debt at any one time to \$400,000.

This provision should be amended to allow the State Depository Board to arrange for temporary loans to an amount of possibly one million five hundred thousand dollars in order that he may finance casual deficits and appropriations made by the legislature in anticipation of the collection of taxes levied to finance the budget.

The state government today is expending many thousands of dollars in interest because of this section and because of the absence of a provision in the Constitution permitting the Governor to arrange for the temporary financing of governmental operations pending the collection of taxes. The only way the Treasury, today, can temporarily finance its cash needs, in excess of \$400,000, is by the issuance of non-payable warrants which warrants bear interest at the rate of 6 per cent per annum. This rate, particularly today, is exorbitant and wholly unnecessary, as there is little reason for Oklahoma, with its large resources and its present financial condition, to borrow money temporarily at a rate in excess of 1 or 2 per cent and surely not more than 3 per cent per annum. To accomplish this it will be necessary to amend this section of the Constitution.

The defects of the budget law and the constitutional restrictions now upon the administration of the finances of the state government on the part of the Governor and of the legislature is greatly increasing the tax burden of the citizens of Oklahoma; and it is our opinion that the premium now paid is too great for the results accomplished. The framers of the Constitution no doubt had in mind that the Governor and the legislature should have little administrative and legislative discretion in the financial management of the state government. Otherwise, there is little reason for the inclusion of much of the statutory law now found in the Constitution. Conditions have changed since its adoption and many of its provisions ought to be amended or repealed in order to place the operations of the state government on an efficient and economical basis.

Budget Document. The budget document submitted to the legislature is incomplete because it does not include a budget message and general statements summarizing the Governor's proposals and the effect that such proposals will have on the financial condition of the several funds now appropriated by the legislature; it does not present the appropriation estimates in sufficient detail to be of real service to the legislature in performing its function of determining what sums shall be appropriated for the activities of the departments and establishments of the government; and it does not contain any comprehensive financial and statistical statements. The only financial statements included in the budget document, submitted to the legislature for the biennium 1935-37, were: (1) A so-called treasury balance sheet as of June 30, 1934; (2) a summary statement of outstanding bonds and notes as of June 30, 1934; and (3) a statement of the Treasurer's cash account, reporting the cash balances of each of the funds now recorded on the books of the Treasury Department.

The only other statements and exhibits included in the budget document to inform the legislature of the appropriation requirements of the ensuing biennial period were:

1. A summary statement of actual revenues collected in the fiscal year 1934, compared with the estimated revenues of the year in progress and the two years of the ensuing biennial period;
2. A summary statement of recommended institutional appropriations for the ensuing biennial period, classified by institutions and titles of appropriations; and
3. A summary statement of recommended departmental appropriations for the ensuing biennial period, classified by organization units and titles of appropriations.

The absence of other essential statements and the detailed estimates of revenue and appropriations probably accounts for the little consideration given to the Governor's budget document by the state legislature. The departments and institutions now submit their estimates in detail to the budget office but these details are not published and, therefore, these data are not available to the individual members of the legislature nor to the appropriations committees, except upon special request.

It has already been stated that the legislature should be supplied in the budget document with detail and summary information showing the relation between past operations and proposals for the future, between revenues and expenditures, and between resources and obligations. Since the legislature has not been furnished with these data in the past, a proforma statement, which is usually Budget Statement No. 1, of a properly prepared document, is exhibited below. This illustrates the form of statement suggested to report the financial condition of the several funds of the Treasury at the close of the last completed fiscal year, the estimated condition of the Treasury at the close of the current fiscal year (year in progress), and the two fiscal years of an ensuing biennial period. This, and other supporting statements, should appropriately be included in a subsequent chapter on "Financial Condition and Operations;" but owing to the fact that these classes of data are not now currently collected on any of the books of the state government, it was not possible to obtain the data for their preparation.

The summary statement follows:

BUDGET STATEMENT NO. 1
COMPARATIVE SUMMARY STATEMENT SHOWING THE ACTUAL CONDITION OF THE
----- FUND ON JUNE 30, 193---, AND THE ESTIMATED
CONDITION AS OF JUNE 30, 193---, 193---, and 193---.

Classification	Present Biennium		Ensuing Biennium	
	Actual	Estimated	Estimated	
	June 30, 193---	June 30, 193---	June 30, 193---	June 30, 193---
A. Resources:				
1. Unappropriated surplus at beginning of fiscal year				
2. Revenues:				
a. Unrestricted -----				
b. Restricted -----				
Total revenues -----				
3. Total resources -----				
B. Obligations:				
1. Current annual appropriations -----				
2. Permanent appropriations: -----				
a. Interest on non-payable (registered) warrants				
b. Interest on funded debt -----				
c. Restricted receipts:				
1. Non-recoverable transfers to other funds				
2. Taxes collected for counties -----				
3. Revolving fund receipts -----				
4. Depository accounts, revenue receipts --				
Total restricted receipts -----				
3. Total obligations -----				
C. Unappropriated surplus at close of fiscal year -----				

This statement should be followed in Part I of the budget document by: (1) A budget balance sheet reporting the resources, obligations, and surplus of each of the general classes of funds, hereinafter discussed under "Funding System," (Item A1); (2) a comparative schedule of the sources of receipts of the government subdivided as to restricted and unrestricted revenue, classified by tax revenues and non-tax revenues (Item A2); (3) a schedule of current annual appropriations (Item B1), classified by organization units and activities;¹ and (4) separate schedules for each class of permanent appropriations enumerated under Item B2, classified by organization units and activities.¹

Proposed Budget and Accounting Act. In the appraisal of the present budget procedure it was pointed out that the present system was ineffective largely because of the manner in which the law has been administered; that the Governor does not now have authority to execute the budget after enactment of the appropriation measures; that the appropriation procedure of the legislature makes it difficult to maintain a balanced budget; that the present disbursing, accounting, and reporting systems need modernization to afford real control over the operations of the receiving and spending agencies of the state government; and that the present budget law does not give the Governor authority to allot appropriations in order to keep the expenditures within the resources available to finance the budget operations.

To carry out fully the suggestions already made to reform the financial administration of the state government, it will be necessary to repeal the present budget law and also other statutory provisions relating to financial management. The budget law recommended would embrace the following sections:

- A. Definitions
1. Title of act
 2. State funds
 3. Private funds
 4. Special funds
 5. Repayment receipts
 6. Budget

¹Usually titles of appropriation heads.

7. Unencumbered balance
8. Code
- B. Organization
 1. Governor's responsibility
 2. Office of State Comptroller
 - a. Creation of office of State Comptroller
 - b. Powers and duties, general
 - c. Specific duties
 - d. Other general powers
 - e. Limitation of powers
 3. Budget Office abolished
 4. State Auditor relieved of accounting and pre-audit duties
 5. State Examiner and Inspector relieved of certain accounting and auditing duties
 6. State Board of Public Affairs relieved of certain accounting and auditing duties
 7. Personnel required by the State Comptroller's office transferred from State Auditor's office, Budget office, State Examiner and Inspector's office, and State Board of Public Affairs
- C. Budget
 1. Fiscal year
 2. Transmission of budget to legislature
 3. Form and contents
 - a. Part I. Governor's budget message and summary financial statements
 - b. Part II. Detail estimates of appropriations
 - c. Part III. Drafts of appropriation bills
 4. Estimates of appropriations
 5. Estimates of income
 6. Tentative budget
 7. Hearings on tentative budget
 8. Formulation of the budget
 9. Supplemental estimates
 10. Departments prohibited from requesting increases in appropriations, unless at the request of either house of the legislature
- D. Execution of the Budget
 1. Appropriations
 2. Allotments
 3. Repayment of receipts
 4. Lapsing of appropriations
 5. Investigatory powers
 6. Penalties
- E. Miscellaneous
 1. Amendment of laws
 2. Repealing clause
 3. Effective date

Distribution Between Budget Document and Appropriation Bills. In working out a budget system for determining and making provision for the financial needs of a government, no distinction is of greater importance than that between the budget and the appropriation act or acts designed to put budgetary recommendations into effect.

A budget is essentially an information document. As such the statements included in it should present the revenues, expenditures, and appropriations of the government, past and prospective, in detail. It furnishes, or should furnish, information regarding the general character, purpose, and amount of government expenditures, and also detailed data as to the cost entailed in operating and maintaining particular units of organization and in performing the activities conducted by the government.

The function of an appropriation act is quite distinct from this. Its purpose is to authorize the issue of money from the Treasury to meet the expenditures and to prescribe the purposes to which such money shall be devoted. It is evident that the accomplishment of this second purpose raises a question which is not present in the formulation of a budget; namely, the extent to which it is feasible and desirable to prescribe in advance how the money appropriated shall be expended. It is both undesirable and impracticable to attempt to carry this specification of how money shall be expended to anything like the detail in which expenditures and estimates are set

forth in the budget document. To do so would tie the hands of the administrative officers to such an extent that it would be difficult for them to perform their duties economically or efficiently.

The Oklahoma legislature does not now employ a uniform classification of appropriations. In view of this, it is suggested:

The general appropriation bill for "ordinary expenses" should include all state agencies, and the annual administrative, operation, and maintenance appropriations for all agencies, except institutions, should be made under the following titles for each organization unit or activity of a given department or independent establishment:

		Department
		Bureau of Activity
A. Personal Services		\$30,000
Director	\$ 5,000	
Other personal services	25,000	
B. Other Operating Expenses ¹		5,000
C. Equipment		5,000
Motor vehicles	1,000	
Other equipment	4,000	
D. Fixed Charges: Allowance to needy blind		5,000
Total for Bureau of		<u>\$ 45,000</u>

The annual maintenance estimates of eleemosynary and correctional institutions should be classified by purpose, and the appropriations for salaries and maintenance should continue to be made in lump sums.

The classification of estimates of appropriations suggested for these institutions, for inclusion in the budget document are as follows:

- I. Administration
 1. Board of Trustees
 2. Superintendent and Business Office
- II. Professional Care and Treatment²
- III. Instruction
- IV. Welfare
- V. Custodial Care
 1. Subsistence
 2. Housekeeping (or dormitories)
 3. Wearing apparel
 4. Seditw room
 5. Laundry
 6. Medical and surgical care³
 7. Recreational
 8. Other custodial care
- VI. Operation and Maintenance of Physical Plant
(Subdivide similar to Educational Institutions, 1-6 below)
- VII. Agricultural (List)
- VIII. Manufacturing (List)
- IX. Investments in Properties
 1. Real estate (List)
 2. Institutional property (List)

The annual maintenance estimates for educational institutions should be classified by pur-

¹Includes supplies, subsistence and support of persons and animals, communication service, travel expenses, transportation of things, printing and binding, furnishing of heat, light and power, rents, repairs and alterations, and like expenses.

²Used by hospitals, homes for feeble-minded, soldiers' homes and sanatoriums.

³Medical and surgical care should be included under the caption "Custodial Care" for all institutions, except hospitals, homes for feeble-minded, soldiers' homes, and sanatoriums.

pose as outlined below, and the appropriations for salaries and maintenance should continue to be made in lump sums. The classification of estimates of appropriations suggested for these institutions, for inclusion in the budget document, is that recommended by the National Committee on Standard Reports for Institutions of Higher Education, 1935.

It is as follows:

- I. Educational and General¹
 1. General administration and general expense
 - a. Board of regents
 - b. President's office
 - c. Business office
 - d. Dean of men's office
 - e. Dean of women's office
 - f. Register's office
 - g. General expense (Alumni, auditing, commencement, etc.)
 2. Instruction
 - a. College of Arts and Sciences
 1. Dean's office (Administration)
 2. Astronomy
 3. Biology
 4. Chemistry
 - (Others as needed)
 - b. College of Agriculture
 - c. College of Engineering
 - (Others as needed)
 3. Organized research
 - a. Agricultural Experiment Station
 - b. Engineering Experiment Station
 - c. Bureau of Educational Research
 - (Others as needed)
 4. Extension
 5. Libraries
 6. Operation and maintenance of physical plant
 - a. Administration and supervision
 - b. Janitorial service
 - c. Repair of buildings
 - d. Repair of general furniture and other equipment
 - e. Care and maintenance of grounds
 - f. Heat, light, power, water, gas
 - (Others as needed)
 7. Organized activities relating to instructional activities
 - a. Medical School hospital
 - b. Home economics cafeteria
 - (Others as needed)
- II. Auxiliary Enterprises and Activities
 1. Residence halls
 2. Dining halls
 3. University press
 4. Book store
 5. Intercollegiate athletics
 6. Students' union
 - (Others as needed)
- III. Other Non-educational Expenses
 1. Scholarships, fellowships, and other student aid
 2. Financial campaigns
 3. Debt service
- IV. Investment in Properties
 1. Real estate (List)
 2. Institutional property (List)

The appropriations for land, buildings, and other permanent improvements of all state agencies should be made in a separate bill (or bills), classified by kind of additions or betterments authorized for each institution or state spending agency.

¹See *Financial Reports for Colleges and Universities, 1935*, pp. 162-63.

The adoption of the above suggestions will facilitate the preparation of the budget document, establish uniform classifications of appropriations which will be of material aid to the legislature in making provisions for the support of state activities, and simplify the accounting procedure needed to control operations.

The point to be emphasized in drafting appropriation bills is that while it is necessary to prepare the budget document in detail, it is not desirable to pass appropriation acts in the same detail in prescribing in advance how the money appropriated shall be expended.

Accordingly, to establish an effective budget and financial control system in the state government, it is recommended:

The present budget law should be repealed and a new law enacted similar to that outlined in the preceding section on the "Proposed Budget and Accounting Act."

The legislature should adopt the appropriation classifications suggested in the preceding discussion on the "Distinction Between Budget Document and Appropriation Bills"; and finally,

All those recommendations in the preceding discussion should be studied with a view to amending: (1) The Constitution and (2) those statutory laws which now hinder the operations of an effective budget and financial control system.

ACCOUNTING AND REPORTING

The present large expenditures of governments make imperatively necessary a sound system of accounting and reporting through which full and accurate information may be available regarding financial condition and operations. Without such information it is impossible for those directly in charge of governmental operations, or those responsible for the general conduct of public affairs, to exercise proper control, or for the legislature intelligently to formulate fiscal policies and meet its responsibility of determining the appropriations that shall be made to the several spending agencies, or for the general public, the voters and taxpayers, effectively to discharge their function of holding their legislative and executive representatives to strict accountability for the manner in which they discharge their duties. Oklahoma has recognized this essential element of financial administration in its Constitution. Section 30 of Article X provides that "the Legislature shall require all money collected by taxation, or by fees, fines and public charges of every kind, to be accounted for by a system of accounting that shall be uniform for each class of accounts, state and local, which shall be prescribed and audited by authority of the State." However, it has been unsuccessful in establishing a modern uniform system of accounting and reporting probably because, by law, this responsibility is now divided between the Governor, who is responsible for the establishment of uniform budget classifications; the State Examiner and Inspector, who is responsible for the formulation and installation of modern accounting methods in the state departments and establishments; and the State Auditor, who is required under present law to pre-audit all claims, issue all pay warrants, and maintain a central system of bookkeeping to record and report the financial condition and operations of the state government.

The failure to establish an effective system of budget and proprietary accounting to control the financial transactions of the government is attributable, to a large extent, to the laws enacted by the legislature at the suggestion of the heads of the several departments and institutions of the state government. They have recommended and the legislature has enacted laws "earmarking" and funding departmental receipts to special funds and many so-called revolving funds. Moneys collected and placed to the credit of special funds are, as a rule, covered into the Treasury and properly accounted for. However, departmental receipts collected and credited to the so-called revolving funds are not covered into the Treasury and disbursed by warrant of the State Auditor, with the result that there is little supervision over these expenditures, and the sources of income of these so-called revolving funds are neither collected on the books of the Treasury Department nor on the books of the State Auditor's office. Moreover, the legislature has authorized certain examining boards, state institutions and other state agencies to collect fees and other income items and to disburse these collections for expenses without covering these moneys into the Treasury. These are the revenues

and non-revenues now deposited in the state depository accounts of the departments and institutions.

When these depository accounts were established in 1915, the legislature had in mind the deposit of all moneys collected by state agents in depository banks pending the final determination of the disposition of the moneys collected. After this determination it was no doubt the purpose of the legislature to authorize the depositing agencies to draw only two checks on these depository accounts: (1) To refund overpayments and (2) to issue a check for the balance in favor of the State Treasurer to cover the proceeds of the checks and drafts to the credit of some designated state fund. Subsequently, however, the legislature was petitioned by interested departmental and institutional heads to authorize them to retain within their depository accounts certain designated receipts, as, for example, federal aid moneys received from the national government, certain institutional receipts, and taxes and other collections apportionable to county governments. Consequently, the present depository accounts are used as a convenient means of disbursing government moneys for governmental purposes without first being audited and recorded on the books of the State Auditor's office—the present central accounting office.

Under existing law the State Tax Commission collects millions of dollars of taxes, apportions these taxes and disburses them to the counties by its own check, independent of the State Auditor's office. The Highway Commission disburses gasoline taxes collected for counties by the Tax Commission without any supervision on the part of the State Auditor's office. The A. and M. College disburses large sums of federal aid moneys, matriculation receipts and private trust moneys out of the depository accounts without any reference to the State Auditor's office, and, furthermore, practically every other department and institution of the state government receives and disburses large sums of state money which they deposit in and disburse from one or more designated depository accounts, without being pre-audited and recorded as governmental receipts or as governmental disbursements on the books of the State Auditor's office. The sums withdrawn from these depository accounts of the departments and institutions in the fiscal year 1934, aggregated \$12,144,933.99. This was over 25 per cent of the total receipts of the state government in the fiscal year 1934. Of this total, \$1,425,237.61 represented governmental revenue and governmental costs.

The balance of \$10,719,696.38, represented non-revenue receipts, principally taxes collected for counties. This money is properly accounted for by the collecting departments and institutions but these transactions are not recorded on the books of the State Treasurer nor on the books of the State Auditor's office to report the sources of these receipts and the purposes of these expenditures.

In addition to the above receipts, the legislature has authorized certain examining boards and the State Livestock Registry Board to retain and disburse their own receipts; and it has also authorized the deputy oil inspectors of the Corporation Commission to collect and to retain fees collected from the owners of inspected oil. These deputies retain 85 per cent of the fees collected up to \$150, and 25 per cent of the fees collected up to \$200 each month, and individual inspectors' collections only in excess of \$200 are remitted to the State Treasurer and deposited to the credit of the General Fund. In the fiscal year 1934, these examining boards disbursed \$27,083 and the oil inspectors retained fees as their compensation to the extent of \$174,000. These moneys, like the receipts of the depository accounts, were not "covered in" the State Treasury and disbursed after audit by the State Auditor.

As a general principle, all moneys collected by state agents should be deposited in the State Treasury and be funded to specific funds designated by the legislature, and such funds should be recorded on the books of the State Treasurer's office and the central accounting office to report the sources of all receipts. In view of this, all laws which now permit state agencies to disburse state moneys independently of the State Auditor's office should be repealed in order to facilitate the installation and operation of an effective system of control over all financial operations of the state government. If this suggestion is followed, all moneys collected will be "covered in" to the Treasury, will be funded to designated governmental funds or private (trust) funds and be paid

out only by the issuance of state warrants on the State Treasurer—except expenditures authorized out of imprest funds, which funds would, however, be reimbursed by the issuance of state warrants.

Present Accounting Procedure. Mention has already been made of the fact that the legislature does not follow a uniform procedure in authorizing expenditures. It makes annual appropriations out of certain expendable funds; it "earmarks" specified receipts for special funds; it authorizes the departments and institutions to deposit and disburse their own earnings in what are known as revolving funds; it authorizes other specified revenues to be deposited in the State Treasury and be disbursed through the departmental depository accounts, and, finally, it authorizes certain examining boards and other agencies to collect and disburse other governmental fees without depositing such receipts in the State Treasury.

The State Auditor is designated by law as the central accounting and warrant issuing officer. Section 3547, of the Oklahoma Statutes, 1931, directs that "all accounts or claims against the state which shall be by law directed to be paid out of the Treasury thereof shall be presented to the Auditor, who shall examine and adjust the same, and, for the sums which shall be found due from the State, shall issue warrants payable at the State Treasury . . ."

This statute implies that all state money collected by state agents should be covered into the State Treasury and be disbursed by warrants of the State Auditor. As a matter of custom, and in view of the several kinds of legislative authorizations referred to in the introduction of this subject, the only state funds on which warrants are now drawn by the State Auditor are the claims payable out of the General Fund, state highway funds, educational funds, public building funds, the National Industrial Recovery Highway Trust Fund, and certain special (cash) funds.

The amount of money disbursed in the fiscal year 1934 by state agencies without the issuance of State Auditor's warrants aggregated \$13,614,500.51. Of this amount, \$12,144,933.99, as already stated, represented payments out of the state depository accounts; \$204,293.17¹ represented payments of moneys collected but not deposited in the State Treasury,² and \$1,265,273.35 represented payments out of the so-called revolving funds, the claims of which are now audited and recorded by the revolving fund clerk of the State Auditor's office.

To determine the extent to which state funds were disbursed without the issuance of state warrants it was necessary to analyze all Treasury transactions of the fiscal year. This analysis shows that the moneys, over which complete control is not now exercised by the State Auditor, were disbursed in the fiscal year 1934 for the following purposes:

Function	Total	Depository Accounts	Revolving Funds ²	Money Not Deposited in State Treasury
Governmental Costs:				
Protection to person and property:				
Commissioners of Land Office -----	\$ 2,774.63	\$ 2,774.63	\$ -----	\$ -----
Industrial Commission proper -----	56,379.59	56,379.59	-----	-----
State Insurance Fund -----	6,153.84	6,153.84	-----	-----
Corporation Commission -----	174,147.32	-----	-----	174,147.32
Market Commission -----	1,032.20	1,032.20	-----	-----
Examining Boards -----	54,776.89	27,693.78	-----	27,083.11
Total protection to person and property -----	295,264.47	94,034.04	-----	201,230.43
Conservation of health and sanitation ---	10,833.08	-----	10,833.08	-----
Development and conservation of national resources -----	395,767.89	395,767.89	-----	-----
Charities, hospitals and corrections ---	599,896.38	384,860.05	215,036.33	-----
Education -----	1,202,709.15	541,683.79	657,962.62	3,062.74
Miscellaneous -----	8,891.84	8,891.84	-----	-----
Total Governmental Costs -----	2,513,362.81	1,425,237.61	883,832.03	204,293.17

¹More was disbursed but this is the amount reported in answer to our questionnaire.

²Audited by and recorded on State Auditor's books.

Function	Total	Depository Accounts	Revolving Funds ¹	Money Not Deposited in State Treasury
Non-Governmental Costs:				
Taxes collected for counties -----	10,011,928.43	10,011,928.43	-----	-----
Private trust funds -----	530,006.64	530,006.64	-----	-----
Working capital operations				
—Prison industries -----	381,441.32	-----	381,441.32	-----
Refunds -----	144,650.83	144,650.83	-----	-----
Warrant purchase account -----	33,110.48	33,110.48	-----	-----
Total Non-Governmental Costs -----	11,101,137.70	10,719,696.38	381,441.32	-----
Grand Total -----	\$13,614,500.51	\$12,144,933.99	\$1,265,273.35	\$204,293.17

The omission from the Auditor's report of the amounts expended from the state depository accounts and the moneys not now deposited in the depository accounts of the State Treasury, clearly demonstrates that the Governor, the legislature, and the taxpayers of Oklahoma are not being correctly informed of the magnitude of the financial operations of the departments and establishments of the state government. This situation should be remedied.

The present accounting and reporting systems are described below under the following headings:

1. State Auditor's office
2. State Treasurer's office
3. Departmental Accounting
4. Reporting Procedure

State Auditor's Office. The accounting system of this office involves the maintenance of accounts to record appropriations, receipts and disbursements of Treasury Account No. 1 and Treasury Account No. 4. These accounts embrace only those moneys covered into the Treasury and enumerated in the preceding section. The Auditor's records did not at the time of our survey collect analytical accounting information for the departmental depository accounts and the revolving funds. Neither do they collect classified accounting information for the other state funds.

The appropriation accounts pertain solely to the annual appropriations made out of the general fund. Section Thirteen funds, new college funds, Union Graded Common School Fund, public building funds and the special (cash) funds. Appropriation accounts are not maintained for certain permanent recurring appropriations: as for example, the amount expended for interest on treasury notes, interest on non-payable (registered) warrants; certain debt redemption requirements and payments made to the State Fiscal Agency. All of these payments are authorized by permanent law, are made by the Treasurer without the issuance of warrants, and are reported each day to the State Auditor, but because they are not included in the annual appropriation acts no appropriation accounts are carried for these transactions. Moreover, the appropriation accounts now maintained do not control the operations of the departments and establishments under legislative appropriation because these accounts are kept strictly on a warrant issuing basis. No attempt is made to encumber the appropriations with contracts, open market orders and salary requirements. The present appropriation accounts are recorded on loose leaf sheets by the pen and ink method, as are all accounting records of the State Auditor's office.

In addition to the above omissions, many other items are received and paid by the Treasurer, reported to the Auditor's office each day on the Treasurer's Daily Report, but are not recorded on the State Auditor's books. These relate to the receipts and disbursements of the governmental trust funds of the Commissioners of the Land Office, transfers between funds, and non-revenue receipts collected by state agencies for county governments.

The records of receipts are also incomplete since they do not include all cash collections of the State Treasurer. The registers are bound books and loose leaf sheets, and while these records do not contain a record of all Treasury receipts, they do afford the means of establishing an accounting control over the revenues of those funds recorded.

¹Audited by and recorded on State Auditor's books.

State Treasurer's Office. The accounting procedure employed by the State Treasurer's office involves the use of a multiplicity of forms and records that are cumbersome and expensive and do not readily disclose the information that should be reported currently. The system makes use of approximately 50 ledgers, journals, documents and record forms of various rulings and sizes. Some are permanent bound ledgers and others loose leaf forms. Approximately ten of these forms are used for acknowledging and recording receipts by sources and funds; ten for recording disbursements and transfers; eleven for recording securities deposited with and withdrawn from the Securities Division, and the remainder consists of various ledger and record sheets used for recording bonds and notes issued and redeemed and records of deposits and withdrawals of revolving funds, depository accounts, county deposits, and land office transactions.

The present system may be simplified by: (1) The classification of all receipts by sources from which received and by funds to which credited; (2) the classification of all funds on hand by depositories in which such funds are located; and (3) the classification of disbursements by general classes of funds from which disbursed. The number of books and records necessary to accomplish these ends can be materially reduced. For example, the number of forms used for depositing and recording receipts by sources and funds should be reduced from ten to four—a ledger of income by sources, a register of income by funds, a uniform remittance schedule, and a remittance (depository) register; the number of forms in the Securities Division may be reduced from eleven to ten; and the number of forms used for all other purposes, approximately twenty in all, may be reduced to possibly eight—a general ledger, a register of checks, a register of bank deposits, a register of bank withdrawals, a form for distributing taxes collected to state funds and counties, a bond and note record, a register and record of interest bearing warrants, and a uniform daily and monthly report form. This means that instead of some 40 forms now used, it is estimated that a maximum of 22 forms would produce all the information necessary to be recorded and reported by the State Treasurer. As a further measure of economy and efficiency all books and records should be produced by accounting machine process, thus making it possible to supply the central accounting office with (1) a complete transcript of all Treasury transactions as a by-product of registering and recording the original transaction; and (2) to report at all times: (a) The accumulated total received from each source of revenue and credited to each fund and (b) the balance of cash on hand and in each depository.

In establishing this system the first step necessary is that of preparing a uniform classification of receipts by sources and a uniform classification of funds. The general classification to be followed in recording receipts by sources is indicated in Schedule 1 of Exhibit C of Chapter XVIII of this report. A uniform classification of funds is discussed later in this chapter. The changes herein suggested and the recommendations appearing at the end of this section to effect these changes will require no action by the legislature.

Departmental Accounting. The state now imposes a uniform classification of expenditures upon the departments and institutions but the accounting forms required for the collection of the appropriation and expenditure data are not uniform. No classification of funds and revenues have been promulgated for the guidance of the collecting agencies.

Each department maintains only those accounts which it deems necessary. The Department of Public Instruction, the state institutions, the State Tax Commission, and the Highway Commission have quite complete systems of accounting, but there is little uniformity in other departments. If the appropriation and allotment classifications outlined previously are adopted, they will establish a uniform classification for (1) educational institutions, (2) eleemosynary and penal institutions, and (3) the other departments required to keep departmental accounts. And if classifications of funds and revenue and non-revenue income are prepared and issued for the guidance of all collecting agencies, similar to Schedule 1 of Exhibit C of Chapter XVIII, these classifications will establish uniformity in the funding of all collections and the classification of all receipts.

Reporting Procedure. Successful administration of the finances of a government is based upon reports which are rendered currently and promptly to the chief executive, the budget officer, heads of departments, bureau chiefs and project leaders to give them information regarding the operations for which they are held responsible. In a state government, and even in the larger departments, it is not possible for the executive head to maintain personal contact with the detail work of his subordinates. He must delegate details to others; and the principal means he has of keeping informed regarding the operations of his organization is by complete and accurate reports. Such reports will enable the Governor, the budget officer, and the heads of departments to review the operations of the government as a whole, and of each department and bureau periodically, and to obtain a comprehensive grasp of what is being done.

An effective budget system presupposes an effective central accounting and reporting system. Without it no real control can be exercised over the operations of the collecting and spending services of the government. Efficient and economical administration requires the periodic preparation of statements to report the financial condition and operations of the government. This is essential if the legislature is to act intelligently in voting revenue and expenditure programs; if the Governor and other administrative officials are properly to discharge their functions, and if the public is to be kept informed of the cost of government, and the means for financing such costs.

The financial data of the government today are scattered, due to the decentralization of financial administration and to the failure of the State Auditor's and State Treasurer's office to collect classified revenue and expenditure data on their bookkeeping records. It is now impossible to refer to any one financial report to obtain the kind of data needed for management purposes. The financial data included in the chapter on "Financial Condition and Operations" was compiled from printed and manuscript reports and often from the receipt documents and bookkeeping records of the different state agencies. These were:

1. The biennial report of the State Auditor with regard to the receipts and expenditures of those funds then required to be covered into the Treasury and to be disbursed by state warrants;
2. The manuscript report of the State Treasurer with regard to the condition of the State Treasury and certain trust and special funds not reflected on the books of the State Auditor.
3. The printed report of the State Tax Commission;
4. The State Examiner and Inspector's audit reports of state institutions; and
5. The annual reports of the Board of Health, the Insurance Board, the Insurance Commission, the Corporation Commission, the State Board of Agriculture, and sundry other departments and boards of the state government.

The State Auditor's report does not include any detail financial data relating to operations of the government under annual appropriations made by the legislature, nor does it report separately the operations of those state funds now included in the Auditor's accounting records. It does, however, include certain data with reference to the trust funds handled by the State Land Office, and a statement of taxes collected by the state and paid to counties. But these transactions are not recorded on the Auditor's financial records. The data are abstracted from the June 30 reports of the Commissioners of the Land Office and the State Tax Commission.

The State Treasurer's semi-annual and annual reports supply data regarding receipts, apportionments and disbursements of the state government but the data are not presented in a form to readily report the operations of each distinct fund account now carried on his books. As a whole, it is a fairly good report; but it does not present the data in the most usable form since it does not include summary revenue data by sources and funds, and it is at present necessary to recast the data reported to ascertain the status of each individual fund as to: (1) The beginning balance; (2) the receipts and disbursements of the period covered; and (3) the unexpended balances of the individual funds as of a given date.

It may be said that the state government has never had an effective central ac-

counting and reporting office; and, not having such office, no governor and no legislature has had presented to them the kind of financial data needed to perform their respective financial functions. If our recommendation to create such an office, headed by a State Comptroller, is adopted, and if a modern system of government accounting and reporting is installed and operated, data will be collected currently and be reported to the Governor and to the heads of departments periodically, at least quarterly; to the public annually, and to the fund-raising and fund-getting authority at each regular session of the legislature.

Proposed System of Accounting and Reporting. It has been set forth above that the existing system of accounting and reporting does not supply the data needed by the legislature and the administration to exercise control over the financial operations of the state government; that about 25 per cent of the receipts are not now reflected on the books of the central accounting office; that those that are recorded are not properly classified as to sources of income and purposes of expenditure, and that the present system of fund and appropriation accounting falls far short of controlling the operations undertaken under: (1) Current annual appropriations, and (2) permanent laws establishing special funds and special accounts. To remedy this condition the state government must install a modern system of accrual accounting and reporting, if a true picture of the government's financial condition and operations are to be presented periodically.

Classification of Accounts. Before proceeding to the work of devising a system of accounting it is first necessary to determine the kind of data needed for management purposes. In government, the character of data required relates to: (1) Financial condition; (2) financial operations; (3) funds and appropriation resources, obligations, and balances; and (4) cost information. To supply these data it is necessary to classify the revenues of the government by funds, sources from which obtained and collecting agencies, and the expenditures must be analyzed from at least six distinct standpoints: (1) Funds; (2) appropriations; (3) organization units; (4) functions and activities; (5) character of expenditure; and (6) objects of expenditure, that is, things purchased.

It is necessary to maintain a separate set of accounts for each general class of funds because each fund represents a more or less definite sum of money or other resources, subject to distinct and continuing regulations or limitations as to its management or use. If all receipts of the state constituted revenues for strictly governmental purposes and if all of this revenue were freely available without restriction for meeting any of the expenses of the government, there would be only a single fund, and the necessity for establishing separate funds would not exist.

Second, a department or establishment may receive its income from a number of sources, each of which is available only for certain specified activities, or the total grant of money made to it may be in the form of definite appropriations for specific purposes.

Appropriation items are the specifications made by the legislature of the purposes for which the amounts authorized are to be spent. Obviously, the financial records and reports of the government must show expenditures according to the various items of appropriations, so that the limitations imposed by the fund-granting body may be observed, and that this observance may be clearly shown to the legislature.

In statements showing expenditures on the basis of appropriations, the expenditures should be reported in comparison with the amounts appropriated and allotted; that is, the total credits minus the total debits (represented by expenditures, transfers, and lapses) and the resulting unexpended balance. It is also important to show how much of such unexpended appropriations are unallotted, the amount of allotments unencumbered, and the amount of encumbrances unliquidated or unpaid.

Third, it is desirable to collect revenue and expenditure data for each organization unit of government. Without such data, it is impossible definitely to locate responsibility for collection of revenue or for expenditures, to exercise control over actual operating units, to secure efficiency and economy through comparison of relative costs for similar or analogous units or to prepare estimates of future needs. To secure this

there should be available a statement of expenditures classified by organization units, in which the total expenditures are distributed according to such units. In this statement units of organization should be classified according to their status in the general organization of the government as a whole. By so doing information will be afforded regarding not only the cost of each individual unit but also the totals for a group of units constituting a bureau, for a group of bureaus constituting a department, for all departments combined constituting the administrative branch of the government, and for each of the grand subdivisions of the government, the legislative, executive, and judicial branches.

Fourth, it is equally important that expenditures be known in terms of functions and activities. There are few services which do not have to engage in a number of specific activities in order to perform their general functions. For example, a service, such as a Department of Public Instruction, in performing its general function of education, frequently engages in the conservation of child life, care of children and care of blind, deaf and mute, in addition to its general function of public school instruction. Clearly it is desirable that the appropriating authority shall have information regarding the expenditure entailed by the performance of each of these activities. The classifications recommended are those prescribed by the United States Bureau of the Census. An illustration of the Census classification is supplied by Schedule 2 of Exhibit C of Chapter XVIII of this report.

Fifth, information should be available regarding the character of these expenditures. The question is presented, in particular cases, as to how far the attempt should be made to differentiate expenditures from this standpoint. It should certainly go far enough to distinguish clearly between (1) capital outlays, (2) fixed charges, and (3) current expenses.

Finally, if an adequate check is to be had upon expenditures, data should be at hand regarding expenditures in terms of things immediately purchased; that is, how much goes for personal services, how much for transportation, how much for heat, light, etc.

After the accounts are classified, as outlined above, it is necessary to promulgate rules and regulations as to their application and use. It is then necessary to devise the receipt and expenditure documents and bookkeeping forms to be made use of in the operation of the system of accounting to be established for collecting currently the accounting data needed for management purposes. The system recommended for adoption is discussed below under the heads of, (1) Central Control Accounting and (2) Departmental Budget Accounting.

Central Control Accounting. In outlining the work of the proposed State Comptroller's office, it was set forth, among other things, that the proposed Comptroller's office should be charged with the duty of keeping the budget and proprietary accounts of the state government and of prescribing all forms, systems, and procedure of administrative accounting in the several departments and institutions of the state government. The system of accounting and reporting recommended for adoption is outlined below under the following captions:

1. Budget Accounts
2. Proprietary Accounts
3. Reports

Budget Accounts. The budget accounts are the most fundamental in government and gather the data needed to report the financial condition of funds, appropriations, and the status of allotments. Their purpose is to show the internal condition of the finances of the government and to control the operations of the departments under legislative appropriations and special funds.

To accomplish this in Oklahoma, the following is suggested:

1. That the lump sum appropriations for salaries and maintenance be allotted by "purpose," that is, by activities or organization units as suggested in the section on the "State Budget System."

2. That a ledger account be maintained for each appropriation to record the appropriation, allotments, and unallotted balance.

3. That an allotment ledger account be maintained in the central accounting office for each "purpose" allotment made by the Governor.

4. That the allotment ledger sheet be ruled to collect all transactions affecting a specific allotment on one sheet and that it be designed for machine bookkeeping so that a register of transactions may be prepared simultaneously at time of posting. The suggested ruling follows:

1. Previous Balance
2. Symbol
3. Date
4. Document No.
5. Kind of Document
6. Disbursements
 - a. Object No.
 - b. Stores Issues (Used only if stores are financed by a Working Capital Fund)
 - c. Vouchers
7. Encumbrances
 - a. Liquidations
 - b. Authorizations
 - (1) Requisitions (Used only for those stores financed by a Stores Working Capital Fund)
 - (2) Purchase Orders
 - (3) Sundry (Contracts, etc.)
8. Allotment
9. Unencumbered Allotment

5. That the funds of the state be classified into general classes, for example:

- A. Expendable Funds
 1. General Fund
 2. Educational Funds
 3. Highway Funds
 4. Public Building Fund
 5. Bond Funds
 6. Special Revenue and Expense Funds
 7. Sinking Funds
- B. Working Capital Funds
- C. Endowment Funds
- D. Private Funds

6. That but one general ledger be maintained for both fund (or budget) and proprietary accounts of each general class of funds, and that these accounts be the following:

- | | |
|-----|--------------------------------------|
| 000 | Cash |
| 001 | Treasury Cash |
| 002 | Cash in Depository Banks |
| 003 | Imprest Funds of Disbursing Officers |
| 004 | Cash in Hands of Collection Agents |
| 010 | Notes Receivable |
| 011 | Secured Loans |
| 012 | Unsecured Loans |
| 020 | Accounts Receivable |
| 021 | Taxes Receivable |
| 029 | Other Accounts Receivable |
| 030 | Due from Other Funds |
| 040 | Investments |
| 050 | Estimated Revenues |
| 060 | Bonds Authorized and Unissued |
| 070 | Stores |
| 071 | General Supplies |
| 072 | Highway Stores |

073	Institutional Supplies
080	Deferred Debits
090	Fixed Property and Equipment (Net)
091	Miscellaneous Equipment
092	Permanent Improvements
093	Lands and Interests in Lands
094	Work in Progress
100	Expenses
101	Budget of Current Year (1936)
102	Budget of Prior Year (1935)
109	Continuous Appropriations
200	Accounts Payable
201	Budget of Current Year (1936) (Warrants Payable)
202	Budget of Prior Year (1935) (Warrants Payable)
203	Continuous Appropriations (Warrants Payable)
204	Contract Holdbacks
205	Warrants for Purchase of Stores (Used only if stores are financed from a Working Capital Fund and subsequently charged to appropriation accounts upon issue)
206	Non-payable (Registered) Warrants
207	Undistributed Taxes Collected for Local Government
208	County Treasurers' Deposits
210	Notes Payable
220	Due to Other Funds
230	Fixed Liabilities
231	Bonds
232	Notes
240	Reserves
241	Accumulated Requirements of Sinking Fund
242	Other (Specify)
250	Income
260	Deferred Credits
261	Unearned Taxes Levied for State Purposes
262	Undistributed Tax Collections
300	Balance of Appropriations
301	Unallotted Appropriations
302	Unencumbered Allotments
303	Unliquidated Encumbrances
309	Appropriation Expenditures
400	Surplus
401	Current Surplus (Used only at end of each fiscal year to close books or at end of each period for which statements are made)
402	Unappropriated Surplus
403	Fixed Capital Surplus

7. That the budget statements of resources, obligations, and balances be supplied to the Governor and the Budget Officer at the close of each month, and that statements of appropriation and allotments be supplied to the Budget Division of the Comptroller's office at the close of each month and quarterly to the Governor for each of the general classes of funds, and that the data be compiled similar to those statements hereinafter described under "Reports."

Proprietary Accounts. The proprietary accounts are those which supply information relative to the financial condition of the government and the means by which this condition was reached. Since the existing accounting system is incomplete, it is recommended that control accounts for each general class of funds, similar to those outlined above, be set up on the books of the central accounting office to collect currently the

financial data needed to produce a balance sheet, an operating statement and detailed reports similar to those hereinafter suggested under "Reports," and as exhibited in the chapter on "Financial Conditions and Operations."

By the adoption of the general ledger accounts and allotment ledger sheet suggested, the data for the proprietary accounts will be collected largely as a by-product of keeping the "budget" accounts.

The debits and credits of these several control accounts are not here described since this seems unnecessary. However, the kinds of reports that such system will make it possible to prepare currently, are outlined below.

Report. The reports which ought to be prepared periodically by the Division of Central Accounting and Reporting, of the State Comptroller's office, for the information of the Governor and the Budget Division, are as follows:

1. Budget Statement of Fund Resources, Obligations, and Balances
2. Statement of Realization of Revenue
3. Cumulative Statement of Appropriations
4. Statement of Appropriation and Allotment Operations
5. Consolidated General Balance Sheet
6. Consolidated Statement of Operations
7. Sinking Fund Balance Sheet
8. Statement of Sinking Fund Operations
9. Statement of Bonded Debt
10. Miscellaneous Statements

A general description of the purposes of these statements is given below:

Budget Statement of Fund Resources, Obligations, and Balances. This statement should be prepared monthly to report the financial position of the general classes of funds based upon their estimated receipts and estimated expenditures. It should exhibit the resources of the several classes of funds classified to report (1) the budget estimates of revenues to be billed; (2) the amount of revenues billed and uncollected; (3) the amount of available cash, that is, the amount of cash, less current liabilities; (4) the amount due from other funds; and (5) the amount of bonds authorized and unissued. Opposed to these resources should be reported the obligations of the government to carry out the directions of the legislature in the expenditure of moneys appropriated. The obligations should be classified to report (1) the amount of unallotted appropriations; (2) the amount of unencumbered or free balances of allotments; (3) the amount of unliquidated encumbrances, that is, the reserves set up to cover contingent obligations incurred for (a) contracts, (b) requisitions for services and supplies ordered and not liquidated, and (c) salary commitments; and (4) the amount due to other funds.

The balance reported for each class of funds, if a credit balance, will represent the estimated budget surplus available for appropriation by the legislature; but, if a debit balance, will set forth that the estimated resources of a given fiscal year are not sufficient to balance the budget authorizations.

Statement of Realization of Revenue. This schedule should supply current information as to whether the estimated revenues of the budget (as revised) upon which appropriations were made by the legislature, will be realized within a given fiscal year. It should be presented to the Governor and the Budget Division monthly in order that the expenditure programs of the departments may be revised, is necessary, to prevent the creation of a deficit.

These data should be reported for each general class of funds by sources of revenues estimated in the budget, and should be tabulated to set forth: (1) The estimated revenues to be collected within a given fiscal year; (2) the collections to date; (3) the balance of estimated revenues to be collected; (4) the percentage of estimates collected to date of report; and (5) the percentage of time elapsed to date of report.

Cumulative Statement of Appropriations. This statement should report cumulative data for the current and continuing appropriations of each general class of funds of the government. It should be prepared monthly for the information of the Governor and Budget Officer. In fund (or budget) accounts it corresponds to the operating statement of the proprietary accounts in that it reports the increasing and decreasing ele-

ments of the appropriations of an organization unit, thus showing how the condition of the appropriations of given fund, reported in the budget statement of fund resources, obligations, and balances, is reached.

Statement of Appropriation and Allotment Operations. The budget law should require all appropriations to be allotted, and these allotments should be made by "purpose" and set up on the books of the central accounting office. If this is done this statement should be prepared at the close of each month (from the books of the central accounting office) for the information of the Budget Division. This may be accomplished without extra work by posting each month's transactions to duplicate (carbon copy) allotment ledger sheets. It has for its purpose to report the condition of each allotment.

Consolidated General Balance Sheet. The purpose of this statement is to report the financial position of the government as of a given date, since the government as a proprietor has the same responsibilities as a private person or corporation. These responsibilities consist of the management of possessions and the payment of debt; that is, (1) for prompt payment of current liabilities involving the continuous provision of an adequate cash balance and (2) the prompt payment of matured bonded debt involving the adoption of adequate means of redemption. This should not be prepared more often than quarterly. It should be classified on the assets side into (a) current assets, (b) deferred debits, and (c) capital assets, while the liabilities, reserves, and surplus section should be divided to report (a) current liabilities, (b) deferred credits, (c) current surplus, (d) capital liabilities (less sinking fund assets), and (e) capital surplus.

Consolidated Statement of Operations. The purpose of this statement is to exhibit how the results reported in the balance sheet were reached. A periodical determination of financial condition must be followed by an examination of the means by which such condition is reached in any continuous activity involving the assessment and collection of revenue, the expenditure of money, the management of assets, and the liquidation of liabilities. This necessary adjunct of efficient management is afforded by the operating statements which can be produced from the accounting system herein recommended. This statement should not be prepared more frequently than quarterly. It should be classified to report the income from (a) revenues and (b) non-revenues, the expenditures by (a) operating expenses, (b) sinking fund requirements this fiscal year, and (c) capital outlays, and the balance should represent the excess of incomes over expenditures or the excess of expenditures over income.

Sinking Fund Balance Sheets. These statements show the actual condition of each sinking fund at a given date and reveal the extent to which expectations in respect to the retirement of bonded debt through them are being met or not being met, either as the result of faulty sinking fund laws or of mismanagement on the part of those responsible for the administration of the sinking funds. These statements should be prepared not oftener than quarterly.

Statement of Sinking Funds Operations. The purpose of these statements is to set forth how the condition reported in the sinking fund balance sheets was reached. They should be prepared to include all cash receipts and all cash disbursements as well as all sinking fund income accrued and expenditures incurred. They should be so stated that information is presented to report the net excess of each sinking fund's income over expenses and requirements so that data are made available to show the extent to which the accumulated annual surplus is reducing the accumulated deficiency, if any.

These statements furnish the Governor, the State Treasurer, and the State Comptroller with information regarding the operations of each sinking fund. These statements should be prepared quarterly.

Statement of Bonded Debt. This statement sets forth the facts regarding bonded debt of the state on the date to which the report relates, and ought to be prepared periodically for the information of the Governor and the Chief of the Budget Division.

Miscellaneous Statements. The system herein recommended will produce data for other detail statements to support the more general statements referred to above. For example, statements of revenues classified by sources and agencies collecting, statements of expenditures classified by the several departments herein recommended for the State

of Oklahoma and the bureaus thereunder, and statements reporting the expenditures of these bureaus by character and objects of expenditure.

The recommendations contemplate the production of these data on forms similar to those recommended by the National Association of State Auditors, Comptrollers, and Treasurers at their Thirteenth Annual Convention held at New Orleans and exhibited in part in the chapter on "Financial Conditions and Operations."

Departmental Budget Accounting. To standardize the budget accounting work of all state agencies it is recommended that the present expenditure and receipts documents continue to be used but that the present appropriation bookkeeping and reporting forms be discontinued at the close of the ensuing fiscal year, June 30, 1936, and that there be substituted therefor the following bookkeeping forms:

1. Departmental appropriation ledger
2. Departmental allotment ledger
3. Quarterly report of appropriation and allotment operations
4. Monthly schedule of collections and deposits
5. Monthly schedule of disbursements (if vouchers are paid by local disbursing officers)

Departmental Appropriation Ledger. An appropriation ledger should be maintained by the departments in order that the head of the department may be informed at all times as to the amount of the appropriation that remains unallotted. The existing form may be continued to be used for this purpose.

Departmental Allotment Ledger. The departmental allotment ledger recommended is quite similar to that recommended for the Division of Central Accounting and Reporting. It should be so ruled, however, that it may serve as a register of all documents as well as an allotment ledger account for each "purpose" allotment made to a spending agency. The form suggested is a loose-leaf form ruled for pen posting, and the ruling should be as follows:

1. Line number
2. Date
3. Document number
4. Kind of document
5. Disbursements
 - a. Object
 - b. Amount
6. Encumbrance
 - a. Debit
 - b. Credit
 - c. Balance
7. Allotments
 - a. Debit
 - b. Credit
 - c. Balance
8. Line number

The upper section of the sheet should provide space to indicate the fund from which the appropriation is made, the appropriation and allotment symbol, the name of the department or institution, the subordinate organization unit, the title of the allotment, and the quarter covered.

The present accounting regulations of the state provide that all expenditure documents shall (1) originate in the office from whose appropriation the expenditure is to be made, (2) be approved by the head of the department responsible, and (3) be entered upon the books of the department authorizing the expenditure. It therefore follows that the appropriation accounts of each department will at all times agree with the same accounts maintained in the central accounting office, with the possible exception of documents in transit.

The expenditures made from the appropriations through allotments approved by the Governor should be recorded in the allotment ledger from the following posting media:

1. Appropriations—appropriating warrants
2. Allotments—allotment advices
3. Encumbrances
 - a. Salary commitments
 - b. Purchase orders
 - c. Contracts
 - d. Requisition for advancement of funds
 - e. Storehouse requisitions (Used only if stores are financed by working capital fund)
4. Liquidations and disbursements
 - a. Payrolls
 - b. Vouchers
 - c. Refund of advances to disbursing officers
 - d. Storehouse issue invoices (Used only if stores are financed by working capital fund)

It will be noted that the rulings of the departmental allotment ledger provide a column for the insertion of the symbol number of the object of expenditure for which the payment is made. This column is inserted in the form in order that an analysis of the expenditures under each given allotment may be prepared periodically, at least annually, for budget purposes. This method is suggested in order to obviate the necessity of keeping a separate sheet for each object.

Quarterly Report of Appropriation and Allotment Operations. This statement will only be required of the spending agencies quarterly, since departmental reports will be supplied monthly to the Budget Division, under the proposed plan, by the Division of Central Accounting and Reporting. This statement should be supplied quarterly to the Budget Division and the Central Accounting and Reporting Division in order that the records of the spending services may be checked with the books of the central accounting office.

Monthly Schedule of Collections and Deposits. A copy of this schedule should be supplied to the central accounting office at the close of each month to report collections and deposits by funds, and by appropriations, if the receipts of the agency are reallocated to it by the Budget Office. Upon receipt of this schedule in the central accounting office it should be checked with the daily deposits already recorded on the books of the Central Accounting and Reporting Division. If in agreement it should be filed, but if not in agreement the difference should be ascertained and the account reconciled, the department being advised of any difference so that it may adjust its records to conform to those of the central accounting office.

Schedule of Disbursements. A copy of this schedule should be supplied to the Division of Accounting and Reporting at the close of each month or each time reimbursement is requested. It should be accompanied by the original vouchers paid by the disbursing officers. The schedule should be prepared in detail by voucher numbers. A separate schedule should be prepared and forwarded to the central accounting office for each appropriation recapitulated to report the disbursements made for each "purpose" allotment. This will supply that office with the data needed by it to reestablish the disbursing officer's total credit and to charge the allotment accounts for which the disbursements were made. This form will only be used by those agencies paying part of their own accounts through a local disbursing officer out of an imprest fund.

Summary of Recommendations. In this section a complete revision of the present system of central accounting and reporting and a uniform system of departmental accounting is recommended and discussed. The specific recommendations are summarized below:

The Governor should be relieved of the duty of establishing uniform budget classifications and this duty should be transferred to the proposed State Comptroller's office.

The State Examiner and Inspector should be relieved of the duty of formulating and installing uniform systems of accounting and reporting in the state departments and establishments, and this function should be transferred to the proposed State Comptroller's office.

The State Examiner and Inspector should be relieved of the duty of post-auditing the finan-

cial records of the departments and institutions of the state government, and this duty should be transferred to the State Auditor.

The State Auditor should be relieved of his present pre-audit, warrant-issuing, and book-keeping duties, and these functions should be transferred to the proposed State Comptroller's office.

The State Auditor should be assigned the duties of reviewing all state financial transactions for the purpose of determining that all requirements by the legislature in respect to the collection, custody, and disbursement of public funds have been duly complied with and that all state officers having the collection, custody, or disbursement of public funds can faithfully account for moneys coming into or that should come into their possession.

The provisions of the state depository acts now permitting the departments and institutions to deposit certain designated collections in one or more of the state depository accounts, and to disburse these deposits out of these accounts by their own checks, should be repealed; and all of these collections should be "covered in" to the State Treasury; the private trust receipts should be credited to the respective private funds; and all other depository receipts should be credited to the fund or funds from which appropriations are now made by the legislature for the support of the activities of the collecting agencies, or to the credit of designated special (cash) expendable funds.

The laws creating the so-called revolving funds, other than real working capital funds for prison and like industries, should be repealed; and all of these collections, including working capital funds, should be "covered in" to the Treasury; and the working capital receipts should be credited to the respective working capital (cash) funds; and the receipts of the other revolving funds should be credited to the fund or funds from which appropriations are now made by the legislature for the support of the collecting departments and institutions; but these repayment collections should be made available to and supplement the annual appropriations of the respective departments and establishments covering such moneys into the State Treasury.

The statutes now authorizing certain examining boards and other state agencies to retain their collections and to disburse these receipts independently of the State Auditor's office, should be repealed, and all such collections should be "covered in" to the State Treasury to the credit of the general fund or to designated special expendable (cash) funds.

A law should be enacted to require the State Comptroller or his designated assistant to countersign all checks issued by the State Treasurer.

The present law¹ with reference to the endorsement of "non-payable" warrants by the State Treasurer should be amended to require the Treasurer, with counter signature of the State Comptroller, to issue a registered warrant note in exchange for and payment of warrants issued by the State Comptroller, when there are not sufficient moneys in the funds of the Treasury applicable to the payment of such demands at time of presentation.

If the budget and accounting bill outlined in the section on the "State Budget System" is enacted into law, it is suggested that the following recommendations, all of which may be accomplished by administrative action, be put into effect.

The numerous funds of the state government should be classified into not more than nine general classes.

The State Treasurer should be required to install and maintain a more simplified and modern system of Treasury accounting.

A modern system of fund (budget) and proprietary accounts should be installed in the proposed State Comptroller's office.

The present departmental system of budget accounting and reporting should be standardized.

All appropriations made by the legislature and all special fund expenditures of the departments should be allotted by the Governor by bureaus or divisions and by character of expenditures.

The lump sum appropriations of the institutions should be allotted by activities (purpose) as suggested in the recommendations under "State Budget System."

The present system of decentralized disbursing should be discontinued, and small imprest funds should be provided for these departments and institutions requiring available cash to meet immediate demands.

¹Stat. 1931, Sec. 3758.

Contracts should be registered and certified by the proposed State Comptroller and encumbered on departmental and central accounting records.

Financial control should be established over personal services and these services should be encumbered against the allotments.

Departments billing taxes and other revenues should be required to schedule such billings daily and one copy of all such billings should be sent to the proposed Division of Central Accounting and Reporting of the State Comptroller's office at the close of each month.

A property accounting system should be installed in the departmental service, and these agencies should be required to render an annual inventory to the proposed State Comptroller's office and the State Auditor's office.

The State Comptroller should prepare a manual of Accounting and Business Procedure:

(1) To make known to all state agencies the essential principles which find expression in the system of financial administration of the state; and (2) to furnish concrete illustrations of the application of those principles.

COLLECTION AND CUSTODY OF PUBLIC FUNDS

In Oklahoma, as in other states, practically every state agency collects state money from one or more sources. Such collections may be divided into four classes: (1) Collections "covered in" to the State Treasury; (2) collections retained in the state depository accounts of the State Treasury and disbursed by the depositing agencies; (3) collections deposited in the state depository accounts to the credit of working capital and so-called revolving funds; and (4) those collections of examining boards and other state agencies which are not now required by law to be deposited with and be disbursed through the State Treasurer. From the viewpoint of the laws governing the collection and deposit of public funds with the State Treasurer, collections may be grouped into: (1) Property taxes collected through county treasurer; (2) school revenues collected by the Commissioners of the Land Office; (3) tax and other revenues collected by the State Tax Commission; (4) federal aid grants collected by the A. and M. College; and (5) miscellaneous taxes and other revenues and non-revenue receipts of the departments and institutions, including licenses, permits, fees, and sales of products collected by state agencies and deposited in the State Treasury, to the credit of the general fund, revolving funds, special funds and departmental depository accounts.

Collections Through Counties. The revenues collected by counties for the state are old delinquent state property taxes, part of which is apportioned and distributed for school and highway purposes. These moneys are covered into the State Treasury.

School Moneys Collected by Land Office. The revenue collections of this office represent (1) rental and interest on loans of endowment funds creditable to common schools and institutions of higher learning, and (2) certain recording and transfer fees creditable to the general fund. These revenue collections are covered into the State Treasury and are appropriated by the legislature.

The **non-revenue** collections of the Land Office represent the proceeds of the sales of land, sales of mineral rights and minerals, such as oil and gas leases, bonuses and royalties from producing wells, and the repayment collections of principal of loans made to Oklahoma farmers. These collections are credited to the principal of the endowment funds. The principal of these funds is held in trust and not expended except in the case of Section 33 land in Old Greer County. These non-revenue collections are deposited in the State Treasury to the credit of "Treasury Account No. 3—School Lands Department." These moneys are disbursed in the form of loans and investments and while they are recorded on the books of the State Treasurer's office, similar to a depository account in a bank, they are not recorded or controlled on the books of the State Auditor.

Moneys Collected by the State Tax Commission.¹ The major portion of state revenue is collected by the Tax Commission. The collections of the last three completed fiscal years and the sources and distribution thereof are given below.

¹Report of Oklahoma Tax Commission, 1934, pp. 113-15.

SOURCES

Item	Fiscal Year Ending June 30		
	1934	1933	1932
Income Tax -----	\$ 1,774,811.74	\$ 1,896,717.32	\$ 1,049,624.48
Corporation License -----	677,305.37	757,000.28	843,038.79
Inheritance Tax -----	144,511.60	627,387.65	144,984.60
Gasoline Excise Tax -----	10,523,418.66	9,686,754.22	11,039,858.61
Gross Production Tax -----	4,790,603.62	3,794,023.05	4,117,752.58
Motor Vehicle License -----	3,032,974.74	3,294,961.07	4,765,080.07
Motor Carrier Tax -----	523,355.52	194,593.19	176,942.29
Sales Tax -----	3,824,855.01	-----	-----
Beverage License and Tax -----	716,309.00	-----	-----
Gross Receipts Tax -----	9,591.19	45,675.99	57,285.65
Game and Fish License -----	166,238.75	145,953.50	157,143.25
Petroleum Excise Tax -----	215,756.73	14,054.72	-----
Miscellaneous Revenue -----	2,197.67	2,238.83	3,360.02
Total -----	\$26,401,929.60	\$20,459,359.82	\$22,355,070.34

DISTRIBUTION

Fund	Fiscal Year Ending June 30		
	1934	1933	1932
State Funds:			
1. General Fund -----	\$ 3,578,306.54	\$ 3,749,319.24	\$ 3,369,544.45
2. Highway Fund -----	6,149,104.92	8,035,778.62	9,980,424.44
3. Common School Equalization Fund -----	1,420,017.86	620,104.77	661,304.28
4. Treasury Notes Sinking Fund -----	2,999,466.84	468,489.45	-----
5. Tax Collection and Enforcement Funds -----	684,285.75	356,358.68	458,996.14
6. Special Funds -----	397,953.81	160,008.22	601,510.51
7. Trust Funds -----	537.10	-----	-----
Total State Funds -----	\$15,229,672.82	\$13,390,058.98	\$15,071,779.82
County Funds; Taxes Collected for Counties:			
1. Income Taxes -----	\$ 902,068.42	\$ 882,651.22	\$ 651,798.90
2. Gasoline Excise Taxes -----	2,499,549.03	2,354,790.97	2,354,608.47
3. Gross Production Taxes -----	1,638,674.63	1,165,847.04	1,339,580.11
4. Motor Vehicle Licenses -----	1,728,870.51	1,869,290.02	2,709,579.46
5. Sales Tax -----	3,041,962.01	-----	-----
6. Beverage Taxes -----	652,421.06	-----	-----
Total Counties -----	\$10,463,545.66	\$ 6,272,579.25	\$ 7,055,566.94
Collections in Suspense:			
1. Refunds -----	\$ 85,872.06	\$ 16,793.16	\$ 47,293.45
2. Held in Escrow -----	694,433.40	736,603.83	117,561.68
3. Unapportioned -----	71,594.34 ¹	43,324.60	62,868.45
Total Collections in Suspense -----	\$ 708,711.12	\$ 796,721.59	\$ 227,723.58
Grand Total -----	\$26,401,929.60	\$20,459,359.82	\$22,355,070.34

All of the above collections of the State Tax Commission are first deposited in the respective depository accounts of the state treasury. After the allocation of the moneys collected, the proportion of taxes and other dues collected for state purposes are covered into the treasury, and that part allocable to local governments is paid over to the counties by the State Tax Commission and the State Highway Commission by checks drawn on the depository accounts. The refunds of taxes and refunds of amounts paid under protest are also disbursed directly by the Tax Commission out of the Commission's depository account.

Federal Aid Grants Collected by the A. and M. College. Section 8528 of the Oklahoma Statutes, 1931, provides that the State Board of Agriculture "shall elect one of its members treasurer of the Board, and his duties as treasurer shall be the receipt and custody of funds received from the United States government for the benefit and support of the Agricultural and Mechanical College at Stillwater; and he shall be responsible . . . for the proper accounting of such funds, and shall make such reports as the board may require, turning over to the State Treasurer promptly all state funds that . . . should be paid into the State Treasury."

¹Deduct.

At the time of the enactment of this statute the federal aid moneys received by the state from the national government under the Morrill-Nelson Act, Hatch Act, Adams Act, Smith-Lever Act, Purnell Act, Capper-Ketcham Act, and the Federal Cooperative Act, were transmitted to the Board of Agriculture and deposited by it in the state depository account. At the present time, however, these moneys are collected by the A. and M. College and are deposited in several treasury depository accounts and disbursed by the College independently of the State Auditor's office. The amounts collected in the last two fiscal years were as follows:

<u>Title of Fund</u>	<u>Fiscal Year</u>	
	<u>1934</u>	<u>1933</u>
Morrill-Nelson Act -----	\$45,520.43	\$45,000.00
Hatch Act -----	15,000.00	15,000.00
Adams Act -----	15,000.00	15,000.00
Smith-Lever Act -----	175,971.67	175,971.67
Purnell Act -----	60,000.00	60,000.00
Capper-Ketcham Act -----	34,568.90	34,568.90
Federal Cooperative Act -----	28,000.00	28,000.00
Total -----	<u>\$374,061.00</u>	<u>\$373,540.57</u>

These moneys, like all other collections of the agencies of the state government, should be "covered into" the treasury and be disbursed by state warrants. In this case, however, these revenues should be funded to special revenue and expense (cash) funds to restrict their disbursement to the purposes for which contributed by the national government.

Miscellaneous Collections by Other State Agencies. There is no uniformity in the laws governing the receipt and disposition of sundry miscellaneous collections. Some receipts are funded to the so-called revolving funds, some are treated as repayments to general fund appropriations, some are funded to special funds, many of the receipts are deposited in one or more special deposit accounts, and some of the state's receipts are retained by the collecting agencies and disposed of without any accounting being made for such collections.

Conclusions and Recommendations. To make deposit and funding of all collections uniform, the legislature should give consideration to the repeal of all laws (1) permitting the retention of government moneys by collecting agencies and (2) allowing certain departments and institutions to retain in and disburse money out of their state depository accounts, except to cover all collections into the State Treasury to the credit of some designated fund or funds.

The state depository law was enacted not only to establish uniformity in the daily deposit of collections in designated state depositories but, evidently, also to relieve the State Treasurer of certain duties with respect to enforcing collection of dishonored ("hot") checks and of making miscellaneous refunds and other like adjustments before such funds were deposited to his credit.

To make it practicable to cover all moneys collected into the State Treasury to the credit of the fund or funds to which creditable, and of subsequently adjusting such credits because of refunds and the like:

All state moneys collected by departments and establishments of the state government should be deposited with the State Treasurer and be covered into the treasury. In this connection, see recommendations in the preceding section on "Accounting and Reporting."

A special imprest fund should be established wherever necessary for the use of the departments and institutions in making refunds and adjusting dishonored ("hot") checks.

All expenditures from such imprest funds should be reported to the State Comptroller at the close of each month for his audit, approval, and reimbursement.

Uncollectible checks included in the deposits of state agencies should be reported back to the depositing agency and be reimbursed by such agency from the special imprest fund provided above.

Section 8528 of the Oklahoma Statutes, 1931, should be repealed since all federal aid

collections affecting the A. and M. College are now collected by it directly from the national government, and, if the recommendations herein made are followed, all such collections will hereafter be covered into the State Treasury to the credit of designated special revenue and expense (cash) funds.

To facilitate the handling of refunds and adjustments, the following procedure is recommended for all departments and establishments of the state government required to refund collections or make adjustments for "hot" checks:

All collections of state agencies should be deposited with the State Treasurer daily, or in a depository bank to the credit of the State Treasurer. A report of such deposits should be mailed to the Treasurer or accompany each deposit made directly with the State Treasurer showing the sources from which collected and fund or funds creditable. An imprest fund will be established for the use of each such department for making refunds or adjustments. A monthly report should be submitted to the State Comptroller of all such refunds and adjustments accompanied by refund vouchers certified and approved by the head of the department upon the basis of which the imprest fund will be reimbursed for all such transactions. All such refund expenditures should be charged to the specific revenue and fund account originally credited at time of deposit, or to refund or expense accounts chargeable, if appropriated by the legislature.

Accounts should be set up on the books of the proposed Comptroller's Office to establish a control over billings, collections, and deposits, and the following routine should be employed in operating such a system:

Billings should be listed on schedules in summary or by bill numbers and copies of these schedules should be forwarded to the proposed State Comptroller's office at the close of each month. This may be produced as a by-product of billing if billing machines are used.

These schedules will supply the basis for an entry to charge taxes and accounts receivable (and the billing agency with the responsibility of collection) and to credit the revenue accounts with amounts earned and deferred credits with the unearned amounts billed.

The collections should be listed on schedules in summary or by receipt and bill numbers and copies of these schedules should be forwarded to the Comptroller's office at the close of each month. These likewise may be produced as a by-product if made on a machine.

These schedules will supply the basis for an entry to charge the collecting agent and (1) to credit accounts receivable and uncollected taxes for the collection of items previously reported billed, and (2) to credit the revenue accounts for amounts not previously billed.

The deposit receipts issued by the Treasurer should be countersigned by the State Comptroller. If so countersigned, copies of such receipts should be retained by the Comptroller and be used by him to charge the Treasurer and credit the depositing officer.

To make sure that all collections are deposited in the Treasury and that all deposits are taken up by the Treasurer and the departments in the proper fund account, the Treasurer should render a daily schedule of treasury deposits by classes or funds, and the collecting officers should render a monthly schedule of all deposits made in the Treasury by sources and classes of funds. No bookkeeping entries would be made from these schedules in the Comptroller's office. These reports would be used for audit purposes only. The deposit reported by the department should be checked against the daily reports of the Treasurer and should be otherwise audited to see that all deposits have been reported and that they have been funded correctly.

The above procedure is suggested because of the following advantages over the present system: (1) It provides a basis of accounting by departments and by the State Treasurer of gross receipts; (2) it makes all state moneys available to the State Treasurer immediately upon collection; (3) it establishes uniformity in accounting for all collections, refunds and adjustments of revenues; and (4) it provides a control over all state collections and a means whereby all refunds and miscellaneous adjustments of collections will have the approval of the State Comptroller.

FUNDING SYSTEM

If the finances of a government could be handled like those of a private corporation it would be unnecessary to recognize fund distinctions, as all receipts would be covered into a single pot, or general fund, from which all payments to meet obligations would be made. This would greatly simplify the accounting and reporting work, as but one set of books would be required to gather the accounting information needed by the management. Unfortunately, this condition does not obtain in government. A government has the responsibility of handling large sums which are of a private trust character, and even in respect to public funds, many legislatures, particularly of Oklahoma, have, as a matter of policy, earmarked much of their revenue for particular purposes. The obligations and limitations that are thus set up can be met only by handling each category of receipts and expenditures as a separate accounting proposition. This is done by treating each such category as a separate "fund." Each such fund has, as it were, its own accounting personality, its own receipts and disbursements, its own resources and obligations. The formal establishment of definite "funds" and the funding of all receipts are universally practiced by governments to safeguard resources and to restrict and control expenditures.

The restrictions that are placed upon the expenditure of government moneys necessitate a proper classification of funds and a formal procedure in utilizing the resources of a fund. The procedure for handling each fund, therefore, involves (1) The method of authorizing the expenditure of such resources, (2) the operation of funding receipts, and (3) the operation of spending.

The authorization of expenditures and the operation of spending is controlled by appropriations and the subsequent allotments made of the proposed expenditure. The funding of receipts is controlled by the allocation of the revenues to funds in accordance with the acts creating them. Manifestly, therefore, the accounts should be so kept and reports so rendered that the revenues and expenditures on account of each fund can be clearly determined. The system of accounting recommended for each category of funds is that outlined in the preceding section on "Accounting and Reporting." The classification of funds recommended for adoption is hereafter given. All funds now recognized by the legislature, but excluded from this list, should be abolished; since no real purpose is served by continuing them, inasmuch as any deficits in the more important ones omitted, for example, the Fire Marshal's fund, and the C. A. N. U. support and maintenance fund usually are financed from the general fund.

Present Classification of Funds. The fund distinctions now recognized by law are as follows:

- A. General Fund
- B. Educational Funds
 1. Section 13 Funds
 2. New College Fund
 3. Common School Equalization Fund (W.S.A.)
 4. School: $\frac{1}{4}$ Mill Fund
 5. Common School: Barber Fund
 6. Union Graded and Consolidated Fund
- C. Highway Funds
 1. State
 2. N.R.H. Trust Funds
- D. Public Building Fund
- E. Bond and Coupon Funds (one for each bond issue)
- F. Miscellaneous Special (Cash) Funds
 1. Examining Boards (separate fund for each board)
 2. Hospital Funds
 3. Game Protection Fund
 4. Fire Marshal Fund
 5. Building and Loan Auditor
 6. Motor Vehicle Enforcements
 7. Firemen's Pension Fund
 8. Capital Lands Donated
 9. Wichita Forest Reserve
 10. Ouachita Forest Reserve

11. Soldiers' Relief Commission
12. Escheated Funds
13. Special Emergency Relief Fund
14. Highway Collection Fund
15. Gas Tax Collection Fund
16. C.A.N.U. Support and Maintenance Fund
17. Sub-Penitentiary Fund
18. H.B. No. 416 Funding Fund
19. Proration Fund
20. Auto Theft Fund
21. Tax Commission Fund
22. Enforcement Fund
23. Sales Tax Collection Fund
24. Income Tax Collection Fund
25. Delinquent Registration Fund

G. Revolving Funds

H. Depository Accounts

Proposed Classification of Funds. The particular funds recommended for retention and their classification are given below:

I. Public Funds

A. Expendable Funds

1. General Fund (Unrestricted receipts) (Restricted receipts—percentage tax collections, etc.)
2. Educational Funds
 - a. Common School Equalization Fund (C-1 earnings and state taxes)
 - b. Construction of Buildings, Consolidated or Union Graded School Districts (C-2 earnings and principal)
 - c. New College Funds (C-3 earnings)
 - d. State Educational Institutions Fund (C-4 earnings)
 - e. Weak School Aid¹
3. Highway Funds (Tax receipts, federal aid and highway bonds)
4. Public Building Fund (Building bonds, land sales and rent of Sec. 33 lands, other than Greer County lands)
5. Bond Funds (Bonds sold for construction of dormitories, etc.)
6. Special Revenue and Expense (cash) Funds
 - a. Game Protection Fund
 - b. Proration Fund
 - c. Auto Theft Fund
 - d. Insurance Fund
 - e. Delinquent Registration Fund
 - f. Examining Boards (list)
 - g. Wichita Forest Reserve Fund
 - h. Ouchita Forest Reserve Fund
 - i. F.E.R.A. Funds
 - j. Federal Aid for Vocational Education
 - k. Morrill-Nelson Fund
 - l. Hatch Act Fund
 - m. Adams Act Funds
 - n. Smith-Lever Act Funds
 - o. Purnell Act Fund
 - p. Capper-Ketcham Act Fund
 - q. Federal Cooperative Act Fund
7. Sinking Funds (Interest and principal)
 - a. A. and M. College Sinking Fund
 - b. University of Oklahoma Sinking Fund
 - c. Oklahoma College for Women Sinking Fund
 - d. Oklahoma University Infirmary Sinking Fund
 - e. Treasury Notes Sinking Fund
 - f. 1911 Funding Bonds Sinking Fund
 - g. 1913 Funding Bonds Sinking Fund
 - h. Public Buildings Bonds Sinking Fund

¹Special Common School Equalization Fund: Laws, 1927, Chap. 91; Stat. 1931, Secs. 7101-13.

- B. Working Capital Funds
 - 1. Twine Factory Fund
 - 2. Tag Factory Fund
 - 3. Furniture Factory Fund
 - 4. Brick Factory Fund
 - 5. Shoe Factory Fund
 - 6. Clothing Factory Fund
 - C. Endowment Funds¹ (Interest and earnings transferred to Educational Funds, A2 funds)
 - 1. Common School Equalization Fund (Sections 16 and 36 lands)
 - 2. Union Graded Common School Fund (Section 33, Greer County)
 - 3. New College Fund (Lard in lieu of swamp lands)
 - 4. State Educational Institutions Fund (Section 13 land)
 - 5. Public Buildings Fund (Section 33 land, except Greer County)
 - 6. A. and M. Student Loan Funds
 - 7. University Student Loan Funds
- II. Private Funds²
- A. Moneys Collected for Distribution to Local Governments
 - 1. Income Tax
 - 2. Gasoline Excise Tax
 - 3. Gross Production Tax
 - 4. Motor Vehicle Licenses
 - 5. Sales Tax
 - 6. Beverage Tax
 - 7. Firemen's Pension Fund
 - B. Moneys Held for the Benefit of or to be Distributed to Private Persons
 - 1. Escheated Estates
 - 2. Agency Funds of Institutions (List)

The unexpended balances of each of these funds should remain available for the purposes for which created. Therefore, any law which now directs that the unexpended balances of any of the above funds shall be transferred to the general fund at the close of each fiscal year should be repealed.

No explanation is needed as to the operation of any of the above funds.

There is an undoubted urge in every state to endow certain activities and to remove from the financing of those activities the uncertainty involved in submitting them periodically to legislative scrutiny. Those interested in special activities are impelled to seek security for their special interest by the creation of special funds to be devoted exclusively to the financing of these activities. The procedure provides a degree of certainty upon which plans for the development and functioning of certain departments can be safely based. Nevertheless, from the point of view of sound financial administration and of the effective functioning of democratic government, this practice cannot be too severely criticised. The burden of proof should always be in favor of passing all revenues through the general fund and placing them under control of the legislature.

Only where the tax is apportioned on the basis of a principle which requires that the proceeds shall be devoted to special uses can the establishment of special funds be justified. Such justification, for example, is undoubtedly present in the case of special taxes on motor vehicles which rest on the principle that the cost of the highways should be assessed largely against the users thereof. On the other hand, there is no such compulsion in the case of certain special taxes, which are now allocated to educational funds and to a number of special funds.

It may be a hardship to subject special activities to the vagaries of legislatures, but it is necessary to impose this hardship if democratic government is to function effectively and an adequate system of financial administration attained. The legislature is the policy-making body. Its responsibility is to determine what activities are to be undertaken and to what extent they are to be conducted.

There is no necessary relationship between the yield of specific taxes and the cost of carrying on given activities. The segregation of special revenues to special purposes

¹For a description of the permanent school funds, see 14th Biennial Report of the State Superintendent of Public Instruction, pp. 125-29.

²Report balances on General Balance Sheet, among assets and liabilities.

may result in an excess of revenues for certain activities and an inadequacy of revenues for others. In order to operate an effective budget system all activities must be brought within its scope. Each activity must be evaluated with reference to all the other activities, and the available revenues apportioned according to the relative importance of the various services as determined by the legislature. The segregation of special revenues to special purposes is an evasion of legislative responsibility. It destroys efficient financial administration. It deprives the state of a periodic appraisal and examination of the activities being carried on and the relation of the costs of those activities to the revenues available. If the finances of the state government are to be placed upon an efficient basis all revenues should be brought under the control of the legislature through a budget system. Only where there is an obligation on the part of the state to use the proceeds from specific sources for special purposes should special funds be established.

The extent to which the funds of the state are now permanently appropriated and earmarked for special purposes is shown by the following table:

CONDENSED COMPARATIVE STATEMENT OF RECEIPTS OF THE FISCAL YEARS 1933 AND 1934
CLASSIFIED BY FUNDS, SHOWING EXTENT TO WHICH REVENUES ARE NOW
PERMANENTLY APPROPRIATED OR EARMARKED FOR SPECIAL
PURPOSES

Fund	1933	1934
A. General Fund Revenues: Unrestricted -----	\$ 8,891,582.20	\$ 7,321,285.17
B. General Fund Revenues: Restricted:		
1. Allocated to Tax Commission -----	373,751.64	664,330.81
2. Allocated to (so-called) Revolving Funds -----	821,181.02	1,072,206.65
C. Other Restricted State Revenues:		
1. Educational Funds -----	901,240.84	1,759,225.16
2. Highway Funds -----	12,246,244.37	12,984,406.40
3. Public Building Fund -----	488,525.90	131,250.00
4. Sinking Funds -----	467,083.89	2,996,877.35
5. Working Capital Funds -----	121,989.71	83,838.59
6. Depository Account Funds -----	2,308,697.81	2,556,907.06
7. Special Funds -----	554,724.98	773,300.12
8. Moneys not deposited in State Treasury -----	188,747.59	205,514.74
Total Restricted Receipts -----	18,472,187.75	23,227,856.88
Total Revenue Receipts -----	\$27,363,769.95	\$30,549,142.05
Percentage Restricted Funds are of Total Revenue Receipts -----	67.51	76.03

The foregoing table shows that 76.03 per cent of the total receipts of the fiscal year 1934 were not subject to legislative discretion in the appropriation of its resources for state purposes.

Recommendations. To furnish a basis for administering funds, for observing their restrictions, and for correctly accounting for their receipts, expenditures, and financial status, the following recommendations are made:

All laws should be repealed establishing the so-called revolving funds and all special funds not included in the above outline of "Proposed Classification of Funds."

The unexpended balance of each separate special fund retained (or created in the future) should remain available and be not lapsed to the General Fund or other funds at the close of each fiscal year.

All collections applicable to a given fund should be funded to the fund to which it belongs at time of deposit in the Treasury.

The State Game and Fish Department should not be required to deposit its collections in the Treasury, through the State Tax Commission.

The Comptroller should prescribe a uniform classification of all existing funds to be used by all departments and establishments in reporting receipts and expenditures, by his office, and by the State Treasurer in accounting for the financial condition and operations of the state government and the several funds thereof.

The proposed Comptroller's Office should maintain a separate set of accounts for each general class of funds and each distinct sinking (and interest) fund recognized by the state government.

The State Treasurer should maintain a separate set of Treasury accounts for each distinct fund falling within each general class of funds, and the sources of all receipts of all moneys deposited to the credit of each distinct fund should be collected on the books of the Treasury Department.

The funds of the state should be classified as herein suggested.

A formal and uniform procedure should be employed for the operation of each distinct fund.

Appropriations made from the general fund to supplement federal aid and other special funds should be transferred to such special funds at the beginning of each fiscal year to obviate the necessity of maintaining two accounts for like expenditures.

As a matter of policy, the legislature should discontinue the practice of creating special funds, except where there is an obligation on the part of the state to use the revenues received from specific sources for special purposes.

DISBURSEMENT OF PUBLIC FUNDS

The extent to which disbursements are now made without the issuance of state warrants has already been discussed in the introduction of the section on "Accounting and Reporting" and in the description of the "Present Accounting Procedure" of this section. Over 25 per cent of the collections are now deposited in and disbursed out of the state depository accounts without being audited and without being spread on the bookkeeping records of the State Auditor's office. The State Treasurer disburses general fund and other moneys for interest, principal payments of debt and commissions to the State Fiscal Agency, and the Commissioners of the Land Office disburse moneys on the Public Buildings Fund without the issuance of an auditor's warrant. To correct this condition, certain recommendations were made. Consideration, however, should be given to the complete centralization of all disbursements and where necessary to the establishment of small imprest funds for those agencies distant from Oklahoma City.

To carry out this suggestion, all appropriations should be allotted; these allotments should be set up as credits similar to a deposit in a bank; and all vouchers should be submitted to the proposed State Comptroller for audit and settlement. It is further suggested that each spending agency voucher its accounts on a blank state warrant-check in quadruplicate; that it send the original and two copies of such warrant-check to the State Comptroller after approval by the head of the department or institution; and that the duplicate warrant-check be accompanied by the original supporting vouchers or invoices.

The procedure suggested for auditing these transactions in the State Comptroller's office would be that of seeing to it (1) that all supporting papers are attached; (2) that they have been properly checked and certified; (3) that the payments certified are legal; (4) that the prices paid are reasonable and agree with contract prices; (5) that extensions and footings are correct; (6) that authorized approval signatures are affixed; and (7) that an allotment balance remains available for the payment of the particular goods or services certified and approved for payment. If the expenditure is in order, the State Comptroller should then insert the next consecutive warrant-check number, affix his signature in approval, detach the duplicate copy and the supporting papers for his files, and send the original and triplicate copies of the warrant check without supporting papers to the State Treasurer.

If there is sufficient cash in the Treasury to pay the approved warrant-check, the State Treasurer should date the check, stamp the name of the bank upon which drawn,¹ enter such check in his register of checks, and sign the original. After signatures, the original warrant voucher check should be mailed to the payee. The upper section of the triplicate copy of the document should be retained by the Treasurer and filed in his outstanding check file, while the lower section of the document should be forwarded to the state agency as an advice of payment of the accounts submitted for settlement.

The suggested procedure contemplates that payrolls shall continue to be audited and settled through the central accounting office. This may be accomplished by having all payrolls mailed to the Comptroller's office for payment about the 25th of each month for audit, and if changes occur they can be wired to the Comptroller's office in time for correction. The payment of payrolls by the central office need not, as now, involve the

¹This will not be practicable until the Constitution is amended to permit the Governor and Treasurer to negotiate temporary loans to finance appropriation expenditures, as recommended in the discussion of Section 23 of Article X of the Constitution in our appraisal of the present budget system.

preparation of individual pay checks. Only one warrant-check should be prepared for each general class of funds from which payable, and this should be drawn in favor of the head of the department or disbursing agent of the institution. This check should be deposited in a payroll account and individual checks made out by the department or institution and handed to the officers and employees, as is the present practice. This bank account should be balanced each month, and the bank statement and cancelled checks should be forwarded to the Comptroller's office for verification and adjustment and for filing with the original payroll submitted for payment.

The suggestion that the state disbursements be completely centralized is not new. Many states now have this system, and during the past few years the states of Virginia, Alabama, Maine, Iowa, and New Hampshire have adopted this procedure.

The State Comptroller's office should, of course, be admitted. As previously recommended, the State Auditor should perform a continuous audit of the State Comptroller's office.

It is recommended that:

The State Comptroller should settle all claims and draw all state warrants on the State Treasurer, and the State Auditor should be relieved of this function.

The State Auditor should be required to make a post-audit of all transactions of the State Comptroller's office.

A standard vouchering procedure should be established to require all state agencies to voucher their accounts for payment on a summary warrant-check in quadruplicate.

Small imprest funds should be established for agencies distant from Oklahoma City, where necessary; and reimbursements should be made only for such vouchers or portion of them as are audited and approved by the State Comptroller.

BONDING OF STATE OFFICERS

The Constitution makes no provision for the bonding of state officers and employees, in order to insure fidelity in the performance of their work or in the handling of public moneys. There are no general statutes with reference to the bonding of public officers, except one relating to reelection bonds (Section 3405) and one authorizing sureties to become severally liable where the bond of any official amounts to more than \$1,000 (Section 3425). The officials required to be bonded and the amount of such bonds are usually incorporated in law establishing a given office. State officers and employees to the number of 778 are required to be bonded to the state. Only two of this number have failed to comply with the statutes—one, because he could not qualify until his books had been audited by the State Examiner and Inspector, and the other, because he overlooked the fact that he was, by law, required to give a bond.

The bonds are required to be secured by qualified sureties. In some cases the law specifies that bonds must be made with a surety company. As a matter of custom all bonds of state employees are written by qualified guaranty and surety companies. Premiums on the bonds are paid by the state, with the exception of the premiums on the bonds of the bank liquidating agents and tag agents. The premiums paid are not limited by law. They range from \$2.50 to \$10 per thousand. Most of the bonds are written at the \$5 premium rate. In questioning these rates it was learned that they are high because of the failure of the state to keep its audits of fiscal officers current and because of the lack of financial control over the collecting officers.

There is no uniformity in the approval of bonds. They are now approved by the Governor, the Attorney General, the Supreme Court, and the individual department heads. All of the bonds are not filed with the Secretary of State; most of them are filed in the respective departments.

Premiums on bonds of state officers and employees are now costing the state approximately \$17,000 per annum. The largest premium paid is for the three bonds of the State Treasurer. He is bonded for \$750,000 at an annual cost of \$2,250. While examination of the amounts of the bonds does not disclose that the amounts are excessive, it does appear that many employees are bonded who have neither the handling

of cash, securities or other property, or any great responsibility or opportunity for connivance against the state's interests.

It is suggested that a study be made of this subject by the heads of the departments and establishments, and that they report their findings to the Governor with appropriate recommendations.

DEBT ADMINISTRATION

Authority of State to Incur Indebtedness. The incurrence of debt by the state government is authorized by Article X of the Constitution. The purpose for which debt may be incurred and the conditions and limitations under which the state may become obligated are outlined in this article as follows:

1. The state may contract debt to the extent of \$400,000 to finance casual deficits or failure in revenues, or for expenses not provided for (Section 23).

2. The state may contract debts to repel invasion, suppress insurrection, or to defend the state in war (Section 24).

3. The state may contract additional indebtedness only under the following provisions: It must be authorized by law and be for some work or object to be distinctly specified therein; such laws must impose and provide for the collection of a direct annual tax¹ sufficient to pay the interest on such indebtedness and to retire the principal within 25 years; and no such law shall take effect until it has been submitted to the people and shall have received a majority of all votes cast for or against it (Section 25).

Other constitutional provisions of Article X relating to debt, provide: (1) That the legislature shall provide for levying a tax, annually, sufficient to pay the annual interest and principal of all debt within 25 years from the final passage of the law creating the debt (Section 4);¹ (2) that the state shall not assume the debt of any county or other political subdivision of the state except as required by the Enabling Act; (3) that the credit of the state shall not be given, pledged or loaned to any individual, company, corporation, or association, municipality, or political subdivision of the state (Section 15); (4) that all laws authorizing the borrowing of money by or on behalf of the state shall specify the purpose for which the money is to be used, and the money so borrowed shall be used for no other purpose (Section 16); finally (5) that no bond or evidence of indebtedness shall be valid unless endorsed and certified by the State Auditor and Attorney General of the state (Section 29).

Chapter 27 of the Oklahoma Statutes, 1931, contains four articles with reference to debt: The first, Article 3, authorizes the issuance of funding bonds; the second, Article 4, authorizes the exchange and renewal of bonds; the third, Article 5, designates the Attorney General as State Bond Commissioner, and the fourth, Article 11, relates to the Public Building Fund, and the bonds, authorized to be issued for the construction of public buildings.

In addition to these statutes, Section 3758 provides that when there is not sufficient money in the Treasury with which to redeem warrants presented against him by the State Auditor, the State Treasurer shall endorse and stamp the date of presentation on all warrants so presented, after which date they shall draw interest at the rate of 6 per cent per annum. This section further provides that when funds become available for the redemption of such registered warrants the Treasurer shall give notice of the fact in some newspaper published at the seat of government and, after the expiration of thirty days, the interest on such warrants shall cease.

In actual practice, however, the Treasurer does not follow the procedure outlined in this section. Instead, all warrants issued by the State Auditor are countersigned by the Treasurer's office prior to release and are endorsed as to whether the warrant is payable upon presentation or "non-payable." If "non-payable," it is considered a registered warrant and bears interest from the date of issue.

Other debt is authorized by the legislature in special acts. For example, in Chap-

¹At time of adoption of this provision the Constitution provided for a state levy and assessment of general property taxes, but since this tax for state purposes was repealed in 1933, this section should be amended to direct the legislature to provide other taxes than property taxes sufficient to pay the interest and principal of debt obligations.

ter 164 of the Session Laws of 1933, the legislature authorized the funding of all outstanding general fund warrants in 1933, issued during the fiscal years ending June 30, 1930, June 30, 1931, June 30, 1932, and June 30, 1933, by the issuance of negotiable treasury 5 per cent notes, payable to bearer, in an amount not in excess of the total amount of such outstanding warrants and accrued interest; and in Chapter 126 of the same Session Laws, it is provided that on and after May 1, 1933, an amount equal to 40 per cent of the three cent gasoline excise taxes, theretofore credited to the state highway fund, shall be funded to a special sinking fund for the payment of the principal and interest on such obligations until the indebtedness shall have been paid. This Chapter (126) was amended by House Bill No. 29, of the 1935 session to reduce the percentage of the diversion of the gasoline tax to 15 per cent. However, House Bill No. 217, of the same session, which provides for funding these treasury notes and any unpaid general fund warrants outstanding on June 30, 1934 (into ten-year funding bonds bearing interest not in excess of 3 per cent per annum), provides that the State Treasurer shall set aside "out of the first state general fund revenues collected each fiscal year, commencing with the fiscal year 1935-36 and ending with the fiscal year 1945-46, one-twelfth of the sum sufficient to pay the interest on the funding bonds . . . and the maturing bonds due and payable during the fiscal year. . . ."

The other debt authorized by the legislature relates to dormitory and University infirmary building bonds. The first of these bonds was authorized in 1921 and subsequent legislatures have continued the authorization of such bond issues, but provided in each instance that the payment of interest on and principal of such bonds shall be paid out of rentals, charges and fees paid by students and patients by reserving out of such receipts the amounts needed each year to pay the annual bond maturities and accrued interest.

The treasury notes, the dormitory bonds and the infirmary building bonds were issued without being submitted to the people as provided by Section 25 of Article X of the Constitution. Probably this was done on the assumption that the notes were authorized under Section 3 of Article X, since the issuance of these instruments did not increase the debt but funded it, and the dormitory and infirmary building bonds were not considered state debt because the institutional operations will produce sufficient revenue to pay the interest and liquidate the principal of the debt without the levy of special taxes.

	Amount	Payable From
A. Funded Debt:		
Funding Bonds -----	\$ 100.00	General taxes
Public Building Bonds -----	126,500.00	Sec. 32 lands
Dormitory Bonds -----	661,000.00	Dormitory receipts
University Infirmary Bonds -----	123,500.00	Infirmary receipts
Treasury Notes -----	12,453,000.00	Gasoline taxes
Total Funded Debt -----		
	\$13,364,100.00	
B. Other Debt:		
Outstanding Warrants -----	5,279,344.73	
County treasurers deposits -----	14,132,310.09	
Accounts Payable -----	711,020.53	
Liability Reserves -----	2,633,659.38	
Endowment Reserve -----	3,529,315.11	
Total Other Liabilities -----		
	26,285,649.84	
C. Gross Debt -----		
	39,649,749.84	
Less: Sinking Fund Assets ---	1,806,819.68	
Other Assets -----	25,178,862.40	
Total Offsets to Debt --		
	26,985,682.08	
D. Net Debt, June 30, 1934 -----		
	\$12,664,067.76	

Funded Debt. Table I, which follows, shows the name and purpose, legal authority, amount of original issue, rate of interest, and the amount of outstanding funded debt of the state of June 30, 1934.

TABLE I
OUTSTANDING BONDED INDEBTEDNESS OF STATE GOVERNMENT, JUNE 30, 1934

Kind and Purpose	Law		Year of Final Maturity	Date Issued	Authorized	Issued	Redeemed	Outstanding June 30, 1934	Interest Rate ² (Per cent)
	Chapter	Session							
Funding Bonds of 1907 ¹	H.B. 175	1907	1929	1907	\$ 1,460,000	\$ 1,460,000	\$1,460,000	None	5
Public Building Bonds of 1911	89	1911	1935	1911	3,000,000	2,451,500	2,325,000	\$ 126,500	4½
Funding Bonds of 1913 ¹	Art. 1, Ch. 7	1895	1933	1913	2,907,000	2,907,000	2,906,900	100	5
State University Dormitory Bonds	(114)	1921)	1949	1924	300,000	300,000	57,000	243,000	5
	(87	1923-4)							
	(114	1921)							
	(87	1923-4)							
A. and M. Dormitory Bonds	104	1927	1949	1924	300,000	300,000	57,000	243,000	5
University Infirmary Building Bonds	34	1931	1951	1927	130,000	130,000	6,500	123,500	4
Oklahoma College for Women Dormitory Bonds	34	1931	1959	1934	290,000	75,000		75,000	4
A. and M. College Dormitory Bonds	34	1931	1959	1934	450,000	100,000		100,000	4
Treasury Notes, Series "A"	164	1933	1934	1933	1,800,000	1,800,000	577,000	1,223,000	4
Treasury Notes, Series "A"	164	1933	1936	1933	1,800,000	1,800,000		1,800,000	4½
Treasury Notes, Series "A"	164	1933	1937	1933	1,800,000	1,800,000		1,800,000	4½
Treasury Notes, Series "B"	164	1933	1934	1933	1,054,000	1,054,000		1,054,000	4
Treasury Notes, Series "B"	164	1933	1936	1933	1,053,000	1,053,000		1,053,000	4½
Treasury Notes, Series "B"	164	1933	1937	1933	1,053,000	1,053,000		1,053,000	4½
Treasury Notes, Series "C"	164	1933	1939	1933	4,470,000	4,470,000		4,470,000	4½
					\$21,777,000	\$20,753,500	\$7,389,400	\$13,364,100	

¹For details of this debt, see 1931 Directory of the State of Oklahoma, pp. 16-17.
²Payable semi-annually.

While the full faith and credit of the state of Oklahoma is not specifically pledged to the payment of the dormitory and infirmary bonds, the state is morally responsible to the bondholders.

Floating Debt. The floating debt consists of state warrants, accrued interest and the amount of private funds collected for local governments not yet paid over to the local subdivisions.

Provisions for Liquidating Debt. Each of the acts authorizing the above bond issues have provided means for financing the principal as it matures and the interest accruing each semi-annual period. The debt of the state government today is comparatively small; but the interest paid out each fiscal year on "non-payable warrants," because of the restrictions now imposed upon the administration, amounts to a considerable sum. In view of this, the legislature should consider the adoption of a resolution looking toward an amendment of Section 23 of Article X of the Constitution, which now limits the temporary debt of the state to \$400,000. The state, because of this section, registers its warrants and pays interest on these instruments at the rate of 6 per cent per annum. The amount of such interest paid on outstanding warrants in the fiscal year 1934, amounted to \$1,009,000.¹

Under date of January 12, 1935, the then State Treasurer commented on this subject, and issued the following press release:

The State of Oklahoma should adopt a system for payment in cash of all debts or obligations growing out of legislative appropriations. Salary and wage claims and more particularly merchandise and supply claims should be paid with warrants or vouchers which could be classified as "cash" and subject to handling the same as checks, money orders, bank drafts and similar cash items. It is improper and an antiquated system which calls for issuance by the great State of Oklahoma of "non-payable" warrants, which may be paid sometime—date unknown. Simply an I. O. U. Practically every state in the nation has adopted laws which enable the fiscal officers of such states to go into the open market and borrow sufficient funds, at prevailing market rates, for operation of state government. Oklahoma's old-fashioned system, set up at the beginning of statehood more than a quarter of a century ago, contemplates issuance of warrants in payment of each claim filed against the state. At the beginning of each fiscal year and for the succeeding four or five months, the state is able to issue cash warrants and operate on a cash basis but about November 1st or December 1st it becomes necessary to start issuance of non-payable warrants, due to the fact that cash accounts become depleted and the total of these non-payable warrants increase steadily until the fiscal year ends on the following June 30th. These non-payable warrants draw 6 per cent interest from date of issuance to the date when called for payment and the interest runs into an enormous total.

The State of New York adopted laws several years ago permitting the State Treasurer to borrow money on state notes, which are in fact a written obligation or promise by the State of New York to pay when current taxes are collected in a sufficient amount so to do. This plan enables him to pay salary and merchandise accounts and all other state obligations in cash. Last fall, under this plan, he borrowed money at a rate approximating seven-eighths of one per cent. Think of that as compared with the 6 per cent rate being paid by the State of Oklahoma and also think of the fact that our great state has unpaid, outstanding I. O. U.s scattered from Maine to California and Oregon to Florida. The state of Minnesota borrowed money in the open market, under the same plan, at a rate of 2 per cent. Oklahoma's financial condition is as good as any in the nation, with no bonded debt whatsoever as a direct burden upon the shoulders of the taxpayers and it is my confident belief that money could be borrowed in the open market at from one per cent to two per cent at any time. This would not only save this vast difference in interest but would place the state on a cash operating basis and would do away with the present antiquated system of issuing I. O. U.s, payable at some future time—date unknown.

It is my sincere hope that the present legislative session will see to it that laws are passed, vesting power and authority in the State Depository Board whose membership includes the Governor, State Treasurer and Attorney General, to issue state notes or tax anticipation certificates from time to time and as needs will demand in order that a more businesslike, systematic method may thus be provided for issuing cash warrants or vouchers in payment of the various obligations of the state as they appear.

¹State Auditor's Report, p. 27.

Specifically, the steps to be taken to conserve the state's resources and to improve the administration of the public debt are summarized below:

Section 23 of Article X of the Constitution should be amended to authorize the State Depository Board to negotiate temporary loans to the amount of \$1,500,000, to finance casual deficits and appropriations made by the legislature in anticipation of the collection of taxes levied to finance the budget.

The essential parts of the proposed state budget law should be embodied in the Constitution.

CHAPTER XVI

COMMISSIONERS OF THE LAND OFFICE

"The Governor, Secretary of State, State Auditor, Superintendent of Public Instruction and the President of the Board of Agriculture," according to Section 32 of Article VI of the Constitution, "shall constitute the Commissioners of the Land Office." The duties of the Commissioners are to "have charge of the sale, rental, disposal, and managing of the school lands and other public lands, and the funds and proceeds derived therefrom, under the rules and regulations prescribed by the Legislature." The lands and the principal funds managed by the Commissioners are "a sacred trust" and "the faith of the state is . . . pledged to preserve such lands and moneys and all moneys derived from the sale of any of said lands as a sacred trust and keep the same for the uses and purposes for which they were granted or donated."¹ The Land Office of Oklahoma is thus like a great trust company managing real estate and investments

BASIC LAW

The national government in legislating for the public domain had by several acts reserved a vast acreage of public land for the use and benefit of the common schools, higher educational institutions, and public buildings. Such of these lands as lay within the Territory of Oklahoma were administered by the Territorial Board for the leasing of School Lands. In the Indian Territory, the public domain had been given originally to the Indians and none of it had been reserved for the various types of schools or for public buildings. On June 16, 1906, when a national act was approved "To enable the people of Oklahoma and of Indian Territory to form a constitution and state government and be admitted to the Union on an equal footing with the original states," the Congress of the United States devoted six sections of the act (7 to 12 inclusive) to the subject of these special lands.

Common School Lands. Section 7 of the Act granted Sections 16 and 36 in every township in Oklahoma Territory, and all indemnity lands heretofore selected in lieu thereof, to the state for the use and benefit of the common schools, with certain exceptions of various federal reservations.

Since no similar grant with respect to the Indian Territory could be made, Section 7 of the Act appropriated, in lieu thereof, the sum of five million dollars from the Federal Treasury for the use and benefit of its public schools. "Said appropriation" . . . shall be held and invested by said state, in trust for the use and benefit of said schools, and the interest thereon shall be used exclusively in the support and maintenance of said schools." Until the state was organized to receive this appropriation, Congress provided that it should not be paid, but that the state should be allowed interest on it at the rate of 3 per cent per annum. The first payment was made to the state on December 31, 1907, and the remainder between then and June 30, 1908.

Section 11 of the Enabling Act also gave to the common school fund 5 per cent of the proceeds of the sales of public lands lying within the state "to be used as a permanent fund, the interest only of which shall be expended for the support of the common schools within said state."

Higher Educational Institutions Lands. Section 8 of the Enabling Act, with certain detailed provisions into which it is not here necessary to go, granted Section 13 to the state "for the use and benefit (1) of the University of Oklahoma and the University Preparatory School, one-third, (2) of the normal schools now established or hereafter to be established, one-third, and (3) of the Agricultural and Mechanical College and the Colored Agricultural Normal Universities, one-third." The legislature of the state was authorized to determine the division of the land or the proceeds between the institutions named in each of the three groups. The lands so reserved or the proceeds from their sale "shall be safely kept or invested and held by the state and the in-

¹Const., Art. XI, Sec. 1.

come thereof, interest, rentals, or otherwise, only shall be used exclusively for the benefit of said educational institutions."

In lieu of internal improvement and swamp land grants which had been provided by general land laws, Congress gave to Oklahoma for the benefit of—

The Oklahoma University -----	250,000	acres
The University Preparatory School -----	150,000	"
The Agricultural and Mechanical College -----	250,000	"
The Colored Agricultural and Normal University -----	100,000	"
The Normal Schools now established or to be established -----	300,000	"

The lands granted by this Section were to be selected by the Board for the Leasing of the School Lands of Oklahoma immediately upon the approval of the Act.

Lands for Charitable and Penal Institutions and Public Buildings. Section 8 of the Enabling Act provided that Section 3§ and all lands heretofore selected in lieu thereof, which were for charitable and penal institutions and public buildings, "shall be apportioned and disposed of as the Legislature of said state may prescribe."

The Enabling Act made certain definite provisions regarding how the lands should be handled, which should be briefly summarized. Lands valuable for minerals, gas, and oil, could not be sold prior to January 1, 1915, but could be leased for periods not exceeding five years by public competition after thirty days' advertisement," in the manner to be prescribed by law, and all such leasing shall be done under sealed bids and awarded to the highest responsible bidder." A fixed royalty was required in addition to any bonus offered for the lease. "All proceeds from leases shall be covered into the fund to which that property shall belong." (Section 8).

Common school land might be appraised and sold in 160-acre tracts at public sale, "under such rules and regulations as the Legislature might provide," preference right to purchase at the highest bid being given the lessee at the time of such sale. The proceeds of sales were "to constitute a permanent school fund, the interest of which only shall be expended in support of such schools." Lands might be leased for periods not to exceed ten years. (Section 9).

Regarding University lands and public institution lands, similar authority was given for sale or lease, but the period of leases was restricted to not more than five years. The law also provided for appraisal by three disinterested appraisers "who shall be non-residents of the county in which the land is situated." The appraisers were required to appraise land and improvements separately and in case the leaseholder does not become the purchaser, the purchaser pays to or for the leaseholder, the appraised value of the improvements and to the state the amount bid for the land without improvements. No bid for less than the appraisement can be lawfully accepted.

Article VI of the Oklahoma Constitution provided, as has been said, for the administration of the school lands and other public lands of the state by the ex-officio Board of Land Commissioners and Article XI, Section 1 accepted the federal donations and recognized them as constituting a sacred trust.

In addition to the land and money that came to the Common School Fund from the national government, the Constitution¹ provided that the fund should receive "the proceeds of all property that shall fall to the State by escheat, the proceeds of all gifts or donations to the State for common schools not otherwise appropriated by the terms of the gifts, and such other appropriations, gifts, or donations as shall be made by the Legislature for the benefit of the common schools. . . . The principal shall be deemed a trust fund held by the State, and shall forever remain inviolate. It may be increased, but shall never be diminished. The State shall reimburse said permanent school fund for all losses thereof which may in any manner occur, and no portion of said fund shall be diverted for any other use or purpose."

Section 3 of Article XI provides that the interest and income of the permanent school fund and the net income from leasing of its land shall be "apportioned among and between all the several common school districts of the State in proportion to the school population of the several districts." Section 4 writes into the Constitution the

¹Art. XI, Sec. 2.

essential provision of the Enabling Act, with respect to the public building land, and Section 5 does the same for the higher educational institution land.

Section 6 of Article XI reads:

The permanent common school and other educational funds shall be invested in first mortgages upon good and improved farm lands within the State (and in no case shall more than fifty per centum of the reasonable valuation of the lands without improvements be loaned on any tract), Oklahoma State bonds, county bonds of the counties of Oklahoma, school district bonds of the school district of Oklahoma, United States bonds; preference to be given to the securities in the order named.

The Legislature shall provide the manner of selecting the securities aforesaid, prescribe the rules, regulations, restrictions, and conditions upon which the funds aforesaid shall be loaned or invested, and do all things necessary for the safety of the funds and permanency of the investment.

Other Important Statutory Law. The Enabling Act and the Constitution, as cited above, contains the basic law establishing the Commissioners of the Land Office, prescribing their duties and setting up the principal funds with which they work. Neither time nor space permits of a detailed analysis and presentation of the voluminous detailed statutory law that partakes of the nature of rules and regulations; but a few provisions of statutory law should be mentioned to give a background for an understanding of the administration of the Land Office.

Union Graded or Consolidated School District Fund. It will be recalled that the Enabling Act and the Constitution both left to the legislature authority to deal with the public lands set apart for charitable, penal, educational, and public building purposes. In 1913¹ the legislature directed that the assets of that fund in excess of the amount required for the payment of all outstanding bonds and the interest thereon be transferred to "the Union Graded or Consolidated School District Fund." This law remained on the statute books until 1917 when it was repealed by Chapter 222.

The Union Graded or Consolidated School District Fund was created "to assist in constructing or paying for school buildings for consolidated school districts that have been, or may hereafter be constructed under existing laws pertaining to Union Graded or Consolidated School Districts."² At present this fund is apparently receiving only the proceeds from Section 33 of Greer County, as that county existed prior to November 16, 1907, together with the lieu lands.

The Greer 13 Fund. For reasons probably historical in their nature, the lands of the old Greer County and the proceeds resulting therefrom have been separately treated by the legislature. The 13 sections in the old Greer County are for the use of the institutions of higher education and the capital proceeds from them constitute a special fund.

Home Loan Fund and Home Loan Guarantee Fund. In 1919³ the legislature provided for two other funds under the Commissioners of the Land Office, both of which have since been abolished, but to a certain extent remain in the administrative picture. A Home Loan Fund was created in 1919 by an appropriation of \$250,000 from the general revenues of the state to permit the making of certain second mortgages for farm homes as defined in the Act. In 1931⁴ this fund was ordered dissolved and its assets, as they are converted into cash, are to be transferred to the Permanent School Fund. The Home Loan Guarantee Fund, established by the same Act, was made up of unclaimed express and freight refunds then in the hands of the Oklahoma Corporation Commission. It was to be used to guarantee the payment of the second mortgage notes issued under the Home Loan Fund. In 1925 it was dissolved and its assets transferred to the School Fund.

Receipts from Oil and Gas Resources. Prior to March 30, 1917, receipts from oil and gas resources in land owned by the Common School Fund were regarded as revenue and were distributed to the School Districts. The legislature then provided that these receipts should be regarded as capital and be added to the Permanent School Fund.

¹Laws, 1913, Chap. 34

²Laws, 1913, Chap. 219, Art. VII, Sec. 10.

³Laws 1919, Chap. 194.

⁴Chap. 28.

The Trust Funds Enumerated. Under the law, as above outlined, the Commissioners of the Land Office have the following property trust funds on their books:

1. The Common School Fund
 - a. The Common School Fund
 - b. The Common School Idemnity Fund
 - c. The Home Loan Fund in process of dissolution
2. State Educational Institution Fund
 - a. The State Institutional Fund
 - b. The Greer 13 Fund
3. University of Oklahoma Fund
4. University Preparatory School Fund
5. Agricultural and Mechanical College Fund
6. Teachers Normal College Fund
7. Colored Agricultural and Normal University Fund
8. Public Building Fund
9. Union Graded or Consolidated Fund

This list does not include the various revenue trust funds nor the administrative trust funds that are incidental to the operation of the Land Department.

OPERATIONS

State Farm Loans. The primary investment for the property trust funds is farm mortgages. From statehood to 1933 the law provided few restrictions on the authority of the Commissioners of the Land Office in making loans on good and improved farm lands, except the constitutional provision that the loan should not exceed 50 per cent of the reasonable valuation of the lands without improvements, and a statutory provision that the rate of interest should not exceed 5 per cent.¹ There were, however, several restrictions that applied to loans made from the State Educational Institution Lands and the New College Lands;² but, since these restrictions applied only to loans from these two funds, the Commissioners were free to make loans from the other funds without regard to these restrictions.

In 1933 the legislature adopted the policy of drastically restricting the authority to invest in farm mortgages. The law reads, in part, as follows:³

Section 5630. Investments of the Public funds in farm mortgages shall be made under the following rules and regulations:

(a) Such investments shall be made in first mortgages upon good and improved farm land within the State of Oklahoma which the borrower owns, operates or manages and holds as his homestead, or which the borrower owns and uses for agricultural or grazing purposes, the product from which constitutes his chief source of income.

Provided further, that no loan can be made in any instance to a non-resident of the State of Oklahoma, or to any person who does not use the land held by him for agricultural or grazing purposes, and who does not depend upon the income upon the land so offered as security for supporting himself and family, and the cash value of which, disregarding all improvements, is at least double the amount of the loan, and the fair rental value of which is equal to the annual payments to be made by the borrower, and not to exceed four thousand (\$4,000.00) dollars shall be loaned to any individual (or family). Provided that loans heretofore made in excess of \$5,000.00 that have become due or may hereafter become due, the Commissioners of the Land Office may extend such loans on the same terms upon which said loans were made.

(c) No loan shall be made upon a tract of land of less than twenty (20) acres and in no case shall more than thirty (\$30 00) dollars per acre be loaned regardless of value.

In another act,⁴ it was further provided that "every applicant for a loan from the funds held by the Commissioners of the Land Office shall have continuously owned the fee title to, and actually used by himself for agricultural purposes, upon which the loan is desired, at least one year prior to the date of such application." This provision, it will be noted, prevents the Commissioners from lending an applicant money

¹Stat. 1931, Sec. 5458.

²Stat. 1931, Sec. 5630.

³Laws, 1933, Chap. 91, Sec. 9.

⁴Laws, 1933, Chap. 187, Sec. 1.

to purchase a farm with that farm itself as security for the loan. It virtually takes them out of the field of supplying funds for farm purchases. All the restrictions, taken together, mean that the Commissioners in the future cannot do much new farm loan business.

Appraisals for Loans. Prior to 1933 the legislature appears to have devoted little attention to appraisals of land offered as security for farm loans. In 1933 it passed two laws on this subject.¹

The first act makes it a felony for any appraiser or other employee of the Commission to receive a commission, take property or accept a bribe for the recommendation of a loan, or to "willfully place a false estimate of value upon property offered . . . as security for a loan, with the intent to defraud the state." It likewise makes it a felony for any person to attempt thus to influence the action of any appraiser or other employee. The law further makes it mandatory for employees to report efforts at such corruption and for the Commissioners to discharge any employee who fails so to report. Punishment is also provided for embezzlement and for destroying, altering, forging records, and so on.

The second act requires each applicant for a loan to submit three appraisements of the land offered as security, each of which shall be made by a qualified freeholder who shall be a resident of the county wherein the land is situated for at least three years prior to the time his appraisal is made. Each freeholder must have personally inspected the land not more than 30 days prior to the filing of the application and must make affidavit that the facts stated in his appraisal are true.

The Land Commission appraisers are prohibited from appraising the lands before the application with the fees has been received and filed. He then must "personally inspect and go over each and every subdivision of every tract" and "shall not at any time disclose to the applicant his valuation placed upon the land until his appraisal is filed with the Commissioners." Upon request of the Commissioners or of the applicant for a loan, the tax assessor of the county in which the land is situated must (1) report the assessed value of the land for each of the five years previous to the filing of the application and (2) give his opinion "as to whether the land is capable of earning the taxes and interest at 5% on a loan of an amount equal to 50% of its value, exclusive of improvements."

The Commissioners are required, before final approval of any loan, to have before them the three appraisements required with the application, the statement of the tax assessor, and the appraisal of the Department appraiser. They are authorized to evaluate the evidence but "in no case shall more than 50% of the land as appraised by the appraiser of the Commissioners of the Land Office be loaned thereon." False statements or affidavits are made perjury, punishable by imprisonment in the state penitentiary for a term of not to exceed one year.

Loans to State Officials. In 1933 an amendment to Section 5630 of the code was adopted,² as follows:

(p) No loan shall be made to any State Official, either legislative, executive or judicial, whether elective or appointive, during their term of office, or within one year thereafter, or during their candidacy for an elective office; provided, that this rule and regulation shall not affect existing loans or the renewal thereof, nor hereafter to loans made to persons eligible therefor and who are elected after procuring said loan.

In 1933 a further act was passed³ providing that "in transactions where state officers and/or state employees are delinquent on obligations arising out of a loan of Trust Funds under the control and management of the Commissioners . . . the Commissioners . . . shall without first exhausting their remedy against mortgaged security, be entitled to proceed to require the State Auditor or other salary warrant issuing officer of the state, to issue them warrants in an amount not greater than twenty-five per centum of the monthly salary as said salary accrues" to the officer or employee who is in default.

¹Laws, 1933, Chaps. 186 and 187.

²Laws, 1933, Chap. 91, Sec. 9.

³Laws, 1933, Chap. 188, pp. 411-13.

The Act then prescribes in some detail the procedure which shall be followed in making these collections and in providing for an appeal.

Collections and Disbursements. The 1933 legislature also passed a detailed law¹ establishing a system of collection and disbursement by the Commissioners, authorizing the State Examiner and Inspector to prescribe the forms and methods of keeping certain records, authorizing the employment of an auditor, making an appropriation for his salary and necessary supplies and equipment; providing for strict compliance with the Act, etc. The Act itself should be consulted for details.

Extension of Time on Payments Due. Because of the financial depression, the 1933 session of the legislature passed two joint resolutions extending the time of payment of obligations due the Land Commissioners. The first² applied to the sums due on purchase certificates and rentals upon preference rights leases which had accrued or become due after January 1, 1929. It extended the time of payment to July, 1934, and permitted the Governor to extend them further up to July, 1935. If the sums due with interest at the regular rate of 5 per cent are paid within the extended time, all other penalties and interests are cancelled. The second resolution³ empowers the Commissioners to extend the payments due on loans "now due and delinquent or may hereafter become due and delinquent, at the constitutional rate of five per centum per annum from the original maturity or due date of said loans." The Commission may extend them in its discretion for two years from the passage of the Act (April 5, 1933). The resolution relieves the delinquent of the additional 5 per cent penalty for the period of the extension.

FINANCIAL CONDITION

Apparently the best available data regarding the finances of the Land Department are contained in an audit recently prepared by Mr. Gilbert Fraser, the new auditor of the Commissioners of the Land Office, assisted by a group of employees supplied by the Federal Emergency Relief Administration. His report constitutes what is believed to be the most thorough going audit ever made of this department. According to his findings, the financial condition of the Commissioners of the Land Office, as of June 30 1934, taking into account all of the funds and accounts administered by them, may be summarized as follows:

<u>Assets</u>	<u>Amount</u>	<u>Percentage of Total Assets</u>
Farm loans -----	\$31,127,954.06	59.29
Land sales installment contracts receivable -----	6,254,992.54	11.91
Lands (unsold) -----	10,480,618.35	19.97
Deficiency judgments (principal only) -----	351,563.68	.67
Shortage in cash turned in for credit and special depositors -----	13,050.38	.02
Investments in state and school district bonds and warrants -----	720,250.00	1.37
Cash in hands of cashier -----	3,553,140.20	6.77
Total Assets -----	\$52,501,569.21	100.00
 <u>Liabilities</u> 		
Permanent trust funds, the income from which is to be used to support and maintain the schools -----	\$50,002,266.47	95.24
Net undistributed assets available for public building purpose -----	2,176,566.46	4.18
Net undistributed assets of Home Loan Fund available for transfer to the Common School Fund (permanent) -----	118,413.29	.23
Net undistributed revenue available for support and maintenance of schools -----	73,169.93	.12
Net undistributed fees earned for transmittal to the State Treasury and Revolving Fund -----	22,701.25	.04
Due to borrowers on incomplete loans -----	6,154.26	.01
Reserved for refund of special deposits -----	47,720.79	.09
Unapportioned bank interest—reserved for apportionment -----	24,808.81	.04
Unclaimed special deposits, likely available for distribution to school revenue -----	12,007.97	.02
Suspense gains (transferable to permanent trust funds when realized) -----	17,759.98	.03
Total Liabilities -----	\$52,501,569.21	100.00

¹Laws, 1933, Chap. 189, pp. 413-19.

²Laws, 1933, Chap. 170

³Laws, 1933, Chap. 172.

The valuation of the "lands unsold" in the balance sheet above is based on an appraisal made by the appraisers of the Land Department in 1932. Auditor Fraser had to use this valuation in his report because it is the only one available, yet he does not regard it as at all satisfactory. If the appraisal of land under the Land Department is ever put on a more scientific and satisfactory basis the lands should be reappraised; and new appraisals should be made from time to time as conditions change.

In this connection it should be pointed out that the records of lands granted the state as maintained by the Land Department have never been reconciled with the records of the United States Department of the Interior. Mr. Fraser attempted to make this reconciliation in the course of his audit and found a discrepancy amounting to 40,323 acres. Mr. H. G. Humphreys, C. P. A. of Oklahoma, in a manuscript report on the Land Department, says: "The land acquired at Statehood is stated in the published figures at 3,177,480 acres. The records (of the Land Department) are said to show only 3,141,043 acres, whereof 640 acres were acquired in August, 1933." Mr. Fraser recommends, very wisely it seems, that the state should, at the earliest possible moment, seek to reconcile the figures by sending an auditor to Washington to compare in detail the Oklahoma records with the Interior Department records. Of course, 40,323 acres constitute only a tiny fraction of more than three million acres; but if any of the acreage in question happens to be oil or mineral land, the discrepancies may be serious.

The status of the loan accounts as of June 30, 1934, is reported by Mr. Fraser as follows:

Status	Total	First Mortgage	Second Mortgage
In good standing -----	\$17,501,773.25	\$17,466,056.91	\$35,716.34
Delinquent:			
with Legal Division for foreclosure -----	4,906,765.65	4,875,909.33	30,856.32
Other -----	8,719,415.16	8,719,415.16	-----
Total -----	<u>\$31,127,954.06</u>	<u>\$31,061,381.40</u>	<u>\$66,572.66</u>

The composition of the item "Lands Unsold" is as follows:

	Amount	Percentage of Total
School Funds—Permanent:		
Granted lands, at 1932 appraised values -----	\$ 7,900,735.14	75.38
Foreclosed lands, at amounts bid at sheriff's sales -----	1,789,723.21	17.08
Total School Lands -----	<u>\$ 9,690,458.35</u>	<u>92.46</u>
Public Building Funds:		
Granted lands, at 1932 appraised values -----	790,160.00	7.54
TOTAL LANDS -----	<u>\$10,480,618.35</u>	<u>100.00</u>

The following statement from Mr. Fraser's report gives the:

Net Worth—or Fund Balances:	
School Funds—Permanent, the income from which is to be used to support and maintain the schools -----	\$50,002,266.47
Home Loan Funds, which according to Article V, Chapter 28 of the 1931 Session Laws, is to be added to the Common School Fund—Permanent, as realized -----	118,413.29
Public Building Funds, available for public building purposes, as realized -----	2,176,566.46
School Funds—Revenue available for distribution for the support and maintenance of the schools -----	73,169.93
Interest earned, but undistributed -----	24,808.81
Fees earned but undistributed, available for transfer to State Treasurer for current expense purposes -----	22,701.25
Total Fund Balances -----	<u>\$52,417,926.21</u>

The cash transactions of the Commissioners of the Land Office from statehood to June 30, 1934, are briefly summarized by Mr. Fraser as follows:

Balance taken over from Territorial Board -----	\$ 320,373.31
Receipts since statehood -----	169,540,221.39
Total Receipts -----	<u>\$169,860,594.70</u>
Disbursements since statehood -----	166,307,454.50
Balance June 30, 1934 -----	<u>\$ 3,553,140.20</u>

This balance is represented by:

On deposit with State Treasurer -----	\$3,508,213.78
Cash in bank—Unapportioned bank interest -----	24,808.81
Total with State Treasurer -----	<u>\$3,533,022.59</u>

Mr. Fraser gives the following summary of application of funds for the period from statehood to June 30, 1934, all funds:

Derived from	Amount	Percentage
Lands acquired through congressional grants -----	\$ 36,294,786.38	34.73
Congressional appropriation—cash -----	5,000,000.00	4.79
Five per cent U. S. homestead land sales -----	66,164.20	.06
Oil and gas—all sources -----	14,257,594.50	13.65
Forfeitures from land sales contracts -----	363,324.75	.34
Easements, rights-of-way, improvements, timber, sand, gravel, etc. --	138,873.12	.13
Condemnations and escheats -----	48,660.02	.05
Gains realized from disposition of assets -----	11,294.25	.01
Legislative appropriations -----	505,398.83	.50
Interest received -----	36,294,727.60	34.73
Agricultural rentals -----	10,479,649.16	10.02
Fees earned -----	990,121.14	.94
Miscellaneous -----	53,535.68	.05
Total Funds Provided -----	<u>\$104,504,129.63</u>	<u>100.00</u>

Accounted for through:

Apportionments for support of schools -----	\$ 41,988,529.76	40.19
Transmittals to State Treasurer for:		
Public building purposes -----	8,746,499.20	8.37
Current expense purposes -----	842,395.28	.80
Expenses -----	369,686.33	.36
Losses -----	4,376.41	--
Miscellaneous -----	175,023.28	.16
Balances -----	52,377,619.37	50.12
Total Accounted For -----	<u>\$104,504,129.63</u>	<u>100.00</u>

Interest Received. Interest receipts from statehood to June 30, 1934, may be analyzed as accruing from the following sources:

Interest on	Amount	Percentage of Total
Farm loans -----	\$18,718,194.80	51.58
Land sales installment contracts receivable -----	14,359,056.81	39.56
Investments in bonds and warrants -----	1,937,337.32	5.34
Daily cash balances -----	1,051,719.06	2.90
U. S. Government on \$5,000,000 appropriation -----	225,409.84	.62
Miscellaneous -----	3,009.77	--
Total -----	<u>\$36,294,727.60</u>	<u>100.00</u>

ACTIVITIES AND ORGANIZATION

Activities. The activities of the Commissioners of the Land Office fall under five main heads:

1. Leasing and selling agricultural land
2. Leasing oil and gas lands
3. Making loans on agricultural lands
4. Making other investments in accordance with law
5. Distributing the real revenue of the various property trusts in accordance with law

Obviously, the administration of such activities involves an enormous amount of collecting, accounting, and bookkeeping. In fact, the statement has been made that 80 per cent of the activities of the department are in the general field of accounting. In this connection, it should be remembered that in the administration of such an organization it is necessary to collect in advance deposits to cover fees and to account for the money so deposited, paying such part of it as is subsequently earned into the revolving fund and returning such part of it as is not earned to the depositor. Similarly, when improved land that has been leased is sold to some person other than the lessee, it is necessary to collect from the purchaser the amount at which the improvements are appraised and to pay this sum over to the lessee. Guarantee deposits are also

required of persons who bid on oil leases. The number of active individual accounts in the department is in the neighborhood of 26,000.

A very considerable amount of legal work is also involved in such a business. Special mention should be made of (1) examining the title to property offered as security for a loan, (2) conducting foreclosure proceedings when loans are in default, and (3) securing and collecting judgments on unpaid notes.

Appraisal of property is a third great branch of the work. It is required not only in making farm loans, but in all other transactions involving land.

Organization. The state Constitution vests the powers and duties incidental to the administration of the school land in an ex-officio board of five, consisting, to repeat, of the Governor, Secretary of State, Auditor, Superintendent of Public Instruction, and the President of the Board of Agriculture. All are elected officials, the first four according to the Constitution, and the fifth, the President of the Board of Agriculture, by legislative action. Practically all the statutory legislation relating to general powers and duties names the Commissioners as the responsible officials.

In practice, however, the Commissioners resemble rather closely a board of directors of a bank, trust company, or building and loan association. They generally meet about once a week for a few hours (a) to pass upon and decide upon any broad matters of policy that may arise and (b) to pass upon the myriad of detail presented to them by their secretary. There is, however, one noteworthy difference between the Commissioners and the board of directors of a private corporation. The private board generally selects a chief executive officer and entrusts to him the appointment, removal, and discipline of all subordinate personnel. The Commissioners themselves retain all appointing and removal power. As a matter of courtesy, the Governor names the secretary. Apparently, the other positions are apportioned among the five Commissioners and each is by courtesy permitted to fill his share of the positions. Under ordinary circumstances, the board as such does not select the appointees; it approves the appointment of the candidates that the individual Commissioners nominate to the positions that are their's by courtesy.

Legally, the secretary of the Commission has few, if any, clearly defined duties and responsibilities. His duties are such as the Commissioners delegate to him. As a matter of fact, he is the chief executive officer; but, as has just been said, he does not select his own staff, which means of course that he has very slight disciplinary authority over the employees. In practice, he has to get along with such staff as is given to him. He may have to keep employees that he does not want, and he may even lose employees whom he would like to keep. Since the position of secretary is, by courtesy, recognized as the Governor's patronage, it follows that the secretary changes frequently and that new executive officers generally come from outside the staff of the Commission. Since statehood, the average term of secretaries has been about 2¼ years. The following tabular statement gives the names and terms of the secretaries:

Name of Secretary	Term began		Term ended	
	Month	Year	Month	Year
Marr, L. C. -----	Nov.	1907	Dec.	1908
Cassidy, Ed O. -----	Jan.	1909	Aug.	1910
Stone, S. W. -----	Aug.	1910	Feb.	1911
Williams, Jno. R. -----	Feb.	1911	Jan.	1915
Smith, G. A. -----	Jan.	1915	May	1917
McKinney, A. M. -----	May	1917	Feb.	1919
Shaw, A. S. J. -----	Feb.	1919	Jan.	1923
Knie, Robt. L. -----	Jan.	1923	Dec.	1923
Durant, W. A. -----	Dec.	1923	June	1929
Hart, Walter L. -----	June	1929	Jan.	1931
Beckett, A. S. -----	Jan.	1931	May	1933
Carpenter, J. L. -----	May	1933	Jan.	1935
Larson, Jess -----	Feb.	1935		

According to the statutes,¹ the general overhead office consists of the secretary at \$5,000, an assistant secretary at \$3,000, a law and executive clerk at \$3,600, an assist-

¹Stat. 1931, Sec. 3499.

ant law and executive clerk at \$2,400, a cashier at \$1,800, a record clerk at \$1,500, and an assistant cashier at \$1,500.

Under the general overhead office are three divisions: (1) Lease and sales, (2) farm loan, and (3) oil and gas.

The statute provides for the lease and sales division a chief clerk at \$2,500, a bookkeeper (lease), two bookkeepers, a transfer clerk, and four stenographer-clerks, each at \$1,500.

For the farm loan division, the positions are chief clerk, \$3,600; two title examiners, \$3,600 each; two assistant title examiners, \$2,400; mortgage clerk, \$1,800; bookkeeper \$1,800; two bookkeepers, \$1,500 each; filing clerk, \$1,500; seven district land appraisers, \$3,000 each; and six stenographic clerks, \$1,500 each.

For the appraisal work, the Commissioners are required to divide the state into seven districts; and each district appraiser is required to reside as nearly as practicable in the center of his district. Each inspector must be "a freeholder and practical farmer or a farm loan inspector who shall have had at least five years' experience as a farmer or a farm loan inspector, and shall be acquainted with land values." Each appraiser must own, maintain, and use a car. The state pays for oil and gas and allows \$25.00 per month for depreciation.

The statute provides for the oil and gas division an oil and gas agent at \$3,000, a bookkeeper at \$1,500, and a stenographic clerk at \$1,500.

The new Accounting Act for the Commission,¹ provides an auditor at a salary of not to exceed \$2,400 who must be a competent, qualified, and experienced accountant, and must have had special training and experience in either county or state auditing or thoroughly familiar with the system of accounting established in the state departments.

COMMENTS AND RECOMMENDATIONS

Appraisals. The success or failure of a mortgage loan agency depends fundamentally on its appraisals. If they are conservatively low, the organization will be safe; provided the employees are honest and efficient and the accounting and auditing are well done, and dishonesty of the employees in the office work can be insured against with bonding companies. On the other hand, if the land is over-appraised, the honesty and ability of the employees in the central office will not help very much and the accounting and auditing will show a soundness that may, in fact, be entirely fictitious. It is moreover extremely difficult to collect from bondsmen on the ground of over-appraisals. Appraisals involve the exercise of judgment and it is almost impossible to distinguish between an innocent error in judgment and an intentional and deliberate over-valuation made from improper motives. It must be borne in mind, too, that one way to get rid of a piece of property is to get a loan on it for more than it is really worth and then let the holder of the mortgage take it over by foreclosure.

The appraisal system of the Land Department was apparently materially strengthened by the legislation of 1933, but it could still be markedly improved in several ways, each of which deserves brief discussion.

At present the appraisals are made by the district appraiser and his work is not thoroughly and systematically checked. The other evidence of value at present called for is the tax assessment for the past five years and the sworn appraisal of three residents of the district. It would seem that the central office should have at least one reviewer of appraisals, who would not only review appraisals in the office, but from time to time make complete independent reappraisal of property already appraised by the district man. The district man should know every time he makes an appraisal that another appraiser sent out by the central office may again appraise the property, and that if any serious over-valuation is found he is likely to lose his position.

The wisdom of the district system and of having appraisers reside in the center of their districts is open to serious question, especially in a state which makes its ap-

¹Laws, 1933. Chap. 189, Sec. 10.

pointments to its administrative service on a patronage basis. Under such a system the appraiser is likely to be in politics and to have a desire to please his neighbors: and he would have to be possessed of unusual moral fibre to resist the political influence of those persons to whom he owes his position. Political influence may be a more important factor than the bribery and corruption now made a penitentiary offense by the 1933 Act.

The law should be amended to do away with the district system; the question of which appraiser is to act in a given area should be decided in each case by the central office; and the central office should deliberately shift appraisers from district to district, rarely sending an appraiser to the district in which he has his political connections.

The selection of appraisers should be taken out of politics and be placed on a competitive merit basis; and the appraisers should hold office during good behavior, subject to removal only for cause. They should be removed very promptly for over-valuation; but they should be adequately protected from political pressure designed to make them optimistic regarding future land values and the production value of property.

The question must be raised as to whether "a freeholder and practical farmer" makes the best appraiser at present available to the state. The state now has an adequate supply of graduates of the Agricultural and Mechanical College whose scientific and technical training in agriculture, farm management, farm accounting, soils and farm engineering would enable them to put appraisals on a scientific basis. They could be secured at the salaries now paid appraisers, if the positions were taken out of politics and put on a merit basis with reasonable permanence of tenure.

The law should be amended to require that the appraisers be graduates of a standard school of agriculture and engineering and qualified in agronomy, soils, farm management, farm accounting and farm engineering. The chief appraiser or reviewer of appraisers should be an outstanding man in this general field.

Help for Clients in Difficulty. The state should give serious consideration to the question of whether the Land Department should not have on its staff at least one man with education, training, and experience similar to that possessed by a county agent. In some instances, clients of the Land Department are falling behind in payments because of poor farm management. In the kind of business the Department is doing, it has a real stake in the success of its clients, for the success of the client is the best security for the payments due the state. Taking the client's land away from him is a last resort and it means difficulty for the client and difficulty for the state. The duty of the technically trained agricultural man here suggested would be to help the clients in establishing contacts with the county agents and others in the state service who are able to help them. Such an officer would also be of value to the Commissioners in many ways as an advisory officer. He should, of course, be selected competitively, solely on the ground of his qualifications, and he should be a permanent employee not changing with changes of administration.

Accounting and Auditing. Unfortunately, when the legislature passed the new accounting law for the Land Department in 1933, it appropriated only \$250 for equipment, books, and printing. The Department is at present using antiquated hand methods of bookkeeping that not only are expensive, but entirely fail to give adequate accounting control.

The state should appropriate a sufficient sum to permit the purchase of suitable equipment for a modern system of accounting in the Land Department. An appropriation of not to exceed \$15,000 would probably meet the needs.

In the past, accounting has been done in each of the three divisions of the Department in a way that was believed to meet the needs of that division. To get at the condition of the Department as a whole and to secure real accounting control, it was necessary to make re-arrangements of the figures secured from the divisional accounts. Under a modern system, all this extra work could be eliminated and one set of accounts could be made to serve the purpose.

The position of auditor created by the Act of 1933 should be changed to that of comptroller; the comptroller should be placed in charge of all the accounting work of the Department; the three operating divisions (lease and sales, farm loan, and oil and gas) should keep only such books as the comptroller may direct; the bookkeepers now employed in these divisions should be transferred, in so far as they are needed, to the comptroller's office; all checks or warrants for the disbursement of funds should be countersigned by the comptroller; and a verified record of all receipts of whatsoever nature should pass through his office.

There should not be a single financial transaction of any kind that does not pass through the comptroller's office, so that it can be duly recorded in detail on the general books of the Department. The accounts of the comptroller's office should be audited annually by the state officer charged with the duty of auditing all state departments and institutions. The accounting law of 1933¹ should be amended to provide that the comptroller shall be selected by open competitive examination, entitled to hold office during good behavior, and removable only for cause.

Quarters. The Commissioners of the Land Office are responsible for about 52 million dollars' worth of property, the records of which are in the Land Department at the Capitol unprotected against fire. One hesitates to estimate the loss to the state if these records should be destroyed.

Immediate action should be taken to safeguard the records of the Land Office.

The Secretary of the Commission. The office of the secretary should be taken entirely out of politics. A competent, honest administrator should be obtained through open competition; and the person so selected should hold office during good behavior. This Department cannot be properly administered under a system that has resulted in a change of the chief executive officer on the average of 2¼ years. The people of the state are well aware of the recurring scandals that have arisen in connection with the Land Department. In some instances, the amount of the defalcations have been recovered in whole or in part from the bonding companies; but at least one instance the records of the Department were in such bad shape that the details of the transactions could not be determined within the time limits of the bonds. If it be assumed that the politically appointed secretaries were themselves all honest, the fact remains that it requires time for a new man to become familiar with the work. The only common sense way of administering such an enormous trust is to get a competent man and put him at the head of it and keep him there during good behavior.

All subordinate employees of the Department should be appointed by the secretary and should be obtained in the first instance through open competitive examination. The secretary should have complete administrative authority over the personnel with power to remove employees for inefficiency, incompetency, or irregularity.

He should promptly suspend any employee on the first evidence of any irregularity; and he should not be required to give any consideration to the question of whose friend the particular employee happens to be.

The Commissioners. For three reasons the existence of an ex-officio Board of Commissioners is unfortunate. The first is that all members of the Board are busy men with other duties and responsibilities. They have little time to give to the details of the Land Department. They must largely entrust the details to the secretary and act on his advice. They are hardly to be held responsible for the unfortunate things that have happened in the Department in the past. The second reason is that they are a changing body, dominated by the Governor, who only serves for four years. The third is that every one of them is an elected officer; and if any patronage is available an elective officer more or less has to use it. It will be exceedingly hard to get the necessary permanency of tenure for the secretary and the rest of the personnel, so long as the legal power over the Department is vested in a political board. A board of directors is, however, necessary for an agency such as the Land Department, because the work of the secretary and his subordinates should be subject to review and some matters of broad policy have to be decided.

¹Chap. 189, Sec. 10.

Section 32 of Article VI of the Constitution should be amended by eliminating the ex-officio board and substituting for it a board of three with staggered terms of twelve years, appointment to be made by the Governor.

The amendment might well specify that power of appointing and removing the subordinate personnel shall be vested in the Secretary, subject to a merit system of selection. The members of the Board would be part-time, receiving their expenses and a small per diem.

Foreclosures and Judgments. The legislature of the state is the proper agency to determine whether, as a matter of policy, the debtors of the Land Department shall be given an extension of time for the payment of their debts and whether the legal and contracted penalties for defaults shall be waived. The wisdom of the legislature in taking such action is not here questioned.

Grave doubt, however, exists whether a board of trustees dealing with the people's money, declared by the Constitution a sacred trust, has any right to let loans run on in default for any considerable period of time. The records of the Land Department disclose some loans in default for as much as ten years with no action taken. In this connection it should be remembered that in ten years the accrued interest due will amount to more than half the face of the note. The primary duty of trustees is to protect the interests of the state and its people and not the interests of a particular borrower or purchaser who happens at the moment to be in difficulty. Experience indicates, too, that some people who can pay will not do it until forced. A question may also be raised as to why some mortgages are foreclosed whereas others are permitted to drag on for years. The legislature might well consider making foreclosure mandatory, after a loan has been in default for a given length of time, unless the legislature declares a moratorium which applies equally to all clients of the Department.

The legislature should supply the Department with a sufficient legal staff to put through foreclosures promptly and to make every effort to collect on judgments. Every client should feel that an obligation to the Land Department is a sacred obligation that must be met and that the state will see that it is met. The bulk of the revenue from these funds is for the benefit of the youth of Oklahoma. The state is under moral obligation to make good the losses of the trust funds.

When a mortgage is foreclosed, the land secured by foreclosure should be immediately re-appraised at its present value at the time of the foreclosure, and should not be carried on the books at any value higher than that appraisal.

If the new appraisal is less than the face of the loan, plus accrued interest, plus charges, the state has lost money from its trust funds and the books should reveal that fact. Later on, if land values come back and the state sells the land for more than the appraisal after foreclosure, the state has made some money. Unless the state does have the land reappraised at foreclosure, it will carry it on its books at what the land has cost it, and thus some serious losses may lie hidden. Every effort should be made to make the books show a real condition of the sacred trust.

Investments. The legislature and the people should give serious attention to the question of how the trust funds should in the future be invested. The 1932 legislature, as has been explained, has placed such restrictions around investments in farm loans that that avenue is now all but closed. The state has no bonds that the Commissioners may purchase. The county bonds would have to be investigated with great care. Conceivably, of course, a large part of the uninvested cash might be put into United States government bonds. Certainly, steps should be taken to reduce very greatly the amount of idle cash.

The recent legislature by enacting Senate Joint Resolution No. 4, submitting a proposed constitutional amendment to the people, and S. B. No. 234, approved May 14, 1935, took encouraging steps toward the reorganization of the Land Office and improvement of its administration.

CHAPTER XVII

COUNTY FINANCIAL ADMINISTRATION

The present chapter will deal with the agencies that control county financial administration, the operations and procedures involved in the collection, custody, and disbursement of public funds and in the accounting, auditing and reporting of revenues and expenditures.

STATE AND LOCAL AGENCIES

Since the county is an administrative subdivision of the state, attention must be given to both state and local agencies. These may be listed as follows:

State agencies:

1. Legislature
2. Court of Tax Review
3. State Examiner and Inspector
4. State Auditor
5. State Treasurer
6. Attorney General
7. Depository Board

Local agencies:

1. Board of County Commissioners
2. County Excise Board
3. County Treasurer
4. County Clerk (Clerk's Division)
5. County Attorney
6. School District Treasurers

The State Legislature. Except for the provisions of the state Constitution, basic control over local financial operations is through legislative enactment. In Oklahoma as in other states, the duty of the legislature to provide appropriate administrative machinery for the conduct of government raises a question as to how far its provisions should extend. The statutes now in force, besides providing for the selection, term and replacement of officers to carry on county functions, prescribes also their salaries, bonds, the selection and number of their deputies, and in elaborate detail, the procedure which each officer must follow in the conduct of his duties. Moreover, in an effort to insure the proper use of public funds, a complicated system of internal checks and audits has been devised to operate among the various offices within the county. The results are (1) that county expenditures are largely mandatory, (2) that county officers have been allowed little discretionary power beyond deciding the amount to be spent on each of their enumerated functions, and (3) that financial control is divided among a number of different agencies. Rather than guaranteeing proper conduct, therefore, the present system diffuses responsibility and assures that little can be done in cases of misconduct or unsatisfactory conduct.

No curtailment of legislative power is suggested; but the legislature should delegate responsibility for administrative control to agencies which are permanent and which have adequate facilities for research and planning. The legislature deals with governmental policies in terms of general law without attention to special or local needs. The possibilities do not exist in the legislature for amplification of detail or for providing for all local variations and contingencies. If local financial administration is to be provided on the one hand with the necessary amount of flexibility and on the other with the proper system of control, the legislature must determine what state agency if any, should be responsible for developing the details of the local fiscal system and for the supervision of local finance.¹

Court of Tax Review. The duties and selection of the three district judges who compose the court of tax review are discussed in that part of this report which deals with the revenue system. They hold hearings and render decisions in cases of protested tax levies. Since protests can be entered as to the legality of any appropriation,

¹On this point, see previous chapter on State Financial Administration.

any apportionment of tax levies, or the calculations on which levies or apportionments are based, the Court of Tax Review acts as a final agency for budgetary control from whose decisions appeal must be taken to the Supreme Court. The establishment of a judicial or quasi-judicial agency to review local budgetary operations means that the technical and procedural questions which arise in connection with the 77 county budgets are decided on their legal merits. In spite of the courts' existence since 1928, procedure has not been standardized, and the number of levy protests has not lessened. Protests are entered which affect nearly every county budget and many city, town, and school district budgets every year. If the law were simpler and if it left responsibility for procedure to administrative agencies, technical points could not be treated as legal issues in the case of individual county budgets; and a special tribunal in matters of finance would be unnecessary.

State Examiner and Inspector. The duties of the State Examiner and Inspector with respect to local finance have been described in a previous chapter. His activities have been successful in obtaining rapid adoption of uniform reporting forms for the counties, municipalities and school districts. These reports furnish a mass of detailed information; but they are not used as the basis for consolidated financial statements or statistical reports, and their complexity is scarcely justified by the demand for such information.

The biennial audit, for which a levy of not to exceed 1/10 mill is now mandatory in all counties,¹ was made use of during 1933-34 by 15 counties at an average cost of \$1,135 per county, and 41 counties voted appropriations for audit during the current year at an average of \$1,322 per county. If these figures are to be regarded as representative, they indicate that the annual cost of the biennial audit will be about \$600 per county. This is an excessive cost which is made necessary in part by the diffusion of financial responsibility within the county and in part by the costly and cumbersome system of accounting now prescribed for all counties. If more time were devoted by the state examiners to devising and installing accounting systems of internal check, the necessity for a detailed audit of all county officers would be lessened and the cost of audit would be materially reduced.

Attorney General. As ex-officio State Bond Commissioner, the Attorney General prescribes uniform forms and the method of procedure under the law for the issuance of "public securities or bonds," including those issued by the counties. He also examines into and passes on all securities so issued; and, when he certifies that a security is issued in accordance with the prescribed methods of procedure, the security is incontestable in any court of the state after 30 days.

State Auditor. The State Auditor must register local bonds when issued for certain purposes, as follows: (1) funding or refunding of outstanding indebtedness of counties, municipalities, and school districts; (2) public buildings of counties; and (3) school district buildings and equipment. The purpose and usefulness of the registration of these particular issues is not apparent either from the statutes or from the Auditor's procedure. Recommendations regarding the Auditor's place in the system of financial control have been made in a previous chapter.

State Treasurer. Since the ad valorem tax is no longer levied for state purposes in Oklahoma, the State Treasurer exercises no control over local finances except as a member of the State Depository Board. The relation which exists between the State Treasurer and county treasurer is for the transfer of collections and deposits.

State Depository Board. Among the duties of the State Depository Board, whose organization and functions have been discussed in a previous chapter, are two which affect local finance. First, the Board fixes the uniform rate of interest to be paid by the depository banks on the average daily balances of all treasurers, including the county treasurers; and, second, they designate the state fiscal agency in New York to handle the financing of all bonds including county bonds. The fixing of the rate of interest to be paid by depository banks has caused difficulty in recent months by reason

¹Laws 1933, Chap. 40.

of the fact that the minimum rate is fixed by statute at 2 per cent. Local banks have been unwilling to pay as much as 2 per cent and county treasurers have been obliged to spend their inactive deposits to the state treasury. There, they draw nothing unless they are invested by the State Treasurer. There is no reason why the legislature should fix a minimum rate of interest. The market rate of interest is determined by the operation of economic forces so that the legal minimum may be higher, as it is at present, than the rate which the banks can pay. The Depository Board, or any other agency exercising its functions, should have full responsibility for agreeing with the banks on a rate of interest which, under conditions current at the time, is acceptable to the state and its subdivisions.

Board of County Commissioners. Although the board of county commissioners is the chief executive authority of the county, its financial functions are limited by mandatory statutory provisions and are subject to review by the county excise board. Nevertheless, the county commissioners are charged with many duties with respect to local finance. They vote appropriations for all items of the county budget on the basis of estimates received from the several officers; act on all claims against the county for money when payment is not otherwise specifically provided; approve the bond of the county treasurer within the limits provided by law; account with all county officers charged with receipt or disbursement of money of the county, with full power to investigate the accounts of county or district officers; examine the tax account of the treasurer; keep a record of warrants issued and cancelled; let contracts for public work, except as provided under the highway laws; contract with the State Highway Department to guarantee funds for highway purposes; sell or lease unused lands belonging to the county; and sell sinking fund securities at not less than par and accrued interest.

Actually most of the detailed financial work in connection with accounting and auditing is done by the county clerk. Statutory tax limits, mandatory offices and salary scales, and review by the county excise board have left the commissioners little opportunity to exercise discretion in financial matters. Their responsibility to the voters, therefore, is almost exclusively for conducting ministerial functions in conformity with legal requirements. Here, as elsewhere, the legislature has undertaken tasks which properly belong to executive officials and administrative agencies, with the result that details of organization and procedure are as uniform as the functions themselves.

Such standardization represents unnecessary extravagance. The administrative organization which serves the purposes of one county admirably may be wholly unsuited to the needs of a neighboring county. More discretion should be given local executives to determine their particular needs. The legislature has long since recognized this fact in the case of cities and towns. These are now practically free to determine their own type of management; and the law places in the officials locally selected, a large measure of responsibility for organization, procedure, and results. The county's role as an administrative subdivision of the state does not preclude the possibilities of some choice being exercised locally regarding the type of management to be installed. It is true that less freedom can be exercised than in the case of cities and towns; for the functions to be undertaken by the county as well as the results to be expected must be determined to a considerable degree by state administrative agencies. Methods of achieving results, however, need not be uniformly prescribed; and in this field some opportunity should be provided by permissive legislation for the choice of types of responsible management to meet the particular needs of each of the various counties.

County Excise Board. Every county in the state has an excise board of three members. The members are the same in each case as those composing the county board of equalization. One is chosen by the State Tax Commission, one by the board of county commissioners and one by the district judge of the judicial district in which the county is located. Their tenure of office coincides with that of the county commissioners. They are compensated for their services at the rate of \$6.00 per day and the number of days they may serve is graduated according to a classification of counties

based on assessed valuation. The classes of counties, and the maximum number of days chargeable are provided as follows:

1. Counties with an assessed value of \$40,000,000 or less, 30 days maximum.
2. Counties with an assessed value of over \$40,000,000 and not more than \$80,000,000, 45 days maximum.
3. Counties with an assessed value of more than \$80,000,000, 75 days maximum.

Since 1933 because of the widespread reductions in assessed values, there have been only two classes of counties: those with less than \$40,000,000 and those (Oklahoma and Tulsa) with more than \$80,000,000.

The following table shows the total cost of the 77 excise boards and the average cost per county for the fiscal year 1933-34.

	Total Cost	Average Cost
75 counties -----	\$37,260	\$ 497
Tulsa -----	1,260	1,260
Oklahoma -----	1,260	1,260
Total -----	\$39,780	Average \$ 517

The functions of the excise board relate entirely to financial control. It holds meetings beginning the last Saturday in July to examine the budget estimates of the county and of all cities, towns and school districts with the county; and it has power to revise and correct estimates in any manner, except that if any are to be increased the fact must be advertised. After all revisions have been made, the board makes separate appropriations for each item of the budgets; and, after receiving the completed assessment roll from the county assessor, it computes the tax rates and levies the taxes for the county and all its subdivisions. Supplemental appropriations can be made by the excise board during the year on application from any county or municipality which can show unused amounts of appropriations made. In addition, the excise board exercises some control over debt administration through its authority to direct the county treasurer's use of the county emergency investment fund.

The 77 excise boards are costing about \$40,000. In practice, they exercise little control over anything except the county budget; and in this respect their work largely duplicates that of the county commissioners. The duplication of actual work is not so serious as it might at first appear; for the county clerk, as secretary to both boards, performs all the detailed work of preparing the budgets for approval and of computing rates and seeing that they are within the legal limits. Nevertheless, duplication contributes to diffusion of financial responsibility in the county and allows little opportunity for the exercise of local discretion. Often too, the clerk hires extra help to assist in preparation of the budget document, computation of levies and apportionments, and preparation of the annual financial statement.

County Treasurer. The county treasurer is a statutory officer elected for a two-year term; but, unlike other county officers, he cannot hold office for a longer period than two terms in succession. Vacancies in the office of treasurer are filled as in the case of other administrative officers by the board of county commissioners and the treasurer's selection of deputies is subject to the commissioners' approval.

The duties of the county treasurer relate chiefly to the collection, custody and disbursement of public funds; but he has certain duties besides in relation to the custody and sale of property coming to the county. Specifically, he performs the following functions: (1) Collects taxes and special assessments for the county, cities, towns, and school districts; (2) collects such miscellaneous revenues including interest, fees and penalties as the law directs; (3) has custody of all funds of the county which are deposited with him; (4) makes all disbursements for the county except those which are made by other officers from depository accounts kept by him; (5) invests the county sinking fund as provided by law; (6) manages the county emergency investment fund as directed by the county excise board; (7) with the county clerk, makes a detailed financial report annually which is published; (8) balances his books and accounts with the county commissioners four times each year; (9) holds tax sales and distributes the proceeds to the school districts as provided by law; (10)

issues certificates of redemption and property; (11) certifies abstracts of title to real estate as to the amount of unpaid taxes due and certifies tax titles affecting the property, for which he charges a fee; (12) insures public buildings at the direction of the county commissioners; (13) deposits with the State Treasurer all securities received by him to secure county deposits in depository banks; (14) forwards installments of principal and interest on county indebtedness to the fiscal agency in New York, as required by law, together with commissions due the agency; (15) and, in at least one county, acts as treasurer of all independent school districts.

Although the statutes give the treasurer little discretionary power, he can use his ministerial authority so as to exert considerable influence over the activities of the board of county commissioners and other officers. For example, by refusing to register the warrants drawn by the county clerk, he can make it difficult for them to make expenditures which may be legally contested. Yet the function of pre-audit is not a major activity of the treasurer; nor is the responsibility for the issuance of warrants exclusive with him.

The duties of the treasurer are technical and require the services of an experienced accountant with some knowledge of investments. The present practice of electing the treasurer for a two-year term and allowing him to succeed himself but once seems absurd. It places a premium on ignorance by making the cost of preparing for the job prohibitive; it results frequently in ill-advised and irregular practices and in harmful neglect; and it renders continuity of procedure impossible. The treasurer should be appointed rather than elected. Financial control can be kept close to the people by having him appointed by the commissioners to serve without term, responsible to them for all his activities, and removable by them, but only for cause.

The cost of the treasurers' offices for each of the past four years is shown below with the yearly average and the amount appropriated for the current year:

1930-31	-----	\$715,674
1931-32	-----	640,047
1932-33	-----	559,493
1933-34	-----	567,224
Yearly Average	-----	(620,610)
1934-35	-----	595,150

As in the case of the county clerk, the cost per county differs widely over the state. In 1933-34 it ranged from \$3,268 in Adair to \$51,307 in Oklahoma County. This variation is due partly to the differences in the treasurers' salaries, partly to premiums on their bonds, partly to supplies and miscellaneous expenses, but, as in the case of the county clerk, chiefly to the cost of clerk hire.

Three counties of different valuation classes are chosen for illustration; and they may be compared in the following table, first as to total cost per county and second as to differences in the relative amounts spent for each purpose, for the fiscal year 1933-34.

	<u>Adair</u>	<u>Noble</u>	<u>Oklahoma</u>	<u>State Average</u>
Treasurer's Salary -----	\$1,500	\$1,650	\$3,000	\$2,002
Premium on Bond -----	581	550	2,770	883
Clerk Hire -----	600	1,815	38,231	3,084
Supplies and Miscellaneous -----	587	1,335	7,306	1,398
Total -----	\$3,268	\$5,350	\$51,307	\$7,367

Treasurers take office with the board of commissioners in July so that the salaries shown in the table just given are governed by the old law. The salaries called for by the new law will total \$129,160. They will be the same as those of the county clerk except in Seminole County where the treasurer's salary is \$3,000, exceeding the county clerk's salary by \$600.

The treasurer is the most heavily bonded officer in the county; and the difficulty which treasurers had in making bond after the general election of 1932 necessitated a joint resolution of the legislature to extend the time for them to qualify. The minimum amount of the treasurer's bond is \$50,000. In most counties it is \$75,000 and

in the large counties it is usually \$100,000. It must be approved by the county commissioners and they may require additional sureties if they think necessary. The commissioners may also require that the treasurer's deputies be bonded and fix the amount of their bonds. The annual premium on the treasurer's bond, which is paid by the county, is figured by the surety companies at present at the rate of \$10 per \$1,000. It does not seem possible that such a rate has been actually determined on the basis of the risk involved; but in any case the excuse for the rate charged lies in the system of selecting the treasurer. The obvious means of correcting the present system have been suggested; and by adopting such simple correctives the counties can save perhaps 50 per cent of the annual premiums now paid, or an average of about \$440 per county.

Because of the variety of the treasurer's duties and because fees are charged for only a minor part of them, there is no satisfactory measure of the volume of work handled by his office.

County Clerk. All the duties of the county clerk except those which pertain to financial administration have been previously discussed. He performs the following functions in connection with financial administration: (1) Receives budget estimates from the other county officers and prepares the budget document; (2) assists in computing the apportionments and tax levies for the various municipalities and funds; (3) audits all claims before presenting them to the county commissioners for action; (4) keeps a check on all accounts of the treasurer; (5) registers all warrants issued; (6) audits accounts of all county officers; (7) collects fees for his services as prescribed by law and deposits them with the county treasurer; (8) causes the disbursement of certain moneys as provided by law by vouchers drawn on depository accounts with the treasurer; (9) certifies the annual financial statement and estimate of needs to the State Auditor for filing with the Court of Tax Review; and (10) with the county treasurer publishes an annual report of the financial operation of the county. In a previous chapter it is recommended that the division of the clerk's office which performs these functions be abolished, and estimates are presented of the net savings which might result from the reorganization of the clerk's office. The purpose of that recommendation is to avoid the duplication of work which now results from requiring financial records to be kept by both treasurer and clerk, and to permit greater specialization in both the clerical and financial organization of the county. If that recommendation is followed, however, it will be necessary to make provision for the conduct of the function just enumerated which pertain to the preparation and execution of the budget, auditing, reporting and publication of reports.

Proposed County Controller. These are specialized duties for which there should be a qualified officer in charge. It is recommended that the legislature create the office of county controller for each county or for such groups of counties as may elect to cooperate for this purpose. He should be the ranking financial officer of the county appointed by the board of county commissioners to serve without term, and removable by them only for cause. The county controller would keep the county's controlling accounts; would assemble all the information necessary to the approval of the county budget and all municipal and school district budgets; would assist the commissioners in the execution of the budgets and the management of the sinking funds; and would prepare all the financial statements for the county, the cities, towns, and school districts. His duties in these respects are discussed at greater length in a later section of this chapter.

County Attorney. The Constitution requires that the county attorney, as well as the county clerk, certify that every "bond or evidence of debt of any county, or bond of any township or any other political subdivision of any county . . . is issued pursuant to law, and that said issue is within the debt limit."¹

Conclusions and Recommendations. Relative to state supervision, it has been noted (1) that the legislature in the past has provided in too much detail for local financial procedure; (2) that state administrative agencies have been narrowly restricted in their supervisory powers by statutory provisions; and (3) that an attempt

¹Art. X, Sec. 29.

is made to provide legal grounds on which to settle technical questions. In the discussion of local financial organization, it was found (1) that no choice is provided for the form of management for county administration; (2) that local officers are given little discretionary power; (3) that financial responsibility within the county is diffused; and (4) that financial control is divided among a number of agencies, both state and local, which are difficult to integrate.

It is entirely within the power of the legislature to remove the causes of wasteful expenditure and divide responsibility which inhere in the present system of local financial administration. The framers of the Constitution were wise in providing no county offices which could not be changed by the legislature; and, in devising a system of financial administration which is adapted to the needs of Oklahoma, the legislature possesses a degree of freedom not found in many states. Past legislation, by abolishing the township and centering local tax administration in the county, has pointed the way toward a system which will provide for adequate control of local finance and will also grant the desired degree of local freedom in the choice of activities and form of management.

Providing for optional forms of county management to meet the needs of particular localities has been recommended in the previous chapter on County Executive and Clerical Organization. The proposals which are offered in this chapter are intended further to assist the legislature in revising the present organization to conform logically to the changes already made.

A county controller's office should be created for each county or group of neighboring counties, as the local electorates see fit. The controller should be directly responsible to the executive authority of the county and should prepare the budgets of the county, the cities, towns, and school districts, pre-audit claims on the county for money, and other functions related to internal expenditure control, manage the sinking funds of the county, cities, towns, and school districts, and direct the preparation of all financial statements and reports.

Responsibility for local financial administration should be fixed in the board of county commissioners, which should select the controller and treasurer and be answerable to the electorate for their actions.

This proposal calls for the repeal of such measures as now divide responsibility between the clerk and treasurer, commissioners and excise board, and for amendment of Section 7606 of the 1931 Statutes which provides for election of the treasurer.

To the end that the board of county commissioners may exercise greater discretionary authority, (1) the county excise boards should be abolished, and (2) statutes which fix levies for specific purposes and which regulate salaries, hire of deputies, management of sinking funds, interest rates on deposits, debt and tax rate limits should be repealed or revised.

To abolish the county excise boards will require repeal of Chapter 66, Article 21 of the 1931 Statutes.

All state supervision of local financial operations, requirements as to subject matter and arrangement of local budgets, accounts, audits and reports should be centralized in the office of State Examiner and Inspector. The Examiner and Inspector should have full authority to make audits, conduct investigations and require reports without legislative authorization of details.

To the end that a consolidated report may be had annually on the condition of local finances, adequate provision should be made for the State Examiner and Inspector to publish his annual report to the Governor containing "statistics . . . of the county and state finances ascertained by him," as provided by Section 3731 of the 1931 Statutes.

The State Examiner and Inspector should also have authority to fix debt and tax-rate limits and/or prescribe methods of financing to be guaranteed by the credit of the state whenever such methods are made advisable by the financial condition of any county, municipality or school district.

In this particular, it is desirable that closer cooperation be provided between the State Examiner and Inspector and the several administrative departments which have supervisory

or regulatory power affecting local administration to the end that requirements may not be imposed which exceed a locality's financial ability.

The Court of Tax Review should be abolished.

This calls for repeal of Initiative Petition 100, now Chapter 66, Article 2 of the 1931 Statutes.

FINANCIAL PROCEDURE

Financial administration consists of a number of processes involving the planning, apportioning, controlling, and reporting the expenditures of government. The character and amount of county expenditures depend on the nature and scope of the activities which the county performs. All of the processes of financial administration are closely related. From budget making to the custody and disbursement of funds, the entire administrative procedure is based on the same classification of activities. It is essential, therefore, that the closest attention be given to the design of the budget instrument since its classifications are fundamental to the entire procedure which follows its preparation. Budget making in Oklahoma gives evidence of careful thought directed toward the development of systematic control and reporting of financial operations. It is unnecessary to stress the importance of such matters as uniformity in the accounting period, fund and expenditure classification, pre-audit of claims, control of accounts and periodic post-audits; for these subjects have been given detailed treatment by those who are responsible for developing the system now in operation. In the discussion which follows, therefore, the effort is made simply to point out those things which hamper the operation of the present system. The first matter which deserves attention is the relation of the tax and fiscal calendars to the period prescribed by law for the assessment levy and the collection of taxes.

Tax and Fiscal Calendars. The tax calendar is discussed in the section of this report which deals with taxation and revenue. It must be mentioned here, however, because of its effect on the steps in financial procedure just named. Tax assessment begins the first day of January. Between that time and the first day of October, the law requires that assessments be equalized, tax rates computed, and the finished tax rolls certified to the county treasurer for the collection of taxes. Taxes are due November 1. In order that these operations may be performed, it is necessary that the budget procedure be completed, that appropriations be voted and tax levies made with consideration given to tax-rate limits and levies that are mandatory. The budgeting process begins in June with the submission of requests to the board of county commissioners, and ends with the fixing of levies by the excise board, supposedly in time for the assessor to complete his tax roll by October 1. It is evident that, for the smooth functioning of the fiscal machinery, the several operations involved in the planning and expenditures and the raising of revenues should be carefully integrated. Otherwise, steps may be required for which adequate provision is not made. In the following statement, the tax and fiscal calendars are placed side by side in order to show what provisions exist at present for coordinating the steps in the taxing and fiscal processes.

<u>Month</u>	<u>Tax Procedure</u>	<u>Fiscal Procedure</u>
January March	Voluntary assessment of property (January 1 to March 1)	
April	Completion of assessment roll by county assessor by the 4th Monday in April	
June	Assessments equalized by county board of equalization (4th Monday in April to 1st Monday in June)	
June	County assessor prepares and delivers abstracts of assessments to	

State Tax Commission by 3d Monday in June

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|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June | State Equalization Board meets 3d Monday in June to equalize level of assessment, and | | Commissioners get budget estimate from county officers by June 30 |
| July | returns adjusted abstract with public utility assessments to county assessor (no time limit fixed) | | County clerk delivers financial statement and requests to county excise board by 1st Monday in July |
| July | | | County excise board meets to approve estimates last Saturday in July |
| | | | County assessor delivers completed assessment roll to county excise board 5 days after receiving adjustments and additions from State Board of Equalization |
| | | | County excise board completes budget, voting appropriations, making apportionments, and fixing tax levies, 30 days after receiving completed assessment roll from county assessors and |
| | Assessment abstract returned to assessor by excise board within 30 days | Period of 40 days allowed from filing budgets for entry of protests | County clerk certifies completed financial statement with estimate of needs to State Auditor |
| | | | Excise board may reconvene within 60 days after filing budgets to reduce any estimate it finds illegal |
| October | Assessor completes tax rolls and certifies them to treasurer by October 1 | | Court of Tax Review meets 1st Monday in October to hear protests, and reconvenes each Monday until all protests are heard and decided |
| | Notices of protests sent to county clerk, county assessor and county treasurer. Assessor makes changes in tax rolls if they have not been turned over to treasurer | | If assessor has delivered tax rolls to treasurer, then treasurer must make refunds of taxes collected |
| November | Taxes (one-half) are due November 1 | | |

The critical operation and time limits in the case of each procedure are indicated by boldface.

A careful study of the steps recorded reveals two weaknesses of the present system: First, no limit is placed on the time the State Board of Equalization may take to adjust the level of assessments and furnish the county assessor with the assessments of public utility property; and second, the hearing of protests by the Court of Tax Review is not begun until after the tax rolls are supposed to be completed. The results of these defects are (1) that the budget process is interrupted for an indefinite period by the inability of the assessor to furnish the excise board with the information needed for completing appropriations and computing tax rates; (2) that taxes are often not collected on time or, if they are, the assessor is under pressure to complete the rolls; and (3) that the work of collecting taxes is seriously complicated by the repeated necessity of making tax refunds on account of levy protests. These defects are easy to remedy. Delays in the budget process can be lessened by placing a time limit on the State Board of Equalization, or on any other agency which exercises the functions of that Board. The necessity for refunds on account of levy protests can be obviated by applying the amounts to be refunded, like surplus funds, to the reduction of the succeeding year's levies. Not until some such corrections are

made will it be possible to develop a system of financial administration which can function smoothly within the time limits set by law.

Classification of Funds. The county budget or "Financial Statement and Estimate of Needs" employs the following classification of funds:

1. General (Current expenses)
2. Highway Construction and Maintenance (source of revenue other than ad valorem)
3. School Fund for dependent separate schools, county high schools, and aid to common schools.
4. Sinking
5. Crippled Children
6. Biennial Audit
7. Free Fair
8. Free Fair Improvement
9. County Library
10. Aid to Farm and Home Demonstration
11. Tuberculosis and Public Health
12. Tick Eradication
13. County Emergency Investment Fund

This may be looked upon as a comparatively simple classification; and it may be made even simpler as a result of the constitutional amendment which was adopted April 12, 1933, now Chapter 169 of the 1933 Session Laws. This amendment deals with the subject of tax limitations and mentions only three of the funds listed above. It provides that the total ad valorem levy for county, city, town and school district purposes may not exceed 15 mills in any county with the following exceptions: (1) An additional levy not exceeding two mills on any property within the county for separate schools for whites and negro children; (2) an additional levy for school purposes in any school district of an amount which may not exceed ten mills, by vote of the district subject to provisions which may be made by the legislature; and (3) an additional levy "to reasonably take care of bonded and other valid indebtedness of the state and its various subdivisions." Since the Highway and County Emergency Investment funds are not supported by ad valorem taxation, they may be considered as unaffected by the amendment; but the future of five of the remaining funds is somewhat doubtful. The statute which provides for funds numbered 5 to 9 inclusive permits the levies for these funds to be made in addition to those for all other purposes. It is not clear whether the amendment permits these as additional levies. The funds numbered 10 to 12 inclusive are not specified as additional funds. They will be provided for presumably by means of the general fund.

The budget documents by which the several municipalities and subdivisions submit their requests to the excise board combine financial statements in each case with their estimated needs. Revenues as well as expenditures are shown both by organization units and by funds. In addition, the sources of revenues and the purposes of expenditures are indicated for each organization unit and fund. In such a document simplicity is highly desirable both to expedite the work of preparing and executing the budget and to increase the range of its usefulness. It is true that the funding of all receipts and expenditures is a practice widely adopted to safeguard resources and control expenditures; but it is also true that the same degree of safety and control may be had with a few funds as with many. In fact, with proper budgeting and accounting a single fund may be made to serve all purposes. Nevertheless, differences in sources of revenue and purposes of expenditure may make it less confusing to have a few funds rather than one. The following classification of funds is suggested for use in the Oklahoma county budget:

1. General Fund
2. County Highway Construction and Maintenance Fund
3. Interest and Bond Redemption Funds
4. Special Funds (funds to pay off judgment indebtedness, emergency investment and relief funds, etc.)

Only the county budget is considered here, but similar observations may be made of the budgets of municipalities and school districts. Revenues by sources, and ex-

penditures by purposes should be shown in detail as at present for each fund and organization unit.

Fixing the Tax Levies. The final step in budget-making is the fixing of the tax rates. Some states follow the practice of making two budgets, one called the appropriation budget and the other the tax budget. In Oklahoma, the two budgets are combined in a single instrument, as it is highly desirable that they should be; and the rates are fixed by the county excise board. In fixing the tax rates for the county, the excise board first settles on the total appropriation as previously outlined. They subtract from this figure the total cash surplus remaining from the preceding year's operations. An allowance of from 10 to 20 per cent of this remainder is then added to cover delinquencies in tax collection, the exact percentage to be determined by the excise board. The result may be called the gross amount to be levied. Two items are subtracted from this gross figure: First, any surplus on account of taxes in process of collection; and second, the amount of miscellaneous income estimated for the ensuing fiscal year. The balance is the net amount for which taxes must be levied.

As this final budgeting operation is administered in Oklahoma, a number of difficulties have arisen which will not be avoided by transferring the duties of the excise board to the board of county commissioners. In the first place the procedure as just described is not stated with sufficient clarity by Chapter 85 of the 1933 Laws, and has not been followed strictly by all of the 77 excise boards. The result, as in all cases of ambiguity in the tax law, is that large numbers of levy protests have been entered before the Court of Tax Review. This is one of the difficulties in financial administration which can be removed by making details of procedure a matter of administration rather than legislation and by placing the authority in the hands of the State Examiner and Inspector. In the second place, the procedure includes as a part of budget making a method for dealing with tax delinquency. Finally, it should not be necessary to estimate the amount of miscellaneous collections for as long in advance as the full budget period. The penalties and miscellaneous collections of the 77 county assessors have increased in total from \$567 in 1931-32 to \$24,177 in 1933-34. The total fees of the 77 county attorneys have decreased from \$24,557 in 1930-31 to \$6,000 in 1933-34. Changes in individual counties during the same period are, of course, even greater. In so far as it is possible, it is desirable to budget only that amount of income which is certain or which is ascertainable with a high degree of accuracy. By a system of quarterly allotments computed by the proposed county controller and appropriated by the county commissioners, it would be possible to predict the amount of collections with greater accuracy and perhaps to wait until miscellaneous revenues are earned before appropriating them to their various uses.

Proposed Budgeting Procedure. Two policies have been applied to local financial administration in Oklahoma: (1) The policy of centralizing responsibility for local budgeting, including tax apportionment and the levy of taxes in the county; and (2) that of placing supervisory authority in special agencies of the state. The first of these policies was made part of the administrative scheme by requiring the county excise board to act on all items of the local budgets, including municipal and school district budgets, and to make the apportionments and fix the levies for the several localities under the 15 mill limit. The second policy is embodied in the various duties of state officers respecting financial control which are discussed in the first part of this chapter. By adopting these policies, Oklahoma has taken steps far in advance of many of the states where the township is still the unit of local financial administration, and where no policy exists for consolidating administrative procedures of the same type among different units of local government and administration. In Oklahoma, the financial interest of the localities are largely county-wide and consolidated, with the result that the electors of the county can concentrate their attention to a greater degree than is possible in most states on a single system of financial administration.

The changes previously recommended in this chapter should not be construed as contrary to these policies. They aim simply to transfer the local financial responsibility from a body whose members are so selected as to be answerable to no one, to a body whose members are elected by and answerable to the voters of the county, who

include, of course, the voters of the municipalities and school districts. If the recommended changes are made, the county commissioners will vote their own appropriations along with those of the other officers; but if all direct administrative duties are properly assigned, their needs will be small and they will be subject to the same expenditure control as other officers: The proposed county controller should have charge of preparing the budget and submitting it to the board of county commissioners. He should also perform the pre-audit of all disbursing orders and keep all appropriation and controlling accounts of the county. Finally, as already suggested, he should direct the preparation of the budgets and financial statements of the municipalities and school districts, though he should not necessarily be called upon to prepare them himself.

Regular provision should be made for revising the budget appropriation during the year. Under the present system the only revisions which are possible, after hearings by the Court of Tax Review, are the so-called "supplemental appropriations" which may be made by the excise board near the end of the fiscal year from unappropriated surpluses. Following the recommendations for reorganization which have been made in this chapter, the board of county commissioners should meet quarterly for the purpose of reapportioning if necessary the total amount appropriated plus any unappropriated surpluses or less any deficits which have resulted from operations.

Recommendations. The changes which have been recommended for budgeting procedure may be specifically stated as follows:

In order to speed the budgeting procedure in the counties the State Board of Equalization should be required to return to the county assessors their adjusted assessment abstracts together with the State Tax Commissioner's assessments of public utility companies within three weeks from the time they convene.

This calls for amendment to Chapter 66 of the Laws of 1933.

In order to lessen the number of tax refunds, those granted on account of levy protests should be treated like unappropriated surpluses and used to reduce the levies of the following year.

This calls for amendment of Chapter 66, Article 2 of the Oklahoma Statutes, 1931.

The number of funds should be kept as small as is conveniently possible and the budget document made as simple as possible.

Provision for tax delinquencies should be made by other means than by an annual addition to budget appropriations, and collections of miscellaneous revenue should not be estimated for the full budget year in advance.

This requires amendment of Chapter 85 of the Laws of 1933.

Allotments of the total budget appropriation should be voted by the board of county commissioners; and provision should be made for revising appropriation items at these times.

Execution of the Budget. Following the completion of the budget document by the county excise board, the next step in financial procedure is the control of its execution. For proper control there are two main requirements: First, a system of accounting and reporting which follows the classifications of the budget; and, second, an adequate system of internal checks so that only those expenditures are made which are authorized.

Accounting Procedure. It is entirely proper that the officer who prescribes the budget forms should also prescribe the forms of the accounts to be kept by the several county officers. This is the duty of the State Examiner and Inspector. This official has given careful attention to the classification of accounts with result that the treasurer's books show: (1) The amount of taxes collected and their apportionment to the various agencies and special funds for which levies were made; (2) the amount of revenue collected other than taxes, classified by sources and funds to which debited; (3) the amount of disbursements crediting the proper accounts; (4) the amount of transfers with both debit and credit accounts; (5) the amount of cash, classified by depositories; (6) the amounts entered as special deposits by the several county officers

authorized to keep such accounts with the amounts withdrawn and the balances; and (7) investment of funds, with the condition of the several sinking and investment funds.

The treasurer is charged in separate accounts on the books of the county clerk (1) with the taxes and other revenues which he should collect, including delinquent taxes turned over to him by his predecessor; (2) with the amounts of all sinking funds and investment accounts, and (3) with all moneys of the counties, municipalities and school districts. He is credited (1) with all moneys paid over and properly received, (2) with the amount of vouchers, warrants and other county orders cancelled and (3) with the amount of uncollected taxes turned over to his successor. The clerk keeps a duplicate of the treasurer's cash book as required by law and makes entries on the basis of the treasurer's daily report. The clerk must also keep the appropriation accounts of the county in order that he can ascertain the balance in each appropriation item before signing warrants issued by the county.

Internal Checks. All taxes and miscellaneous revenues are ultimately deposited with the treasurer. For each collection, the treasurer makes out a receipt in triplicate form. The original copy goes to the taxpayer and a duplicate to the clerk, and a third copy is kept by the treasurer. The amount of receipts made must balance with the amount of cash received each day, and also with the deposits in the banks, which are made the morning following the collection. The county treasurer makes a daily report each morning covering the business of the previous day. This report shows receipt numbers for every collection, whether from taxes or miscellaneous sources and the account which is to be debited. It also shows all payment numbers of all expenditures and the accounts which are to be credited. This daily report is made out in duplicate; and the original is sent to the county clerk, together with duplicate receipts, duplicate checks, cancelled warrants, bonds and coupons. The treasurer keeps the duplicate of his daily report, from which he posts the items to the separate accounts, in his general and subsidiary ledgers. The treasurer also keeps a daily collection record, to which is posted each day each duplicate collection receipt. At the end of the month the general ledger must check with the daily collection record. Collections are posted to the various accounts in the subsidiary ledger on the basis of the daily collection ledger. Those include collections made under protest. When collections are made under protest, however, the protested amount is shown in the account to which it is posted in the subsidiary ledgers, and the total amount protested is shown by funds in the ledger (general). In the system just described, Oklahoma has the basis of a truly fine accounting practice. Recommendations have already been made for transferring the function of control from the county clerk to a regular controlling officer. It is only necessary here to call especial attention to a few points at which improvement may be made.

Treasurer's Depository Accounts. Besides fund accounts the county treasurer keeps depository accounts for several officers. In respect to these accounts, the treasurer acts like a banker, receiving deposits, and making disbursements on properly signed voucher orders. The operations of these accounts are shown in the treasurer's monthly report, but do not appear in the annual financial report. They should be treated as deposit funds. They would then be accounted for as all other liabilities and would appear on the balance sheet of the proposed county controller.

Investments. The treasurer's investment operations include the management of county and school district sinking funds, the county emergency investment fund and the common school relief fund. These are not properly treasury functions; and the treasurer should not be concerned with these operations except as they affect cash. Under the proposed reorganization of financial administration, the county controller would have charge of these sinking and investment funds, and would account for them as for all other appropriation accounts. As the county is now organized for financial administration, there is really no officer whose duties are designed to include the performance of these functions. The county clerk is now the controller, keeping the appropriation accounts and performing the pre-audit of all claims. Under the present form of organization he should also keep the sinking

fund and investment accounts. He does not have sufficient freedom from his other duties, however, to allow him to manage the county's investments.

Closing the Books. The most serious difficulty with the present system of accounting is that the county's books are not closed annually. A separate fund is kept for the current year and for each of a number of prior years, whereas the books should be closed into the surplus account each year and balances carried forward to open the next year's books. With the present system it is difficult to ascertain a county's financial condition as of a given date; and, when its condition is reported from the book records, the result is far from clear. Moreover, with each year's tax account kept separately and a separate receipt required for each year's taxes when paid, the delinquent tax accounts are never brought together except by a special appropriation allowing the treasurer to do so; and the work of the treasurer at tax-paying time is multiplied many times. As soon as a tax-payer becomes delinquent, the amount of his taxes should be entered in a ledger account under his name. In this way each year's tax roll could be closed out when the delinquency date is reached, the amount of each individual's delinquent taxes could be ascertained from a single ledger account, and the total amount would be shown in the county's general ledger. The classification of accounts which is now in use clearly distinguishes receipts as to sources and funds and expenditure as to character, function and organization units. If the books are closed each year as suggested, the present classification can be adopted easily to the task of revealing the financial condition of the county.

Books and Records. The keeping of accounts may be improved considerably by replacing the bound ledgers in use at present with modern forms of bookkeeping equipment. In the larger counties especially, where the number of transactions is great, accounting practice may be rendered speedier and far more accurate by the use of accounting machines.

Careful separation should be made and maintained between treasury operations and control operations, the treasurer accounting for only those transactions which directly affect cash.

All special deposits should be treated as deposit funds and should appear on the balance sheet of the proposed county controller.

The State Examiner and Inspector should devise a system of accrual accounts to be installed as quickly as possible; and require that all local treasurers close their books once each year.

Modern forms of bookkeeping equipment should be studied and a form adopted which is suited to the needs of the Oklahoma localities.

Collection and Custody of Funds. The collection of public funds is accomplished through several agencies. The treasurer collects taxes and certain miscellaneous revenues including his own fees. Other officers collect fines, fees, forfeits, licenses and other miscellaneous revenues and deposit them with the county treasurer who gives them a miscellaneous receipt for their deposit. The treasurer is the official depository for all local funds save municipal and school district funds, which are kept by the municipal and school district treasurer respectively.

This system of decentralized collection and custody of funds makes it necessary to audit the separate accounts of several of the county, municipal and school district officers. There is no practical way of centralizing the collection of miscellaneous revenues; but auditing can be made simpler (1) by requiring each officer making a deposit to turn over a duplicate of the receipt he gave for the money he is depositing, and (2) by abolishing school district treasurers and transferring the custody and disbursement of school district funds to the county treasurer.

Disbursement. As is proper, only two forms of checks are used for the disbursement of funds by the county treasurer, the treasurer's check and officers' depository vouchers. The latter are used only in connection with officers' depository accounts (1) to pay out money as authorized by law, and (2) to make transfers between funds. Treasurers' checks are used for all disbursements from appropriation funds. The methods of accounting for these transactions have been treated in an earlier section of this chapter.

School Fund Transfers. Transfers of revenues to school district treasurers could be eliminated by abolishing those treasurers and charging the county treasurer with the custody of all school district funds.

Issue of Warrants. All claims against the county are filed with the county clerk, who presents each claim to the county commissioners. Warrants are issued by the county clerk when the claims against an appropriation fund exceeds its cash balance. The clerk registers each warrant issued in a book for that purpose. He delivers each warrant he draws to the county treasurer and it is registered in the treasurer's office also. Warrants bear 6 per cent interest from the date of their registration in the treasurer's office. On the face of the warrant is recorded the following information: (1) The fund on which it is drawn; (2) the number of the account to be credited; (3) the department credited; (4) the purpose for which drawn; (5) the signature of chairman of the board of county commissioners, attested by the county clerk or his deputy.

Redemption of Warrants. When the county treasurer collects enough in specific funds, as shown by the subsidiary ledger accounts, he issues a warrant call by advertising in the newspaper that 30 days from the date of call, interest will cease on warrants designated by fund and by fiscal year. Warrants are redeemed in the order in which they were registered, on presentation to the county treasurer. Interest is paid from the date of registration to the date of presentation, up to 30 days after the warrant call.

Each collecting agency when making a deposit with the county treasurer should be required to turn over a duplicate of the receipt which he gave for the money he is depositing.

Custody and disbursement of school district funds should be transferred to county treasurer and school treasurers should be abolished.

This calls for amendment to Article 9, Chapter 34, Statutes 1931 and acts amendatory thereto.

REPORTING

Oklahoma is far in advance of many of the states in reporting the operations of local units of government and administration. The reports are uniform for all local units of the same class; they contain all the information, much of it in appropriate form, which is essential to intelligent financial management. The suggestions which are made in this chapter are intended to assist the development of the reporting system in the direction it has already taken.

Annual Financial Report. The most important of the county financial reports is the annual Financial Statement and Estimate of Needs which is filed with the State Auditor. This report has already been referred to as one of the chief tools of county financial administration. It should be prepared by the proposed county controller and should present a concise statement of the financial condition and operation of the year just ended.

To show how the year's operations have been conducted, whether with a deficit or a surplus, the statements of this report should furnish among other things a ready comparison of revenue receipts and government cost payments and should show the increase or decrease in the net debt for the year. For an actual surplus to have been earned, revenue receipts must have exceeded governmental cost payments. The amount of this excess should then balance with the decrease in the net debt. For a final deficit to appear, governmental costs payments must have exceeded revenue receipts, and the difference should agree with the increase in the net debt.

The execution of the past year's budget and the balances in fund appropriations are other vital facts on which to judge past operations and base future fiscal policy. This information is obtainable from the present form of the report only at the expense of considerable labor; and there is thus the danger that it will be ignored.

The present document is much too large particularly in its bound form. It is excessively costly, awkward to handle, difficult to file, and each page is likely to contain several different kinds of information. The pages should be reduced to such a

size that they can be typewritten if desired, and each page should contain no more than a single type of information. The reports should not be bound when filed; but the pages should be loose so that they can be differently assembled if need be. The State Examiner and Inspector should publish a bound financial report on the counties, municipalities, and school districts showing a consolidated statement for each class of unit. Besides being too large, the present document is more complicated and less informative than is desirable. This is true partly because of emphasis on its conformity to statutory requirements, partly because of its arrangement, and partly because the county's books are not closed formally.

It has been suggested repeatedly that less use be made of statutory requirements and more administrative regulations. In this field as in others concerned with local financial administration, the State Examiner and Inspector should have charge. He should install a system of accrual accounting for all local treasurers and require them to close their books once a year in accordance with good accounting practice. The arrangement of the annual financial reports could then be improved along lines designed to make them easier to prepare and to increase their range of usefulness. Only the county report is discussed here, but municipal and school district reports should be similarly treated.

Contents of Financial Statements. Statements appropriate to reporting the financial condition and operations of county government in Oklahoma fall into two classes: (1) Fund or budget statements, and (2) proprietary, or asset liability and income, statements. The fund or budget statements are intended to show the condition of the funds and appropriations for the county's operating services. That is, they should show the resources, obligations and balances of all funds administered by the county. The proprietary statements are intended to reveal the county's financial condition and the means by which this condition was reached. That is, besides a statement of assets (current and endowment) and liabilities (current and fixed) they should include analysis of income and expenditures. Income items should be classified (1) by character (whether revenue or non-revenue receipts), (2) by sources (whether tax or non-tax), and (3) by funds and consolidated. Expenditures should be classified (1) by character (whether governmental or non-governmental cost payments), (2) by objects of expenditure, (3) by organization units, (4) by functions of government and (5) by funds and consolidated.

Proposed Form of Report. The following outline repeating much of the subject matter of the present annual report is intended to suggest a plan by which it could be modified to advantage.

1. Budget for the ensuing year showing details of appropriations by funds, operating units, and services of government.

2. Statements for the year ended of proposed county controller.

(a) Consolidated Proprietary Balance Sheet showing assets, liabilities and surplus, (or net debt) consolidated and by funds. Current assets should be classified as cash, taxes and accounts receivable, and other current assets. Endowment assets (such as oil leases, etc.) should be enumerated by title. Calculation of surplus or net debt should show current surplus (or deficit), the excess of endowment assets over fixed liabilities, (or the reverse) and the resulting net surplus or net debt. Current liabilities and revenues should show accounts payable, reserves for accounts payable, and deposits held. Fixed or bond liabilities should be enumerated by title.

(b) Consolidated Proprietary Statement of Operations showing income, expenditures and excess of income over expenditures (or the reverse) consolidated and by funds. Income should be classified by character and sources, and expenditures by functions of government. In following statements these classifications can be expanded to show the kinds of tax and other revenues in detail, and the expenditures by objects and organization units.

(c) Consolidated Budget Statement of Fund Resources, Obligations and Balances. Resources should include a summary statement of cash less immediate demands against cash; obligations should show unexpended balances of appropriations, and reserves against bills payable. The Unappropriated Surplus should then be reconciled with the current surplus (or deficit) shown in the Consolidated Proprietary Balance Sheet.

(d) Summary Statement of Fund Operations showing the balance in each fund at the

beginning of the year, the increases in each balance by appropriation and otherwise, net transfers into each fund, total expenditures, amounts closed to surplus, reservations for bills payable, and closing balances. The totals for all funds can be shown as footings to the columns showing the information just described.

(e) Schedules of indebtedness showing forms of debt, amount authorized, issued and outstanding; and principal and interest requirements.

3. Statements of the County Treasurer :

(a) Detailed statement of receipts by sources and funds.

(b) Detailed statement of expenditures by funds.

(c) Statement of cash classified by depositories (including the county treasury as a depository).

(d) Delinquent tax schedules (agreeing with county controller's balance sheet).

4. Department financial statements.

5. Statistical data of public interest.

Other Financial Reports. Besides the annual financial statement of the county there are at present the treasurer's daily and monthly reports. The first is prepared for the county clerk and shows receipts by sources, disbursements, funds, deposits and depository accounts, investment of fund, payments to other units of government and refunds. The second is prepared for the State Examiner and Inspector and shows receipts by sources; disbursements by type of disbursing instrument; cash classified by depositories, including cash held by the treasurer for other officers; and fund balances, apportionments, transfers and disbursements. If the recommendation is followed for a quarterly allotment plan, there should be in addition a quarterly statement of appropriation and allotment operations, prepared by the proposed county controller for the state examiner and inspector.

The county treasurer is also required to report to each school district treasurer annually before the first Tuesday in July regarding the sources and amounts of all moneys received, the amounts disbursed, and the condition of assets and liabilities of which the county treasurer has had charge for each school district. If the school district treasurers are abolished, these reports can be consolidated and included in the annual financial statements of both the treasurer and the proposed county controller.

Printing, Notices, Advertising. The county publishes other reports and notices in addition to the ones already mentioned. These include proceedings of the commissioners and advertising of personal tax assessments, delinquent personal taxes, delinquent tax sales, and tax resales. Legal printing, including legal notices and the budget documents is paid for by the county. In 1933-34, the costs of printing, advertising and publishing of notices together totaled over \$90,000 for the 77 counties. These costs were by no means uniform. They ranged from \$55 in Adair to \$9,217 in Oklahoma County. Some economy might be effected by careful study of the requirements for printing, publication of notices and advertising; but the opportunities are not great and it is doubtful if results would pay for the effort involved.

The annual Financial Statement and Estimate of Needs should be revised both as to form and contents along the lines suggested in this chapter.

Following the adoption of a quarterly allotment system the proposed county controller should prepare for the State Examiner and Inspector a quarterly statement of the appropriation and allotment operations of the county.

The printing of all forms for reports, budget documents, and standard legal notices should be undertaken by the state.

DEBT ADMINISTRATION

The amount of bonded indebtedness which a county can incur in any one year without assent of three-fifths of the voters voting at an election held on the question is limited by the Constitution and by statute to the total of the "income and revenue" provided for that year; and the total of all forms of debt including outstanding warrants and judgments is limited to an amount not to exceed 5 per cent of the total assessed valuation of the county.¹ The Constitution provides further that all evidences of indebtedness, when issued by a county, must bear certification by the county clerk

¹Const. Art. X, Secs. 16, 26.

and county attorney of the fact that they are within the legal debt limit.¹ It says nothing, however, about subsequent changes which may be made by the State Board of Equalization in the assessed value of taxable property. Since the Board of Equalization lowered total valuations over 30 per cent between 1931 and 1933 and will probably raise them again as property values increases, the 5 per cent limit provided by the Constitution has proved of doubtful utility. In the case of *Fairbanks-Morse v. The City of Geary*² the court ruled that debt incurred in excess of the constitutional or statutory limit was void; but this decision cannot be applied, of course, to debt which exceeds such limits when the limits were lowered subsequently to its being incurred. Money borrowed must be used solely for the purpose specified in the law authorizing the loan; and no bond can be issued for a longer period than 25 years.³

Nature and Extent of Bonded Indebtedness. The lack of a published historical record of the debts of the counties necessarily confines a discussion of indebtedness to information available in recent records. In this regard the lack of official consolidated reports is regrettable, but unofficial compilations are available which show the condition of county and township indebtedness as of June 30, 1933 and the sinking fund operations for the fiscal year ending with that date. In 24 counties there were no township bonds, and in 11 counties no county bonds outstanding on June 30, 1933. The following table shows the total bonded debt of both counties and townships which was outstanding on June 30, 1933, with the total amounts issued, classified according to the purposes for which they were issued.

Purpose of Issue	Amount Issued		
	Counties	Township	Total
Local Improvements	10,654	1,910,511	1,921,165
Court House and Jail	2,832,791	-----	2,832,791
Jail	195,000	-----	195,000
Road	28,780,270	6,174,402	34,954,672
Bridge	6,276,881	413,003	6,689,884
Hospital	6,660	-----	6,660
Cemetery	-----	-----	-----
Funding	7,424,007	1,107,003	8,531,010
Miscellaneous	537,729	-----	537,729
Total Issued All Purposes	46,063,992	9,604,919	55,668,911
Total Bonds Outstanding June 30, 1933	37,043,530	8,283,431	45,326,961

Funding Bonds. Every county, municipality or school district is authorized to fund or refund its indebtedness including bonds, judgments and warrants "upon such terms as can be agreed upon."⁴ Funding bonds may be issued in any denomination from \$100 to \$1,000, subject to the same limitations as other indebtedness and legalized by the same methods. The amounts of funding bonds issued by counties and townships are shown in the table just presented.

Judgments. In addition to their bonded debt, the counties and townships had outstanding on June 30, 1933, \$1,250,318 in unpaid judgments. Before 1931, it was a common practice of local officers to exceed their budget appropriations for the purchase of supplies, material and equipment, and in the letting of contracts. Purchases were made and contracts let without the authorization required by law: and a judgment was then obtained by the seller or contractor against the county. According to law, the counties must pay off each judgment in three years from the time it is granted, one-third each year. Payments of installments of judgments falling due, plus interest at 6 per cent on the unpaid balance, is made as a sinking fund appropriation. Since no sinking fund levies fall within the tax rate limitations, there was no evident limit to which judgments could be piled up against a county, provided they could be obtained in the courts.

A law enacted in 1931⁵ makes clear the illegality of this procedure by declaring that "no purchase order or contract shall be valid unless within the appropriation as

¹Const. Art. X, Sec. 29.

²59 Oklahoma 22.

³Const. Art. X, Secs. 16, 26.

⁴Stat. 1931, Sec. 5932.

⁵Laws 1931, Chap. 32, Art. 1

made for that particular and specific purpose and so certified by the officer charged with keeping the appropriation and expenditure records of the county or municipality."¹ It also imposes the penalty of forfeiture and removal from office on any officer "who shall incur any indebtedness, claim or obligation for any purpose or on any account in excess of the appropriation therefor. . . ."² The law does not make mandatory the accusation of an offending officer; but would-be sellers will no longer accept purchase orders or contracts which presumably would be held by the courts to be insufficient or illegal basis for a judgment against a county.

Tax-rate Limitation. The townships are abolished and will incur no further indebtedness of any kind; but there is still danger that the counties and municipalities will continue to incur uncontrolled debt because the statutes make insufficient provision for emergency financing. The financing of mandatory public obligations such as hospitalization, public welfare, and care of the institutional population of the county is made extremely difficult by reason of the tax-rate limits on the special funds for these purposes. Expenditures for public charges are accepted by all civilized communities as a moral obligation. When in Oklahoma the needs of public charges exceed the appropriations which the localities are allowed to make for the purpose, it becomes necessary for them to make contracts in excess of their appropriations and obliges the vendor to get a judgment against the county or municipality.

Interest and Principal Requirements. All the requisite information regarding maturities and interest and principal requirements on account of bonded and judgment indebtedness is shown in the annual financial reports to the State Examiner and Inspector. The following table shows accruals of principal and interest during the fiscal year 1932-33 on outstanding bonds and judgments of the counties and townships.

	Bonds		Judgments	
	Principal	Interest	Principal	Interest
Counties	\$2,029,743	\$1,788,946	\$611,333	\$66,430
Townships	418,863	479,893	101,405	12,620
Total	\$2,448,606	\$2,268,839	\$712,738	\$79,050

The total of these requirements represented an average levy above tax-rate limits of \$3.91 per thousand, or nearly four mills on the 1932 assessed valuation.

Redemption of Indebtedness. For the redemption of local indebtedness, the Constitution requires that at or before the time the debt is incurred provision shall be made "for the collection of an annual tax sufficient . . . to create a sinking fund, first, for the payment of interest coupons as they fall due; second, for the payment of bonds as they fall due; third, for the payments of such parts of judgments as such municipality may, by law, be required to pay."³ Serial bonds are not mentioned in the Constitution; but Chapter 22 of the Laws of 1927 provides that all bonds issued in the future by any municipality or subdivision of the state, whether of a new issue or for the funding or refunding of old issues, shall be of this type.⁴

Sinking Fund Management. The statutes provide for the investment of the local sinking funds by the treasurer having charge of them. In the case of the counties, townships, and school districts, it is the county treasurer who has charge. He may invest the sinking fund moneys as follows: ". . . in United States Bonds, the bonds or warrants of the state or any county, city, town, township, school district, or any other municipality thereof or in any public building warrants maturing prior to the date of the bonded indebtedness and for the payment of which any such sinking fund is created."⁵ Tables I, II, III, and IV are consolidated sinking fund statements of the counties and townships showing (1) assets and liabilities on June 30, 1933, and (2) operating statements

¹Laws 1931, Sec. 5970.

²Laws 1931, Sec. 5975.

³Const. Art. X, Secs. 26 and 28; Stat. 1931, Secs. 5913, 5919, as amended by laws 1933, Chap. 27.

⁴Stat. 1931, Secs. 5929-30.

⁵Stat. 1931, Sec. 5914.

for the year 1932-33. The accepted forms of financial statements are used herein and should replace the forms now used in the annual financial reports to the State Examiner and Inspector in order (1) that commonly recognized accounting terms may be employed and (2) that the statements may be checked readily for certain important facts and for accuracy.

From the consolidated sinking fund balance sheets (Tables I and III) it appears that there were deficits in both county and township sinking funds on June 30, 1933, amounting respectively to \$1,109,556 and \$601,054 for the state as a whole. The consolidated operating statements (Tables II and IV) indicate, however, that there were decreases from the previous year in both deficits. The information with which to verify these figures is lacking in the financial reports and consequently cannot be given here. It is strongly recommended that the annual financial report for each county and for townships within each county contain balance sheet and operating statements following the accepted forms for such statements. Balance sheet statements should be comparative; that is, information for the previous year as well as for the year just ended should be shown in parallel columns with a column showing the increase or decreases in each item so that increases or decreases especially in the surplus (or deficit) item can be seen at a glance. Operating statements may be made comparative also; but the important part of the operating statement is the calculation of the net excess of income over expenditures for the year. This excess represents the increase in the surplus or decrease in the deficit existing at the previous year's end and should agree with the differences in the surplus item shown in the comparative balance sheet statement.

TABLE I
CONSOLIDATED SINKING FUND BALANCE SHEET OF COUNTIES
AS OF CLOSE OF BUSINESS
JUNE 30, 1933

Assets:			
1. Total Cash on Hand and Invested ¹	\$ 3,744,038	\$3,744,038	
2. Net Balance due Sinking Fund of Taxes Receivable	1,448,305	1,448,305	
3. Accrued Interest ²			
4. Investments: Bonds			
(a) Municipal Bonds	3,303,572		
(b) Liberty Bonds	12,750		
Total Bonds		3,316,322	
5. Other Investments:			
(a) 1932-33 Warrants Purchased	249,478		
(b) 1931-32 Warrants Purchased	610,959		
(c) 1930-31 Warrants Purchased	130,503		
(d) Prior Years' Warrants Purchased	517,876		
(e) Prepaid Judgments not Provided for by Tax Levy	271,154		
Total Other Investments		1,779,970	
Total Assets			<u>10,288,635</u>
Liabilities:			
1. Coupons Matured and Unpaid	126,096		
2. Bonds Matured and Unpaid	223,280		
Total Unpaid Coupons and Bonds		349,376	
3. Judgments and Judgment Interest Matured and Unpaid ³	195,923	195,923	
Total Liabilities			545,299
Net Worth:			
1. Total Sinking Fund Accruals ⁴		10,852,892	
2. Surplus (Deficit)		(-)1,109,556	
Total Net Worth			9,743,336
Total Liabilities and Net Worth			<u>10,288,635</u>

¹Separation of invested and uninvested cash should be shown.

²Not reported.

³Not separated.

⁴Properly separated in annual financial statement, but totaled for purposes of this report.

TABLE II
 CONSOLIDATED STATEMENT OF COUNTY SINKING FUND OPERATIONS FOR
 TWELVE MONTHS ENDED JUNE 30, 1933

A. Receipts:		
1. Revenue Receipts		
(a) 1929 and Prior Ad Valorem Taxes	\$ 250,641	
(b) 1930 Ad Valorem Tax	125,067	
(c) 1931 Ad Valorem Tax	907,801	
(d) 1932 Ad Valorem Tax	1,983,617	
(e) Gasoline Tax	216,660	
(f) Automobile License Tax	61,200	
(g) Penalties on Ad Valorem Taxes	207,324	
(h) Interest, County Sinking Fund Investments	155,784	
(i) Premium on Bonds Sold	20	
(j) Accrued Interest on Bonds Sold	1,850	
(k) Protest tax Refunds	31,932	
(l) Other Revenue Receipts	187,643	
Total Revenue Receipts		\$4,129,539
2. Non-Revenue Receipts		
(a) Sale of Investments	1,838,117	
(b) Residue of Unused Bond Funds	1,626	
(c) Other Non-revenue Receipts		
Total Non-revenue Receipts		1,839,743
Total Receipts		\$5,969,282
B. Disbursements:		
1. Fixed Charges		
(a) Interest on Bonds	1,900,354	
(b) Interest on Judgments	20,030	
Total Fixed Charges		1,920,384
2. Capital Outlays		
(a) Bonds Paid	1,196,730	
(b) Judgments Paid	297,395	
(c) Purchase of Investments	2,048,204	
Total Capital Outlays		3,542,329
3. Other Disbursements		
(a) Interest on Past-due Coupons	6,456	
(b) Interest on Past-due Bonds	656	
(c) Commission to Fiscal Agency	8,122	
Total Other Disbursements		15,234
Total Disbursements		5,477,947
C. Excess Receipts over Disbursements		491,335
Add Capital Outlays (B-2)		3,542,329
D. Excess of Income over Expenses		4,033,664
Deduct Sales of Investments (A-2(a))		1,838,117
E. Net Excess of Income over Expenditures, (Representing Increase of Surplus)		2,195,547

TABLE III
 CONSOLIDATED SINKING FUND BALANCE SHEET OF TOWNSHIPS AS OF
 CLOSE OF BUSINESS JUNE 30, 1933

Assets:		
1. Total Cash on Hand and Invested	\$ 2,718,320	\$2,718,320
2. Net Balance due Sinking Fund of Taxes Receivable	417,239	417,239
3. Accrued Interest		
4. Investments: Bonds		
(a) Municipal Bonds		
(b) Liberty Bonds		
Total Bonds		
5. Other Investments		
(a) 1932-33 Warrants		
(b) 1931-32 Warrants		
(c) 1930-31 Warrants		
(d) Prior Years' Warrants		
(e) Prepaid Judgments not provided for by tax levy	10,826	
Total Other Investments		10,826
Total Assets		\$3,146,385

TABLE III (Continued)

Liabilities:		
1. Coupons Matured and Unpaid -----	116,423	
2. Bonds Matured and Unpaid -----	39,748	
Total Unpaid Coupons and Bonds -----		156,171
3. Judgments and Judgment Interest Matured and Unpaid ----		53,445
Total Liabilities -----		209,616
Net Worth:		
1. Total Sinking Fund Accruals -----		3,537,823
2. Surplus (or Deficit) -----		(-) .601,054
Total Net Worth -----		2,936,769
Total Liabilities and Net Worth -----		3,146,385

TABLE IV
 CONSOLIDATED STATEMENT OF TOWNSHIP SINKING FUND OPERATIONS FOR
 TWELVE MONTHS ENDED JUNE 30, 1933

A. Receipts:		
1. Revenue Receipts:		
(a) 1929 and Prior Ad Valorem Taxes -----	\$ 27,667	
(b) 1930 Ad Valorem Taxes -----	19,382	
(c) 1931 Ad Valorem Taxes -----	199,469	
(d) 1932 Ad Valorem Taxes -----	444,995	
(e) Interest, Township Sinking Fund Investments ----	37,457	
(f) Accrued Interest on Bonds Sold -----	7,375	
(g) Protest-tax Refunds -----	704	
(h) Other Revenue Receipts -----	22,723	
Total Revenue Receipts -----		\$759,772
2. Non-Revenue Receipts:		
(a) Sale of Investments -----	68,324	
(b) Other -----		
Total Non-Revenue Receipts -----		68,324
Total Receipts -----		\$828,096
B. Disbursements:		
1. Fixed Charges:		
(a) Interest on Bonds -----	488,381	
(b) Interest on Judgments -----	4,839	
Total Fixed Charges -----		493,220
2. Capital Outlays:		
(a) Bonds Paid -----	203,601	
(b) Judgments Paid -----	45,017	
(c) Purchase of Investments -----	61,691	
Total Capital Outlays -----		310,309
3. Other Disbursements:		
(a) Interest on Past-Due Coupons -----	11,460	
(b) Interest on Past-Due Bonds -----	794	
(c) Commissions to Fiscal Agency -----	1,768	
Total Other Disbursements -----		14,022
Total Disbursements -----		817,511
C. Excess of Receipts over Disbursements -----		10,545
Add Capital Outlays (B-2) -----		310,309
D. Excess of Income over Expenses -----		320,854
Deduct Sale of Investments (A-2(a)) -----		68,324
E. Net Excess of Income over Expenditures -----		252,530

County Emergency Investment Fund. In 1933 the legislature created in each county an emergency investment fund¹ to which is apportioned 50 per cent of the receipts from the gasoline tax and the automobile licenses, all of which previously went to the highway fund. The county treasurer manages the fund under the direction of the county excise board. The law provides for the use of the county emergency fund as follows: (1) To purchase current warrants of the county which may be outstanding, (2) to purchase prior years' warrants of the county, (3) to increase assets of the sinking fund sufficiently to pay off indebtedness on account of road and bridge bonds, and (4) for payment to the highway fund, where it actually goes in most of the counties. The county

¹Laws 1933, Chap. 137.

excise board may vary the order of the first three uses; but any funds which are unused for the first three purposes on December 31 and on June 30 go on those dates to the highway fund. By using this fund to advantage, the county treasurers have been able to improve the liquid condition of the county sinking funds, replacing investments the value of which has decreased, with actual cash. For some counties the creation of this fund has been fortunate. Others, especially those with low valuations have not been able to use it to the best advantage. Their difficulty arises not so much from heavy fixed indebtedness as from inability to raise sufficient operating revenues under the 15 mill tax limit. These counties are most likely to allow their investment fund revenues to revert to the highway fund where, in their particular cases, the need for revenues is not great either. Perhaps, in the case of these counties, the best use could be made of these revenues by turning a part of them under proper authority into the county general fund.

Advantage should be taken by all counties of the county emergency investment fund act while it is in effect to increase the liquidity of the county sinking fund.

The net obligations remaining after the repeal of the act should then be funded as soon as possible into serial bonds with a regular rate of retirement.

Management of the sinking and investment funds should be transferred to the proposed county controller.

The retirement of judgments should be provided for by means of a fund entirely distinct from the bond fund.

Warrants and judgments purchased as sinking fund investments should be listed by municipalities issuing them as well as by the year of their issue.

Accepted forms should be adopted as soon as possible for all accounting statements including those used to report the condition and operations of sinking funds, and advantage should be taken of these forms to show within each statement the verifications of the information reported.

The State Examiner and Inspector should include in his proposed published report a consolidated statement of all local sinking funds and such statistical information regarding the management of these funds as are of interest to the public.

PURCHASING

The several county officers in Oklahoma make the purchases for their own offices. It would not be practicable to recommend complete centralization of purchasing in the counties because of the administrative relationships which exist between certain county offices and departments of the state government.

It has been recommended elsewhere in this chapter, however, that the state undertake the printing of forms for county financial reports and standard legal notices; and certain other supplies such as office supplies, bookkeeping equipment and stationery lend themselves readily to centralized purchasing by an officer of the county. The proposed county controller is perhaps best suited to the task. The following recommendation is therefore made:

The board of county commissioners should be permitted to centralize the purchase of county supplies, with such exceptions as may be provided by law, in the office of the proposed county controller.

CHAPTER XVIII

FINANCIAL CONDITIONS AND OPERATIONS

In Chapter XV it was pointed out that at the time of the survey no single department or agency of the state government published complete information with regard to the state's financial condition and operations. It was also mentioned that this condition existed largely because of divided authority and because the legislatures in the past have authorized the expenditure of government receipts without being first covered into the State Treasury and disbursed by state warrants.

The survey report has been delayed considerably because of the difficulty experienced in securing reliable financial data. Much time was lost in the beginning because of the belief that the State Auditor's report exhibited the financial condition and operations of the state government and it was only after considerable work had been done that it was found necessary to approach the subject from an entirely different viewpoint, in that it was essential to tie in all of the fiscal operations to the cash received into the State Treasury.

The data embodied in the general balance sheet were obtained by examining the records of the State Treasurer's office. To make it possible to present the material of this statement and that of the operating statement and schedules supplying details of all receipts and disbursements which follow, it was necessary to prepare a trial balance of all of the funds of the state government and particularly of all of those accounts contained in the depository funds of the state departments and establishments. This involved the determination of the opening and closing balances of each of these accounts and an analysis of all of the operations within these accounts to determine the final disposition of all deposits. It was next necessary to analyze this account for the purpose of classifying that part of the income remaining within the depository account as to sources and purposes of expenditures.

Much of the revenue data contained in the detailed statements appended to this Chapter were obtained from the records of the State Tax Commission as well as the Treasurer's office. However, it was not possible to obtain any revenue analysis of the so-called revolving funds, nor of the operations of the depository accounts from the records of either the Auditor's office or the Treasurer's office. To secure these data it was necessary to examine the audit report of institutions now prepared by the State Examiner and Inspector and to visit each of the departments at the seat of the government. The problem of analyzing expenditures was not as difficult since the State Auditor's office collects all warrant expenditures classified by functions and organization units for all funds, except the depository funds.

FINANCIAL STATEMENTS

We have referred above in general terms to the financial statements included in this report. The statements exhibited appear in the following order.

1. Consolidated General Balance Sheet, Exhibit A
2. Consolidated Statement of Operations of the Fiscal Year ended June 30, 1934, Exhibit B
3. Condensed Comparative Statement of Receipts and Disbursements of all Funds, for the Fiscal Years 1933 and 1934, Classified by General Sources of Revenue and Character of Expenditures, Exhibit C
4. Condensed Statement of Receipts, Disbursements, and Balances of all Current Funds of the State Government for the Fiscal Year 1934, Classified by Treasury Accounts. Exhibit D
5. Comparative Statement of Receipts of all Funds, Classified by Character and Sources for the Fiscal Years Ended June 30, 1933 and June 30, 1934, Schedule 1 of Exhibit C
6. Comparative Statement of Disbursements of all Funds for the Fiscal Years 1933 and 1934, Classified by Character, Functions and Activities, Schedule 2 of Exhibit C

Consolidated General Balance Sheet, Exhibit A. The data contained in this statement were obtained by analyzing the cash receipts and disbursements of the state

government and by inventorying so far as was possible the current assets and current liabilities of the state government as of June 30, 1934.

The purpose of the Consolidated General Balance Sheet, Exhibit A is to exhibit the financial condition of the state government as a holding corporation. This Balance Sheet is classified similarly to that of a corporation, with the exception that fixed property assets are not included as these data were not obtainable during the course of our survey. As at present prepared, the net result displays the net result of the state government. This statement sets forth that the total recorded assets of the state government amounted to \$26,985,682.08 on June 30, 1934. This is exclusive of the value of lands, construction and permanent improvements, miscellaneous plant and equipment, and consumable supplies, on hand as of its date.

The cash on hand on June 30, 1934 aggregated \$23,423,256.49. Of this amount \$1,806,819.68 was sinking fund cash, and \$14,132,310.09 represented county deposits, leaving a balance of \$7,484,126.72 in expendable funds. The amount due the state is \$33,110.48. This represents the amount due from bankers and others for warrants purchased by the Treasurer for which reimbursement had not been made. The other current receivable accounts of the state government are not now of record.

The total current liabilities and reserves at the close of business June 30, 1934 aggregated \$22,756,334.73. Of this amount \$20,122,675.35, was represented by current liabilities and \$2,633,659.38 by reserves. The former includes warrants and vouchers payable of \$5,279,344.73 and the amount due county governments for the deposit of cash in the State Treasury of \$14,132,310.09. The latter includes the reserves set up for undistributed taxes, state insurance fund deposits and the like. The only figure included under this caption about which there is some question is the amount reported as undistributed taxes. This is a derived figure, because it was impossible to completely analyze the depository accounts of the state government. Therefore, the sum of \$2,313,268.11 reported, is an estimate rather than an amount determined upon the basis of a book figure.

The total of all liabilities and reserves as of June 30, 1934 aggregated \$39,649,749.84. To offset these liabilities the state had current assets of \$23,456,366.97 and booked trust assets of \$3,529,315.11 or an aggregate of \$26,985,682.08. The excess of all recorded liabilities of the state government over all realizable assets amounted to \$12,664,067.76. This was the net debt of the state government on June 30, 1934.

By reference to Exhibits A and B it will be observed that the balance sheet and operating statement employs a separate column for each fund or similar group of related funds and combines these total, excluding interfund transactions, into a consolidated total. This is done for the purpose of reporting the financial condition of each fund and the state government as a whole. The result shown in the consolidated column represents the financial position of the state government in its relation to the outside world. In this connection attention is called to the fact that the restricted receipts appropriated for the operations of the State Tax Commission and the repayment receipts now credited to the so-called revolving funds are included in these statements as general fund moneys.

Analyzing the information reported on the balance sheet, the current condition of the operating funds of the state government as of June 30, 1934 was as follows:

Fund	Current Assets	Current Liabilities	Current Deficit
General Fund	\$1,408,341.13	\$4,214,931.11	\$2,806,589.93*
Educational Funds	189,078.65	335,879.23	146,800.58
Highway Funds	719,522.02	799,368.62	79,846.60
Capital Funds	30,854.45	1,629.77	29,224.68*
Special Funds	734,941.37	258,102.42	476,838.95*
Depository Funds	18,593,809.62	17,316,273.58	1,277,536.04*
Totals	\$21,676,547.29	\$22,926,184.73	\$1,249,637.44

*Includes the General Revenue Fund, Tax Commission Fund and Revolving Funds other than working capital funds.

*Contra (in italics)

EXHIBIT A

CONSOLIDATED GENERAL BALANCE SHEET AS OF JUNE 30, 1934

Accounts	Consolidated	General Fund ¹	Educational Funds	Highway Funds	Capital Funds		Special Funds ³	Depository Funds
					Sinking Funds	Other ²		
ASSETS								
A. Current Assets								
1. Cash:								
a. With Treasurer	\$23,418,219.59	\$1,408,341.18	\$188,078.65	\$719,522.02	\$1,806,819.68	\$205,854.45	\$527,904.47	\$18,560,699.14
b. With State Agents	5,036.90						5,036.90	
Total Cash	23,423,256.49	1,408,341.18	189,078.65	719,522.02	1,806,819.63	205,854.45	532,941.37	18,560,699.14
2. Taxes and Accounts Receivable:								
a. Uncollected Taxes ⁴								
b. Accounts Receivable	33,110.48							33,110.48
c. Due from Other Funds**							202,000.00	
Total Taxes and Accounts Receivable	33,110.48						202,000.00	33,110.48
3. Inventories: ⁴								
a. Institutional Supplies								
b. Working Capital								
-c. Other								
Total Inventories								
Total Current Assets	23,456,366.97	1,408,341.18	189,078.65	719,522.02	1,806,819.68	205,854.45 ⁵	734,941.37	809.62
B. Fixed Assets (net)⁴								
C. Endowment Assets⁴								
1. Common School Equalization								
2. Union Graded Common Schools								
3. New College								
4. State Educational Institutions								
5. Public Building Lands								
Total Endowment Assets ⁶	3,529,315.11					\$3,529,315.11		
TOTAL ASSETS	\$26,985,682.08	\$1,408,341.18	\$189,078.65	\$719,522.02	\$1,806,819.68	\$3,735,169.56 ⁶	\$734,941.37	\$18,593,809.62
LIABILITIES, CAPITAL AND SURPLUS								
D. Current Liabilities								
1. Warrants and Vouchers Payable	\$5,279,344.73	\$4,114,031.11	\$244,148.30	\$594,306.01	\$32,150.00	\$1,629.77	\$21,871.61	\$279,217.93
2. Accrued Interest	100,000.00	100,000.00						
3. Taxes Payable to Local Governments	434,361.21		91,730.93	2,972.61			180,646.98	159,010.69
4. Private Funds	176,659.32							176,659.32
5. County Treasurers' Deposits	14,132,310.09							14,132,310.09
6. Due to Other Funds				202,000.00				
Total Current Liabilities	20,122,675.35	4,214,931.11	335,879.23	\$799,368.62	\$32,150.00	\$1,629.77	\$202,518.59	\$14,738,198.03

EXHIBIT A (Continued)

Accounts	Consolidated	General Fund ¹	Educational Funds	Highway Funds	Capital Funds		Special Funds ³	Depository Funds
					Sinking Funds	Other ²		
E. Reserves								
1. Undistributed Taxes	2,313,268.11							2,313,268.11 ⁷
2. State Insurance Fund	238,562.24							238,562.24
3. Deposits in Escrow	26,245.20							26,245.20
4. Escheated Estates	3,362.89						3,362.89	
5. Deferred Credit	52,220.94						52,220.94	
Total Reserves	2,633,659.38						55,583.83	2,578,075.55
F. Total Current Liabilities and Reserves.	\$22,756,534.75	\$4,214,931.11	\$799,368.62	\$32,159.00	\$1,629.77	\$258,102.42		\$17,316,273.58
G. Endowment Liabilities and Reserves	\$ 3,529,315.11				3,529,315.11			
H. Fixed Liabilities								
1. Bonds Payable	911,100.00					911,100.00		
2. Treasury Notes	12,453,000.00					12,453,000.00		
Total Fixed Liabilities	13,364,100.00					13,364,100.00		
I. Endowment Capital and Surplus⁴								
Total Liabilities and Reserves	39,649,749.84	4,214,931.11	799,368.62	32,150.00	16,895,044.88	258,102.42		17,316,273.53
J. Surplus								
1. Current Surplus (See Exhibit B)	1,249,637.44*	2,806,589.93*	146,800.58*		29,224.68	476,838.95		1,277,536.04
2. Capital Surplus ⁵	11,414,430.32*			1,774,669.68				
Total Surplus	\$12,664,067.76*	2,806,589.93*	146,800.58*	1,774,669.68	13,159,875.32*	476,838.95		1,277,536.04
TOTAL LIABILITIES, RESERVES AND SURPLUS	\$26,985,682.08	\$1,408,341.18	\$719,522.02	\$1,806,819.68	\$ 3,375,169.56	\$734,941.37		\$18,593,809.62

*Contra (in Italics)

**Eliminated from Consolidated.

¹Includes so-called Revolving Funds, other than Working Capital Funds, and restricted receipts of State Tax Commission appropriated for collection expenses of Commission.

²Includes: (1) Public Building Funds; (2) Bond Funds, and (3) Working Capital Funds.

³Includes moneys taken into account, not deposited in State Treasury.

⁴Not of record in Central Accounting Office.

⁵Includes Capital Assets of \$175,000.

⁶Represents cash balance with State Treasurer. Other assets of record in Land Office but not in Central Accounting Office. ⁷This sum is subject to adjustment since it was not possible in the time available to completely analyze the Depository Accounts.

⁸Excess of Capital Assets over Capital Liabilities.

⁹Net debt of State Government, June 30, 1934.

Consolidated Statement of Operations for the Fiscal Year Ended June 30, 1934, Exhibit B. This statement is classified to report the operations of the several funds of the state government. It has for its purpose to show how the condition reported by the balance sheet was reached. It sets forth in summary form the financial transactions of the state government during the fiscal year, 1934. It reports all income in comparison with all expenditures, inclusive of all known liabilities. The income is subdivided to report the revenue and non-revenue earnings, and the expenditures are subdivided to show the cost by character and general functions of the government. The excess of expenditures over all the income of the Operating Funds in the fiscal year, 1934, amounted to \$2,283,614.02. Deducting from this balance the current surplus on July 1, 1933, of \$1,033,976.58, the total current deficit on June 30, 1934 amounted to \$1,249,637.44. This is the excess of all current assets over all current liabilities as reported by the consolidated balance sheet, Exhibit A, item J-1.

Like information for the general fund shows that the total revenue income during the fiscal year 1934 aggregated \$9,057,822.63; that the non-revenue income amounted to \$24,068.11 and that the total income of the general fund during the fiscal year under discussion, including the restricted funds of the State Tax Commission and all revolving funds except working capital funds, aggregated \$9,081,890.74. The total operating expenses aggregated \$11,406,651.31. Deducting this sum from the total income, this statement sets forth that the operating expenses exceeded the general fund income by \$2,324,760.57. Adding the capital outlay out of the general fund during the fiscal year of \$430,237.82, the total expenditures out of the general fund during the fiscal year exceeded the earned income by \$2,754,998.39. Adding this excess of expenditures of the fiscal year to the adjusted deficit of \$1,591.54 on July 1, 1933, the general fund deficit as of July 1, 1934 was \$2,806,589.93.

EXHIBIT B

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1934

Classification	Consolidated Total	General Funds ¹	Educational Funds	Highway Funds	Capital Funds			Special Funds ³	Depository Funds
					Sinking Funds	Other ²	Funds ³		
I. Income:									
A. Revenues:									
1. Tax Revenues:									
Ad valorem	\$ 2,668,628.45	\$ 2,668,628.45					\$ 15,886.01	\$ 349,531.33	
Income	827,847.60	462,430.26						10,365.16	
Inheritance	144,511.60	134,146.44						49,758.17	
Corporation License	677,246.37	627,488.20							
Gross Receipts	10,085.97	10,085.97							
Sales	1,089,798.14	102,564.83	\$ 581,200.65					406,027.66	
Beverage	160,937.71	11,872.69						149,065.02	
Gasoline	8,020,751.24	204,105.71		\$ 4,496,681.34	\$ 2,996,877.35			323,086.84	
Motor Vehicle License	1,310,561.30	152,062.35		1,158,498.95					
Motor Carrier (Mileage)	523,215.52	23,746.90		451,191.48					
Gross Production	3,200,037.32	2,426,436.39	773,600.93						
Petroleum Excise (Proration)	215,751.97							48,277.14	
Insurance	563,104.70	547,288.04					202,338.74	13,413.23	
Feed	48,653.76						14,854.45	962.21	
Fertilizer	1,659.00	474.00						48,653.76	
Other	17,348.35							1,185.00	
Total Tax Revenues	19,480,134.00	7,371,330.23	1,354,801.58	6,106,371.77	2,996,877.35		233,079.20	1,417,673.87	
2. Non-Tax Revenues:									
Licenses and Permits	434,613.36	205,900.88						8,562.35	
Fees	678,793.52	166,821.86	159.04	857.76				43,154.16	
Special Assessments	39,008.10	18,028.95						3,492.07	
Fines and Forfeits	60,500.77	52,672.02						5,546.13	
Subvention and Grants:									
Federal Government	7,386,834.36			6,801,998.36			1,160.01	583,675.99	
County Governments	42,076.31			42,076.31					
Private Persons	32,092.62							32,092.62	
Interest on Deposits	159,620.28	138,476.90		148.98				20,994.40	
Rentals	537,745.53	210.00	404,264.54					2,020.99	
Sales of Services	1,634,393.02	1,076,447.11						438,172.06	
Other Non-Tax Revenues	63,420.18	27,934.68		32,953.22			919.86	1,612.42	
Total Non-Tax Revenues	11,069,008.05	1,686,492.40	404,423.58	6,878,034.63		215,088.59	745,735.66	1,139,233.19	
Total Revenues⁴	30,549,142.05	9,057,822.63	1,759,225.16	12,984,406.40	2,996,877.35		978,814.86	2,556,907.06	
B. Non-Revenue Receipts:									
1. Accrued Interest on Bonds Sold	2,583.33				2,583.33				
2. Refunds of Overpayments	25,366.52	24,068.11		357.11					
3. Miscellaneous Receipts									
4. Transfers of Funds ⁵					461,188.14		150,000.00	381,575.40	
Total Non-Revenue Receipts	27,949.85	24,068.11		357.11	463,771.47		150,941.30	381,575.40	
Total Income	30,577,091.90	9,081,890.74	1,759,225.16	12,984,763.51	3,460,648.82		1,129,756.16	2,938,482.46	

EXHIBIT B (Concluded)

11. Expenditures:										
A. Governmental Costs:										
1.	General Government	\$ 1,492,350.58	\$ 1,492,350.58						\$334,051.73	\$94,034.04
2.	Protection to Person and Property	941,238.83	513,153.06							
3.	Conservation of Health and Sanitation	399,995.05	394,155.95						\$5,839.10	
4.	Development and Conservation of Natural Resources	1,232,936.54	503,249.22							398,542.52
5.	Highways	13,344,084.83		\$13,344,060.53						24.30
6.	Charities, Hospitals, and Corrections	4,399,843.01	3,494,816.08						316,403.61	978,192.25
7.	Education	4,817,715.72	4,163,365.12						89,408.93	341,683.79
8.	Recreation	1,160.01								1,160.01
9.	Miscellaneous Activities	599,531.18	583,971.54							15,559.64
10.	Debt Service: Interest on Indebtedness	1,539,862.60	1,098,155.12	377.48				441,330.00		
	Total Governmental Costs ⁶	28,768,718.35	12,243,216.67	13,869.10	13,344,060.53	441,330.00	411,651.64	886,578.17		1,428,012.24
B. Non-Governmental Costs:										
1.	Bond Redemptions	973,500.00				973,500.00				
2.	Transfers of Funds ⁵		786,586.40						129,399.92	76,777.22
3.	Refunds	282,614.44								282,614.44
4.	State Aid Paid to Counties	1,402,451.68								
5.	Other Costs: Adjustments, etc. ⁷	17,596.62	1,192,913.94*	555,314.59	190,829.48*	629,993.99	150.00	167,032.67		48,848.79
	Total Non-Governmental Costs	2,676,162.74	406,327.54*	1,914,324.46	147,687.67*	1,603,493.99	129,549.92	167,032.67		408,240.45
C.	Total Costs, including Outlays	31,444,881.09	11,836,889.13	1,928,493.56	13,196,372.86	2,044,823.99	541,201.56	1,053,610.84		1,836,252.69
	Less: Capital Outlays	12,830,916.58	430,237.82		10,936,212.46	973,500.00	281,501.04	209,465.26		
D.	Operating Expenses	18,613,964.51	11,406,651.31	1,928,493.56	2,260,160.40	1,071,323.99	259,700.52	844,145.58		1,836,252.69
E.	Excess of Income over Operating Expenses	11,963,127.39	2,324,760.57*	169,268.40*	10,724,603.11	2,389,324.83	44,611.93*	285,610.58		1,102,229.77
F.	Less: Capital Outlays	12,830,916.58	430,237.82		10,936,212.46	973,500.00	281,501.04	209,465.26		
G.	Excess of Income over All Expenditures, including Sinking Fund	867,789.19*	2,754,998.39*	169,268.40*	211,609.35*	1,415,824.83	326,112.97*	76,145.32		1,102,229.77
	Deduct: Excess of Sinking Fund Income	1,415,824.83*				1,415,824.83*				
H.	Excess of Income over All Expenditures of Operating Fund	2,283,614.02*	2,754,998.39*	169,268.40*	211,609.35*		326,112.97*	76,145.32		1,102,229.77
I.	Current Surplus, July 1, 1933, Adjusted	1,033,976.58	51,591.54*	22,467.82	131,762.75		355,337.65	400,693.63		175,306.27
J.	Current Surplus, June 30, 1934 (See Exhibit A)	1,249,637.44*	2,806,589.93*	146,800.58*	79,846.60*		29,224.68	476,838.95		1,277,536.04
K.	Excess of Capital Receipts over Capital Expenditures	1,415,824.83				1,415,824.83				
L.	Add: Capital Surplus, July 1, 1933, Adjusted	358,844.85				358,844.85				
M.	Sinking Fund Surplus, June 30, 1934, (Exhibit A)	1,774,660.68				1,774,660.68				
N.	Total Surplus, June 30, 1934	\$ 525,032.24	\$ 2,806,589.93*	\$146,800.58*	\$79,846.60*	\$1,774,669.68	\$29,224.68	\$476,838.95		\$1,277,536.04

*Contra (in italics).

¹Includes so-called Revolving Funds, other than Working Capital Funds, and restricted receipts of State Tax Commission appropriated for collection expenses of Commission.

²Includes: (1) Public Buildings Funds; (2) Bond Funds, and (3) Working Capital Funds.

³Includes moneys taken into account, not deposited in State Treasury.

⁴For details, see Schedule 1 of Exhibit C.

⁵Eliminated in consolidation.

⁶For details, see Schedule 2 of Exhibit C.

⁷Represents Treasury transfers and miscellaneous adjustments.

Consolidated Comparative Statement of All Funds, Fiscal Years 1933 and 1934, Exhibit C. This statement differs from the operating statement, Exhibit B, since it has for its purpose to report the receipts and disbursements of the state government, inclusive of warrants and vouchers payable. It represents a condensed summary of the detailed statements or receipts (Schedule I of Exhibit C) and the detailed statement of disbursements (Schedule 2 of Exhibit C) presented at the end of this chapter.

The receipts and expenditures are classified by character in order to indicate: To what extent governmental cost payments including capital outlays and fixed charges have exceeded revenue receipts; to what extent non-revenue receipts exceeded non-governmental cost payments; and, finally, the excess or deficit of all receipts over all disbursements including warrants payable for the two fiscal years for which the report is prepared. Further aid is rendered by this statement in that it indicates the trend in receipts and expenditures of the two-year period.

Reference to this statement shows that the revenues exceeded governmental cost payments in the fiscal year 1934, but that the reverse was true in 1933; that non-revenues exceeded non-governmental cost payments in both fiscal years; that the receipts exceeded disbursements in both years, but this was made possible because of the large deposits by county governments, part of which funds have apparently been made use of in temporarily financing the operations of the state government; that the unexpended cash on hand at the end of the fiscal year 1933 amounted to \$14,193,228.53 (this includes the sum of \$9,705,520.98 of county money deposited in the State Treasury); and finally that the undisbursed balance of cash in the Treasury on June 30, 1934, exclusive of endowment fund cash of the land office, amounted to \$18,143,911.76. This includes the sum of \$14,132,310.09 of county deposits in the State Treasury on June 30, 1934. These moneys as well as all other recorded liabilities are reported on the balance sheet as obligations of cash resources of the respective funds of the state government. The cash operations of the state government including warrants outstanding at the beginning and close of the fiscal year 1934 are reported in Exhibit D which is next discussed.

EXHIBIT C
CONDENSED COMPARATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS
OF ALL FUNDS FISCAL YEARS 1933 AND 1934
 (For details as to fund operations, see exhibit "D")

Classification	Fiscal Year	
	1933	1934
A. Receipts:		
1. Revenue Receipts:		
Taxes -----	\$19,525,167.09	\$19,480,134.00
Non-Taxes -----	7,838,602.86	11,069,008.05
Total Revenue Receipts -----	27,363,769.95	30,549,142.05
2. Non-Revenue Receipts:		
Debt Obligations: Sales of Bonds -----		175,000.00
Sales of Public Lands -----	17.20	
Taxes Collected for Local Governments -----	6,928,088.29	10,698,170.82
Private (Trust) Funds -----	432,485.40	366,584.29
Public Trust Funds -----	6,423,872.97	4,727,884.78
Other Non-revenue Receipts -----	31,236.87	45,643.21
Transfers of Funds -----	529,233.98	1,194,763.54
Total Non-Revenue Receipts -----	14,344,934.71	17,208,046.64
3. Total Receipts ¹ -----	41,708,704.66	47,757,188.69
B. Disbursements:		
1. Governmental Cost Payments:		
Administration, Operation and Maintenance -----	17,289,971.25	15,371,439.17
Capital Outlays -----	12,758,995.63	11,857,416.58
Interest on Indebtedness -----	304,113.13	1,539,862.60
Total Governmental Cost Payments -----	30,353,080.01	28,768,718.35
2. Non-Governmental Cost Payments:		
Redemption of Debt Obligations -----	296,700.00	973,500.00
Payment of taxes collected for Local Governments -----	7,864,353.91	12,038,950.49
Refunds -----	1,020,644.04	282,614.44

EXHIBIT C (Continued)

Classification	Fiscal Year	
	1933	1934
Disbursement of Private Trust Funds -----	336,799.47	530,362.02
Transfers of Funds -----	529,233.98	1,194,763.54
Other Non-Governmental Costs -----	216,672.55	17,596.62
Total Non-Governmental Cost Payments -----	10,264,403.95	15,037,787.11
3. Total Disbursements ² -----	40,617,483.96	43,806,505.46
C. Excess of Revenues over Governmental Costs -----	2,989,310.06*	1,780,423.70
D. Excess of Non-Revenue over Non-Governmental Costs -----	4,080,530.76	2,170,259.53
E. Excess of All Receipts over All Disbursements -----	1,091,220.70	3,950,683.23
F. Add: Available Cash Balance at beginning of Fiscal Year -----	13,102,007.83	14,193,228.53
G. Available Cash at End of Fiscal Year -----	\$14,193,228.53 ³	\$18,143,911.76 ⁴

Condensed Statement of Receipts and Disbursements and Balances of All Current Funds of the State Government, Classified by Treasury Accounts, Exhibit D. Particular attention is called to this exhibit because it reports all treasury transactions of the fiscal year 1934, classified by the present recognized groups for which an accounting of state moneys is now rendered. It corresponds to the summary statement now presented in the Treasurer's semi-annual report to the Governor. It includes, however, elements other than those reported by the Treasurer and also analyzes the transactions by general classes of funds. An examination of this statement will prove of interest because the operations of each of the general classes of funds within each of the group operations are set forth in summary form. It reports the cash on hand at the beginning of the fiscal year, the transactions of the fiscal year 1934, and the resulting balance of cash at the close of the fiscal year 1934, inclusive of certain state moneys not now deposited in the State Treasury.

The contents of this statement supplied the basis for the preparation of the balance sheet, particularly the current surplus (net cash available) at the beginning of the fiscal year 1934, which surplus, however, was necessarily adjusted because of the failure of the accounting officer to set up liabilities of the state government included within these balances, as, for example, the liabilities to counties for moneys deposited in the State Treasury, and liabilities of the government included within the depository accounts for tax collections payable to counties, private funds, and undistributed taxes.

¹For details, See Schedule 1 of this Exhibit.

²For details, See Schedule 2 of this Exhibit.

³Includes \$9,705,520.98 of county money deposited in State Treasury.

⁴Includes \$14,132,310.09 of county money deposited in State Treasury.

*Contra (in italics)

EXHIBIT D

CONDENSED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
BALANCES OF ALL CURRENT FUNDS OF STATE GOVERNMENT,
CLASSIFIED BY TREASURY ACCOUNTS.

Fund	Available Cash July 1, 1933		Receipts Fiscal Year 1934	Total Balances and Receipts	Disbursements Fiscal Year 1934	Available Balance July 1, 1934	Warrant Liabilities June 30, 1934	Cash Balance July 1, 1934
	Cash	(-) Warrants Liabilities						
A. Treasury Account No. 1:								
1. General Fund, Un- restricted	\$462,233.63	\$1,310,221.36	\$7,345,353.28	\$6,497,365.55	\$10,079,787.23	\$3,582,421.68*	\$4,042,722.15	\$460,300.47
2. General Fund, Tax Commission	260,509.45	57,016.63	664,330.81	867,823.63	622,153.20	245,670.43	16,166.19	261,836.62
3. Educational Funds	376,811.31	240,252.87	6,982,053.26	7,118,611.70	7,173,681.35	55,069.65*	244,148.30	189,078.65
4. Highway	591,393.46	456,658.10	14,309,022.81	14,443,758.17	14,405,795.44	37,962.73	474,923.72	512,886.45
5. Public Building	290,265.52	1,088.54	131,250.00	420,426.98	369,002.88	51,424.10	203.19	51,627.29
6. Bond Funds			175,000.00	175,000.00	41,874.03	133,125.97		133,125.97
7. Sinking Funds	378,844.85	20,000.00	3,460,648.82	3,819,493.67	2,044,823.99	1,774,669.68	32,150.00	1,806,819.68
8. Special (Cash) Funds	610,941.57	21,591.63	1,105,388.22	1,693,838.16	1,187,805.30	506,032.86	21,871.61	527,904.47
Total-Treasury Acct. No. 1	2,970,999.79	2,106,829.13	34,173,047.20	35,036,317.86	35,924,923.42	888,605.56*	4,832,185.16	3,943,579.60
B. Depository Funds, Account No. 2:								
1. So-called Revolving Funds	730,004.26	37,100.89	1,072,206.65	1,765,110.02	1,134,948.70	630,161.32	56,042.77	686,204.09
2. Working Capital Funds	69,086.56	2,925.89	83,838.59	149,999.26	130,324.65	19,674.61	1,426.58	21,101.19
3. County Funds	9,705,520.98		4,426,789.11	14,132,310.09		14,132,310.09		14,132,310.09
4. Other Depository Accts.	3,510,854.30	649,308.23	3,662,884.43	6,524,430.45	2,366,259.33	4,158,171.12	270,217.93	4,428,389.05
Total-Depository Funds, Account No. 2	14,015,466.10	689,335.06	9,245,718.78	22,571,849.82	3,631,532.68	18,940,317.14	327,687.28	19,268,004.42
C. N. R. H. Highway Account No. 4								
Total-State Treasury Funds not Deposited in Treasury	16,985,565.89	2,796,164.19	47,551,673.95	61,741,075.65	43,602,200.79	18,138,874.86	5,279,344.73	23,418,219.59
Total-All Treasury Funds, Excluding School Land Department	3,826.83		205,514.74	209,341.57	204,304.67	5,036.90		5,036.90
* Overdraft,	\$16,989,392.72	\$2,796,164.19	\$14,193,228.53	\$61,950,417.22	\$43,806,505.46	\$18,143,911.76	\$5,279,344.73	\$23,423,256.49

SUPPORTING SCHEDULES

Included among the statements of this report are two schedules both of which supply detailed data of the cash operations of the state government. Schedule 1 relates to receipts and Schedule 2 pertains to disbursements.

Comparative Statement of Receipts of All Funds, Classified by Character and Sources, Fiscal Years Ended June 30, 1933 and June 30, 1934, Schedule 1, Exhibit C. The information embodied in this report was compiled by analyzing the receipts of the state government from published reports and typewritten reports of the State Treasurer, the State Tax Commission and the State Examiner and Inspector, and by examining the records of the other departments and boards at the seat of government. As already stated, it was not possible to obtain the information in any one office.

The comparative statement of receipts (Schedule 1 of Exhibit C) is presented as a supporting schedule to Exhibit C. It is classified to report receipts by character, that is "Revenue Receipts" and "Non-Revenue Receipts" and the items coming within each of these classifications is given in detail by sources from which derived under each character heading.

Revenue receipts are further classified to report the amounts received through tax measures as distinguished from all other miscellaneous receipts such as licenses and permits, fees, subventions and grants from the federal government and the political subdivisions of the state, and rentals and sales of services. Attention is called particularly to the large amount of money received from what is here designated as "sales of services," which are now funded to revolving funds. These are largely repayments and are ordinarily credited to the appropriations of the departments collecting these moneys, to supplement the appropriations made by the legislature, thereby requiring the same accounting as appropriated funds.

The non-revenue receipts consist of all items which create obligations or offset expenditures without effecting any change in the financial condition of the state. This classification consists of borrowings, taxes collected for local governments, private funds, and public trust funds.

A two-fold purpose is served by this table. The first is to indicate trends in receipts over a period of years as a means of judging the effectiveness of revenue measures. The second is to indicate the classification that should be adopted in the accounting procedure of the state government. Due to the fact that the state has not imposed a uniform classification upon the departments and institutions it is possible that some of the allocations made by us, other than taxes, may not be absolutely accurate.

Since this statement and the statement of expenditures will be examined only by those who are interested in the detail of Exhibit C, no attempt is here made to interpret the report.

Comparative Statement of Disbursements of All Funds for the Fiscal Years 1933 and 1934, Classified by Character, Functions, and Activities, Schedule 2, Exhibit C. This statement supplies the detail of all disbursements reported in the expenditure section of the Condensed Comparative Statement of Receipts and Disbursements, Exhibit C. It reports (1) all governmental cost payments, classified by governmental functions and by activities performed under each function, and (2) all non-governmental cost payments classified according to the purpose for which such expenditures were made.

In addition to furnishing information relative to the actual cost of government in each classification thereunder, this statement indicates the type of information which may be obtained and the type of statement which it is possible to prepare in a uniform system of accounting and reporting expenditures. The classification here used is that recommended by the United States Bureau of the Census for reporting statistics of states.

This statement aims to analyze expenditures by character, in order to show under governmental cost payments, the actual cost of operating the government, including capital outlays and interest on indebtedness as distinguished from non-governmental cost payments, which represent the liquidation of indebtedness or offsets to receipts

which do not increase surplus. Under the first category, disbursements are further analyzed to report the actual cost of performing each function of government and of each activity involved in the performance of the function. If a classification of this nature is finally adopted by the state it must be recognized that the expenditures of certain departments and establishments are divided among several functions and provision should be made in such classification for the allocation of the expenditures of a given government agency according to the functions performed. For example, the A. and M. College expends money under the function of "Development and Conservation of Natural Resources" (agricultural) and "Education"; and those of the State University between "Charities, Hospitals and Corrections," and "Education."

Comparing the cost of the several functions for the two-year period on a percentage basis, it is found that highways absorbed over 51 per cent of total governmental cost payments in 1933 and 46.4 per cent in 1934. Education ranks second with 19.8 per cent in 1933 and 16.7 per cent in 1934, while the functions designated "Charities, Hospitals, and Corrections" rank third with an average of over 12 per cent in 1933 and 15.3 per cent in the fiscal year 1934.

The following table sets forth the proportion of governmental cost payment for each state government function during the fiscal year 1933 compared with 1934.

PERCENTAGE DISTRIBUTION OF EXPENDITURES BY GOVERNMENTAL FUNCTIONS, 1933 AND 1934

Function	Fiscal Year	
	1933	1934
General Government -----	5.4	5.2
Protection to Persons and Property -----	3.3	3.3
Conservation of Health and Sanitation -----	1.7	1.4
Development and Conservation of Natural Resources -----	2.4	4.3
Highways -----	51.1	46.4
Charities, Hospitals and Corrections -----	12.3	15.3
Education -----	19.8	16.7
Miscellaneous -----	2.9	2.1
Interest -----	1.1	5.3
Total -----	100.0	100.0

CONCLUSIONS

Considering the numerous sources from which these financial data were obtained, the lack of uniformity of classification of receipts and expenditures, and a lack of financial reports, the results reported may be summarized as follows: (1) For all practical purposes the statement of operations for the fiscal year 1934. Exhibit B, and the statement of receipts and expenditures reported in Exhibit C, and Schedules 1 and 2 of this Exhibit are correct and serve the purpose for which they are intended with the possible exception of the operations of the depository funds, the receipts and expenditures of which could not be classified with certainty because of the lack of detail records.

(2) The Balance Sheet as of June 30, 1934, Exhibit A, serves the purpose of indicating the type of statement which should be prepared to report the financial condition of each fund, each group of related funds, and the state government as a whole. It does not, however, reflect all information with regard to the true financial condition at that date, since the information with regard to certain liabilities and liability reserves, and the assets and liabilities of endowment funds under the jurisdiction of the land office were not readily available for incorporation in the balance sheet.

(3) The data presented by Exhibit D, the Condensed Statement of Receipts, Disbursements, and Balances, is correct for all finances over which the State Auditor and State Treasurer exercise jurisdiction, since it deals with totals only and makes no attempt to analyze receipts and expenditures of the period.

No recommendations are included in this chapter as the information presented is purely informative in character and has for its purpose primarily to report the estimated condition of the state government as of June 30, 1934, and to supply analytical information of the operations of the state government.

ORGANIZATION AND ADMINISTRATION OF OKLAHOMA

SCHEDULE 1 OF EXHIBIT C
COMPARATIVE STATEMENT OF RECEIPTS OF ALL FUNDS, CLASSIFIED BY
CHARACTER AND SOURCES—FISCAL YEARS 1933 AND 1934

Character and Source	Fiscal Year	
	1933	1934
I. Revenues		
A. Tax Revenues		
1. Ad valorem Tax -----	\$ 4,020,200.66	\$ 2,668,628.45
2. Income Tax -----	1,248,802.11	827,847.60
3. Inheritance Tax -----	627,762.42	144,511.60
4. Corporation License Tax -----	758,758.22	677,246.37
5. Gross Receipts Tax -----	45,180.19	10,085.97
6. Sales Tax -----	1,092.10	1,089,793.14
7. Beverage Tax -----		160,937.71
8. Gasoline Tax -----	7,335,531.44	8,020,751.24
9. Motor Vehicle License -----	1,983,689.68	1,310,561.30
10. Motor Carrier (Mileage) Tax -----	211,097.19	523,215.52
11. Gross Production Tax -----	2,632,533.36	3,200,037.32
12. Petroleum Excise (Proration) -----	14,054.72	215,751.97
13. Insurance:		
a. 2% Tax on Premiums -----	590,451.97	548,250.25
b. ¼% Fire Marshal Tax -----	16,858.33	14,854.45
14. Feed Tax -----	38,460.25	48,653.76
15. Fertilizer Tax -----	691.25	1,659.00
16. Oleomargarine Tax -----	3.20	
17. Undistributed -----		17,348.35
Total Tax Revenues -----	\$19,525,167.09	\$19,480,134.00
B. Non-Tax Revenues:		
1. Licenses and Permits:		
a. Insurance Agents License -----	\$ 66,573.23	\$ 60,549.50
b. Securities Dealers License -----	1,555.00	20.00
c. Securities Agents License -----	2,260.00	3,786.00
d. Cotton Gin License -----	661.50	846.50
e. Motor Bus License -----	14,695.00	62,473.73
f. Dairy License -----	4,663.00	7,991.06
g. Beverage License -----		16,489.50
h. Insurance Companies License -----	58,677.00	55,142.00
i. Hotels, Restaurants, etc. License -----	12,390.23	14,203.65
j. Fee Charging Employment Agencies License -----	200.00	200.00
k. Charters -----	36,326.09	40,345.67
l. Fur Dealer License -----	6,275.00	7,850.00
m. Notary Commissions -----	4,356.00	6,327.00
n. Hunting and Fishing Licenses -----	140,055.50	158,388.75
o. Traffic Permits -----	20.00	
Total—Licenses and Permits -----	348,707.55	434,613.36
2. Fees:		
a. Land Office -----	22,197.35	26,860.04
b. State Auditor -----	726.10	406.92
c. Clerk of Supreme Court -----	29,004.84	25,530.81
d. Secretary of State:		
1. Appointment of Agent -----	232.00	227.00
2. Certified Copies -----	719.70	665.89
3. Requisitions -----	360.46	410.00
4. Seals -----	2,091.00	2,481.00
5. Recording -----	5,075.25	5,038.15
6. Trade Marks -----	180.00	314.00
7. Filing Bonds -----	38.00	114.00
8. Miscellaneous -----	618.13	1,039.75
Total—Secretary of State -----	9,314.54	10,289.70
e. Highway Department:		
1. Auto Titles -----	166,681.72	234,596.44
2. Public Utilities Inspection -----	1,089.98	857.76
Total—Highway Department -----	167,771.70	235,454.20
f. State Board of Health:		
1. Birth and Death Certificates -----	230.25	379.60
2. Miscellaneous -----	2,946.25	
Total—State Board of Health -----	3,176.50	379.60
g. Insurance Board:		
1. Filing Annual Statements -----	555.00	575.00
2. Miscellaneous—Insurance Board -----	2,287.07	3,642.84
3. Miscellaneous—Insurance Commissioner -----	2,442.25	2,183.50
Total—Insurance -----	5,284.32	6,401.34

SCHEDULE 1 OF EXHIBIT C—Continued

Character and Source	1933	1934
h. Corporation Commission:		
1. Well Log Fees -----	7,576.88	7,473.22
2. Oil and Gas Inspection -----	243,256.68	258,620.00
3. Miscellaneous -----	1,874.10	1,270.05
Total—Corporation Commission -----	252,707.66	267,363.27
i. Board of Agriculture:		
1. Nursery Inspection -----	1,825.97	1,940.87
2. Seed Inspection -----	502.26	585.55
3. Marketing Inspection -----	3,381.25	2,130.31
4. Miscellaneous -----	1,865.95	961.50
Total—Board of Agriculture -----	7,575.43	5,618.23
j. Livestock Registry Board-Registration -----	1,511.00	2,321.00
k. Securities Commission:		
1. Registration by Notification -----	456.13	2,020.00
2. Registration by Qualification -----	4,205.37	1,750.00
3. Miscellaneous -----	-----	1,205.00
Total—Securities Commission -----	4,661.50	4,975.00
l. Mining Board-Inspection and Certificates -----	162.00	113.50
m. Examination Fees:		
1. Board of Accountancy -----	150.00	1,325.00
2. Board of Optometry -----	1,225.00	1,286.38
3. State Bar -----	21,803.50	29,006.50
4. Board of Architects Examiners -----	885.00	979.85
5. Board of Barbers Examiners -----	14,889.60	19,698.78
6. Board of Pharmacy -----	20,889.00	24,647.50
7. Board of Dental Examiners -----	-----	2,732.50
8. Board of Chiropractic Examiners -----	825.00	550.00
9. Board of Osteopathy -----	830.00	385.00
10. Board of Medical Examiners -----	4,950.00	5,160.00
11. Board of Veterinary Examiners -----	180.00	309.00
12. Board of Nurse Examiners -----	4,300.43	4,534.40
13. Board of Embalmers -----	2,323.00	2,415.00
Total—Examination Fees -----	73,250.53	93,079.91
Total—Fees -----	\$ 577,343.47	\$ 678,793.52
3. Special Assessments:		
a. Building and Loan Auditor -----	\$ 17,616.20	\$ 21,792.00
b. Banking Commissioner -----	15,982.31	17,216.10
Total—Special Assessments -----	\$ 33,598.51	\$ 39,008.10
4. Fines and Forfeits:		
a. Fines: Game and Fish Commission -----	\$ 916.80	\$ 6,807.75
b. Fines: Proration Corporation -----	-----	1,021.00
c. Gasoline Tax Penalties -----	8,224.65	10,229.67
d. Gross Production Tax Penalties -----	30,498.21	39,433.83
e. Income Tax Penalties -----	4,984.71	3,008.52
Total—Fines and Forfeits -----	\$ 44,624.37	\$ 60,500.77
5. Subventions and Grants—Federal Government:		
a. Highway Department:		
1. Federal Funds -----	\$ 2,136,625.40	\$ 950,263.23
2. Emergency Federal Funds -----	1,184,770.09	1,672,730.88
3. National Industrial Recovery Highway -----	-----	4,132,907.97
Total—Highway Department -----	3,321,395.49	6,755,902.13
b. Oklahoma A. and M. College:		
1. Morrill-Nelson Act -----	45,000.00	45,520.43
2. Hatch Act -----	15,000.00	15,000.00
3. Adams Act -----	15,000.00	15,000.00
4. Smith-Lever Act -----	175,971.67	175,971.67
5. Purnell Act -----	60,000.00	60,000.00
6. Capper-Ketcham Act -----	34,568.90	34,568.90
7. Federal Co-operative Act -----	28,000.00	28,000.00
Total—A. and M. College -----	373,540.57	374,061.00
c. National Recovery Work Relief -----	-----	46,096.23
d. Colored A. and N. University -----	5,000.00	5,000.00
e. Murray Agricultural College -----	3,906.15	1,728.92
f. Vocational Education -----	198,957.54	164,860.39
g. University Hospital -----	-----	14,764.85
h. Oklahoma State Employment Service -----	-----	8,899.00

¹Not available for 1933.

ORGANIZATION AND ADMINISTRATION OF OKLAHOMA

SCHEDULE 1 OF EXHIBIT C—Continued

Character and Source	1953	1934
i. Union Soldiers' Home -----	5,869.65	1,121.27
j. Oklahoma Forestry Commission -----	15,969.72	13,240.56
k. Wichita Forest Reserve -----	693.42	1,011.61
l. Ouachita Forest Reserve -----	-----	148.40
Total—Subventions and Grants—Federal Government--	\$ 3,925,332.84	\$ 7,386,834.35
6. Subventions and Grants—Local Government:		
a. County Funds Transferred:		
Highway Department -----	\$ 339,838.40	\$ 42,076.31
7. Donations and Gifts—Private Persons and Corporations:		
a. Vocational Education -----	\$ 1,355.03	\$ 4,529.28
b. General Education Board -----	29,651.00	25,233.34
c. Jeanes Foundation -----	2,825.00	1,240.00
d. Julius Rosenwald Foundation -----	-----	100.00
e. John F. Slater -----	-----	900.00
Total—Donations and Gifts -----	\$ 33,831.03	\$ 32,002.62
8. Interest, Premiums and Discounts:		
a. No. 1, Interest: State Treasurer -----	\$ 129,816.45	\$ 48,104.35
b. No. 2, Interest: State Treasurer -----	95,249.78	111,366.95
c. Interest Earned Transferred: Highway Department	20,443.06	148.98
d. Interest on Balances: Vocational Board -----	687.89	-----
e. Interest on Balances: Union Soldiers' Home -----	62.71	-----
Total—Interest, Premiums and Discounts -----	\$ 246,259.89	\$ 159,620.28
9. Rentals:		
a. Section 33, Greer County Land -----	\$ 5,844.28	\$ 12,386.22
b. Section 13, Lands -----	165,854.70	285,172.49
c. New College Lands:		
1. University -----	22,909.78	33,411.89
2. University Preparatory School -----	11,815.40	13,744.66
3. Normal Schools -----	22,469.75	19,843.66
4. C. A. and N. University -----	7,045.62	12,187.25
5. A. and M. College -----	21,490.90	27,518.37
Total—New College Lands -----	85,731.45	106,705.83
d. Section 33, except Greer County -----	488,525.90	131,250.00
e. Oklahoma Forestry Commission -----	1,550.91	2,020.99
f. Board of Affairs -----	820.00	210.00
Total—Rentals -----	\$ 748,327.24	\$ 537,745.53
10. Sales of Services:		
a. Educational:		
1. Schools of Higher Learning:		
a. General:		
1. University of Okla. -----	\$ 342,620.90	\$ 240,956.74
2. O. C. W. -----	36,375.66	101,117.71
3. C. A. and N. U. -----	49,520.07	46,156.12
Total—General -----	428,516.63	388,230.57
b. Technical:		
1. Medical School -----	19,697.86	19,638.39
2. O. A. and M. C. -----	280,312.72	345,792.14
3. Pan. A. and M. C. -----	20,958.71	22,388.56
Total—Technical -----	320,969.29	387,819.09
c. Teachers:		
1. Ctl. St. N. C. -----	28,340.00	20,160.96
2. E. Ctl. St. N. C. -----	17,210.00	14,918.99
3. N. E. St. T. C. -----	22,989.98	21,045.25
4. N. W. St. T. C. -----	28,489.43	24,208.79
5. S. E. St. T. C. -----	29,257.60	36,425.84
6. S. W. St. T. C. -----	11,599.55	12,836.15
Total—Teachers -----	137,892.56	129,595.98
Total—Schools of Higher Learning -----	\$ 887,378.48	\$ 905,645.64
2. Junior Colleges:		
a. General:		
1. Eastern O. J. C. -----	\$ 956.91	\$ 130.00
2. N. E. O. J. C. -----	-----	4,261.63
3. Univ. Prep. School -----	12,921.48	9,907.56
Total—General -----	13,878.39	14,299.19

SCHEDULE 1 OF EXHIBIT C—Continued

Character and Source	1933	1934
b. Technical:		
1. Cameron A. C. -----	18,756.52	20,515.99
2. Connors A. C. -----	6,172.00	3,167.45
3. Murray A. C. -----	24,128.03	22,981.62
Total—Technical -----	49,056.55	46,665.06
Total—Junior Colleges -----	\$ 62,934.94	\$ 60,964.25
3. Schools for the Afflicted:		
a. School for the Blind -----	\$ -----	\$ 1,134.16
b. School for the Deaf -----	1,340.82	1,416.47
Total—S. for the Afflicted -----	\$ 1,340.82	\$ 2,550.63
4. Board of Education:		
a. Teachers Examination Fund -----	\$ 2,806.00	\$ 2,018.00
Total—Educational -----	\$ 954,460.24	\$ 971,178.52
b. Board of Public Affairs Institutions:		
1. Tubercular Sanatoria:		
a. E. O. T. San. -----	\$ 1,552.13	\$ 1,063.04
b. W. O. T. San. -----	2,801.13	3,653.25
c. Soldiers' T. San. -----	37,429.71	3,368.00
Total—Tubercular Sanatoria -----	41,782.97	8,084.29
2. Care of Children:		
a. W. Okla. Orphans' Home -----	503.35	1,328.47
b. Whitaker Orphans' Home -----	374.03	100.00
Total—Care of Children -----	877.38	1,428.47
3. Care of Blind, Deaf and Mute:		
a. Deaf, Blind and Orphans Institute for Colored -----	5.55	483.05
4. Hospital:		
a. Insane:		
1. E. Okla. Hospital -----	9,049.67	9,592.13
2. Ctl. Okla. Hospital -----	32,290.76	20,097.10
3. W. Okla. Hospital -----	3,536.70	6,958.94
Total—Insane -----	44,876.53	36,648.17
b. Feeble Minded:		
1. Institute for Feeble Minded -----	2,275.66	2,967.01
Total—Hospital -----	47,152.19	39,615.18
5. Corrections:		
a. For Adults:		
1. State Penitentiary -----	284,784.83	390,887.71
b. For Minors:		
1. Training School for White Boys -----	1,953.17	2,522.70
2. Training School for Negro Boys -----	335.79	191.00
3. State Reformatory -----	22,699.57	50,588.13
Total—for Minors -----	24,988.53	53,301.83
Total Corrections -----	\$ 309,773.36	\$ 444,189.54
6. Soldiers' Homes:		
a. Confederate Soldiers' Home -----	\$ 2,839.54	\$ 2,891.71
b. Union Soldiers' Home -----	142.10	-----
Total—Soldiers' Homes -----	\$ 2,981.64	\$ 2,891.71
Total—Board of Public Affairs Institutions -----	\$ 402,573.09	\$ 496,692.24
c. Geological Survey -----	\$ 404.10	\$ 501.70
d. University Hospital -----	144,508.99	166,020.56
e. A. and M. Experimental Sta. -----	17,964.10	-----
Total—Sales of Services -----	\$ 1,519,910.52	\$ 1,634,393.02
11. Other Non-Tax Revenues:		
a. Lost Books Paid for: State Library -----	313.72	268.23
b. Water Rights and Certified Copies:		
Conservation Comm. -----	88.15	23.55
c. Sale of Veterinary Rules and Regulations:		
Bd. of Agriculture -----	189.60	173.53
d. Sale of Materials: Bd. of Affairs -----	-----	180.75
e. Sale of Equipment: Bd. of Affairs -----	66.25	50.00
f. Miscellaneous: Bd. of Affairs -----	-----	83.20
g. Miscellaneous: Okla. Tax Com. -----	2,243.63	28,767.84

ORGANIZATION AND ADMINISTRATION OF OKLAHOMA

SCHEDULE 1 OF EXHIBIT C—Continued

Character and Source	1933	1934
h. Miscellaneous: Fish and Game Commission -----	914.61	919.86
i. Miscellaneous: Highway Dept. -----	17,013.03	32,953.22
Total—Other Non-Tax Revenues -----	\$ 20,829.04	\$ 63,420.18
Total Non-Tax Revenues -----	\$ 7,838,602.86	\$11,069,008.05
Total Revenues -----	\$27,363,769.95	\$30,549,142.05
II. Non-Revenue Receipts:		
A. Debt Obligations:		
1. Sale of 1934 A. and M. Dorm. Bonds -----	-----	\$ 100,000.00
2. Sale of 1934 O. C. W. Dorm. Bonds -----	-----	75,000.00
Total—Debt Obligations -----	-----	\$ 175,000.00
B. Sale of Public Lands:		
1. Payton Aylesworth Prison Farm -----	\$ 17.20	-----
C. Collections Allocated to Local Governments:		
1. Ad valorem Taxes -----	\$ 685,182.23	\$ 466,066.94
2. Income Tax -----	651,798.90	902,068.42
3. Sales Tax -----	-----	2,735,061.87
4. Beverage Tax -----	-----	225,581.29
5. Beverage License -----	-----	313,300.50
6. Gasoline Tax -----	2,904,558.07	2,499,549.03
7. Motor Vehicle License -----	1,312,128.94	1,737,748.40
8. Gross Production Tax -----	1,187,528.22	1,638,674.40
9. Insurance Tax to Firemen's Pension Fund -----	188,891.93	180,119.74
Total—Collections Allocated to Local Governments -----	\$ 6,928,088.29	\$10,698,170.82
D. Special and Miscellaneous Non-Revenue Receipts:		
1. Accrued Interest on Bonds Sold:		
a. 1934 A. and M. Dormitory Bonds -----	-----	\$ 1,333.33
b. 1934 O. C. W. Dormitory Bonds -----	-----	1,250.00
Total—Accrued Int. on Bonds Sold -----	-----	2,583.33
2. Refund of Payments -----	20,786.88	24,077.90
3. Refund Vouchers Cancelled -----	-----	751.08
4. Escheated Funds -----	766.38	1,027.06
5. Deposits in Escrow -----	8,724.33	16,666.30
6. Miscellaneous -----	1,019.28	537.54
Total—Special and Miscellaneous -----	\$ 31,236.87	\$ 45,643.21
E. Private Trust Funds:		
1. Public Elections -----	\$ 2,857.76	\$ 750.00
2. W. Oklahoma Tubercular Sanatorium -----	1,206.16	1,368.66
3. Washita Conservancy -----	2,846.60	3,466.75
4. University Hospital -----	13,078.53	18,634.02
5. Central Oklahoma Hospital -----	17,509.11	12,745.53
6. Eastern Oklahoma Hospital -----	3,322.23	-----
7. Western Oklahoma Hospital -----	4,851.44	3,458.05
8. State Penitentiary -----	97,214.33	105,766.53
9. State Reformatory -----	12,121.44	11,064.72
10. Training School for White Boys -----	971.78	1,676.42
11. Industrial School for Girls -----	464.99	614.02
12. State Text Book Fund -----	55,000.00	-----
13. University of Oklahoma -----	62,264.79	86,755.83
14. Oklahoma College for Women -----	31,990.29	27,968.40
15. Oklahoma A. and M. College -----	65,655.57	54,144.84
16. Murray A. and M. College -----	310.47	-----
17. School for the Deaf -----	1,968.59	1,816.75
18. School for the Blind -----	1,016.26	-----
19. Treasury Interest Account—Federal Government -----	57,402.16	31,890.76
20. Treasury Interest on Federal Funds -----	-----	1,097.33
21. Other -----	432.90	3,365.68
Total—Private Trust Funds -----	\$ 432,485.40	\$ 366,584.29
F. Public Trust Funds:		
1. County Treasurers' Deposits -----	\$ 6,423,872.97	\$ 4,426,789.11
2. Insurance Fund:		
a. Earned Premiums -----	-----	190,881.74
b. Guaranty Deposits -----	-----	110,213.93
Total—Insurance Fund -----	-----	301,095.67
Total—Public Trust Funds -----	\$ 6,423,872.97	\$ 4,727,884.78

SCHEDULE 1 OF EXHIBIT C—Continued

Character and Source	1933	1934
G. Transfers Between Funds:		
1. Public Building Bond Sinking Fund from P. B. Fund	\$ 143,750.00	\$ 129,399.92
2. 1913 Funding Bond Sinking Fund from General Fund	150,835.00	255,011.00
3. Sub-Penitentiary Special Fund from Penitentiary W. C. (Revolving) Fund -----	150,000.00	150,000.00
4. Governor's Relief (Depository) from General Fund ---	20,000.00	381,575.40
5. Highway Construction and Maintenance Fund from Title Division -----	-----	202,000.00
6. A. and M. Dormitory Sinking Fund from Depository Account -----	22,100.00	32,084.45
7. O. U. Dormitory Sinking Fund from Dep. Account ----	32,148.98	34,552.77
8. O. U. Infirmary Sinking Fund from Dep. Account ----	10,400.00	10,140.00
Total Non-Revenue Receipts -----	<u>\$14,344,934.71</u>	<u>\$17,208,046.64</u>
Total Receipts: All Funds -----	<u>\$41,708,704.66</u>	<u>\$47,757,188.69</u>

SCHEDULE 2 OF EXHIBIT C

COMPARATIVE STATEMENT OF EXPENDITURES OF ALL FUNDS S. CLASSIFIED BY FUNCTIONS, ACTIVITIES AND CHARACTER OF EXPENDITURES—FISCAL YEARS 1933 AND 1934

Function and Activity	Fiscal Year					
	1933		1934			
	Total	Operation and Maintenance	Capital Outlay	Total	Operation and Maintenance	Capital Outlay
I. Governmental Cost Payments:						
A. General Government:						
1. Legislative Proper	\$ 306,847.63	\$ 306,748.13	\$ 99.50	\$ 70,956.32	\$ 70,953.32	\$ 3.00
2. Lieutenant Governor	2,760.74	2,760.74		2,583.70	2,583.70	
Total—Legislative and Licut. Governor	309,608.37	309,508.87	99.50	73,540.02	73,537.02	3.00
3. Judicial:						
a. Supreme Court	122,440.11	121,473.86	966.25	114,652.09	114,159.80	492.29
b. Clerk of Supreme Court	16,818.26	15,818.26	1,000.00	13,071.85	13,071.85	53.05
c. Criminal Court of Appeals	26,961.42	26,742.02	219.40	26,821.56	26,696.56	125.00
d. State Reporter	9,951.10	9,946.10	5.00	8,290.49	8,245.49	45.00
e. District Courts—Superior Courts	336,884.58	336,884.58		308,531.59	308,531.59	
Total—Judicial	513,055.47	510,864.82	2,190.65	471,422.63	470,705.29	717.34
4. Executive:						
a. Governor ¹	67,576.24	67,511.12	65.12	72,421.06	72,421.06	
5. Finance:						
a. State Auditor	40,701.59	40,621.37	80.22	27,862.11	27,495.29	366.82
b. State Examiner and Inspector	53,284.49	52,382.59	901.90	47,763.37	47,307.00	456.37
c. State Treasurer	45,247.82	43,498.55	1,749.27	43,593.07	42,972.93	620.14
d. State Tax Commission	344,073.22	334,558.25	9,514.77	437,220.58	421,809.49	15,411.09
e. Court of Tax Review	884.94	854.94	30.00	985.45	966.45	19.00
Total—Finance	484,191.86	471,915.70	12,276.16	557,424.58	540,551.16	16,873.42
6. General Executive:						
a. Secretary of State	27,037.04	26,655.59	381.45	21,165.09	20,543.26	621.83
b. State Board of Affairs ¹	155,417.46	154,159.38	1,258.08	116,552.13	115,539.10	1,013.03
Total—General Executive	182,454.50	180,814.97	1,639.53	137,717.27	136,082.36	1,634.91
7. Election:						
a. State Election Board	38,182.76	38,182.76		130,238.38	130,238.38	
8. Law:						
a. Attorney General	57,539.02	56,759.67	779.35	49,586.64	48,388.13	1,198.51
Total—General Government	\$ 1,652,608.22	\$ 1,635,557.91	\$ 17,050.31	\$ 1,492,350.58	\$ 1,471,923.40	\$ 20,427.18
B. Protection to Person and Property:						
I. Law Enforcement:						
a. Adjutant General	\$ 185,801.63	\$ 184,560.58	\$ 1,241.05	\$ 120,381.74	\$ 119,735.86	\$ 645.88
b. Capitol Custodians	9,228.66	9,228.66		8,400.00	8,400.00	
c. State Fire Marshal	20,966.56	20,966.56		14,392.69	14,392.69	
d. Bureau of Identification	24,055.72	24,055.72		19,176.89	18,353.69	823.20
e. Auto Theft	7,582.28	7,582.28		82,967.96	82,967.96	
Total—Law Enforcement	\$ 247,634.85	\$ 246,393.80	\$ 1,241.05	\$ 245,319.28	\$ 243,850.20	\$ 1,469.08

¹See Charities, Hospitals and Corrections.

SCHEDULE 2 OF EXHIBIT C—Continued

Function and Activity	Fiscal Year					
	1933		1934			
	Total	Operation and Maintenance	Capital Outlay	Total	Operation and Maintenance	Capital Outlay
2. Regulation:						
a. Financial Institutions:						
1. Bank Commissioner	\$ 75,743.76	\$ 74,857.26	\$ 886.50	\$ 57,071.17	\$ 56,541.42	\$ 529.75
2. Building and Loan	15,585.09	15,585.09	---	17,404.81	17,187.77	217.04
3. Securities Commission	7,841.30	7,733.95	107.35	7,335.00	7,335.00	---
4. Insurance Commissioner	25,629.55	25,487.75	141.80	20,843.28	20,654.19	189.09
5. Insurance Board	12,328.28	12,046.43	281.85	9,032.73	8,938.73	94.00
Total—Financial Institutions	137,127.98	135,710.48	1,417.50	111,686.99	110,657.11	1,029.88
b. Other Corporations:						
1. Industrial Commission	66,114.70	64,041.33	2,073.37	113,437.78	111,608.03	1,829.75
a. State Insurance Fund	---	---	---	6,153.84	6,153.84	---
2. Corporation Commission	237,215.23	231,753.34	5,461.89	148,810.31	145,954.81	2,855.44
a. Gasoline Inspectors	166,771.01	166,771.01	---	174,147.32	174,147.32	---
Total—Other Corporations	470,100.94	462,565.68	7,535.26	442,549.25	437,864.06	4,685.19
c. Labor:						
1. Commissioner of Labor	37,909.24	37,813.09	96.15	26,693.23	26,620.66	72.57
2. Chief Mine Inspector	23,172.10	23,107.54	64.56	19,850.31	19,785.75	64.56
Total—Labor	61,081.34	60,920.63	160.71	46,543.54	46,406.41	137.13
d. Sale of Feed and Fertilizer:						
1. Board of Agriculture	17,909.58	17,909.58	---	18,500.21	18,500.21	---
2. State Market Commission	310.25	310.25	---	1,032.20	1,032.20	---
Total—Sale of Feed and Fertilizer	18,219.83	18,219.83	---	19,532.41	19,532.41	---
e. Professional Occupations:						
1. State Bar	19,764.78	19,764.78	---	20,002.95	19,907.95	95.00
2. Accountancy Board	444.24	444.24	---	854.76	854.76	---
3. Board of Architectural Examiners	581.25	581.25	---	179.26	179.26	---
4. Board of Pharmacy	20,465.92	20,465.92	---	21,561.18	21,561.18	---
5. Board of Optometry	1,271.33	1,231.33	50.00	936.80	936.80	---
6. Board of Medical Examiners	5,305.88	5,305.88	---	4,989.30	4,989.30	---
7. Board of Embalmers	2,323.00	2,323.00	---	2,415.00	2,415.00	---
8. Board of Barbers' Examiners	14,730.56	14,730.56	---	17,728.31	17,728.31	---
9. Board of Veterinary Examiners	180.00	180.00	---	270.00	270.00	---
10. Board of Nurse Examiners	4,354.65	4,354.65	---	3,067.82	3,067.82	---
11. Board of Osteopathy	832.32	832.32	---	349.71	349.71	---
12. Board of Chiropractors	1,233.35	1,233.35	---	748.02	748.02	---
13. Board of Dental Examiners	---	---	---	2,504.25	2,504.25	---
Total—Professional Occupations	71,487.28	71,437.28	50.00	75,607.36	75,512.36	95.00
Total—Regulation	\$ 758,017.37	\$ 748,853.90	\$ 9,163.47	\$ 695,919.55	\$ 689,972.35	\$ 5,947.20
Total—Protection to Person and Property	\$ 1,005,652.22	\$ 995,247.70	\$ 10,404.52	\$ 941,238.83	\$ 933,822.55	\$ 7,416.28
C. Conservation of Health and Sanitation:						
1. State Board of Health	\$ 155,010.15	\$ 154,166.42	\$ 843.73	\$ 105,608.79	\$ 104,544.27	\$ 1,064.52
2. West. Tubercular Sanatorium	120,976.34	113,946.71	7,029.63	112,549.84	103,321.33	9,228.51

SCHEDULE 2 OF EXHIBIT C—Continued

Function and Activity	Fiscal Year					
	1933	1934	1933	1934		
	Total	Operation and Maintenance	Capital Outlay	Total		
		Operation and Maintenance	Capital Outlay	Total		
3. East. Tubercular Sanatorium	119,094.38	108,548.43	10,545.95	103,399.69	102,210.36	1,189.33
4. Soldiers' Tubercular Sanatorium	108,720.59	107,399.14	1,321.45	78,436.73	77,922.60	514.13
Total—Conservation of Health and Sanitation	\$ 593,801.46	\$ 484,060.70	\$ 19,740.76	\$ 399,995.05	\$ 387,998.56	\$ 11,996.49
D. Development and Conservation of Natural Resources:						
1. Agriculture:						
a. Board of Agriculture:						
1. Supervision	5,470.16	4,770.63	699.53	27,268.80	26,455.48	813.32
2. Tick Eradication Bureau	14,556.05	14,556.65	---	9,363.11	9,363.11	---
3. Dairy Bureau	11,112.05	11,112.05	---	13,100.21	13,100.21	---
4. Veterinary Bureau	20,797.53	20,797.53	---	27,702.58	27,702.58	---
5. Bee Bureau	2,627.30	2,627.30	---	2,007.23	2,007.23	---
6. Orchard and Nursery Bureau	4,329.59	4,329.59	---	4,079.78	4,079.78	---
7. Boys and Girls 4 H Club	7,802.83	7,802.83	---	3,588.35	3,588.35	---
8. Boys and Girls 4 H School	2,999.38	2,999.38	---	2,483.31	2,483.31	---
9. Warehouse Commission	4,906.15	4,906.15	---	3,565.54	3,565.54	---
10. State Fairs	7,987.17	7,987.17	---	555.89	555.89	---
11. State Market Commission	---	---	---	16,618.19	16,618.19	---
Total—Board of Agriculture	82,588.81	81,889.28	699.53	110,332.99	109,519.67	813.32
b. Agricultural and Mechanical College:						
1. Extension Service	113,336.04	113,336.04	---	388,913.96	388,913.96	---
2. Experiment Stations	49,403.62	49,403.62	---	132,561.60	132,561.60	---
3. Other Activities	24,227.49	24,227.49	---	21,397.17	21,397.17	---
Total—A. and M. College	186,967.15	186,967.15	---	542,872.73	542,872.73	---
c. State Market Commission	47,501.98	47,442.78	59.20	---	---	---
d. Oklahoma Plant Board	14,453.88	14,423.88	30.00	137.05 ²	137.05	---
e. Live-Stock Registration Board	1,156.80	1,156.80	---	1,610.90	1,610.90	---
Total—Agriculture	\$ 332,668.62	\$ 331,879.89	\$ 788.73	\$ 654,953.67	\$ 654,146.35	\$ 813.32
2. Forest Commission	\$ 33,917.35	\$ 32,510.64	\$ 1,406.71	\$ 24,780.12	\$ 24,252.19	\$ 527.93
3. Fish and Game Commission	\$ 136,468.30	\$ 134,987.80	\$ 1,480.50	\$ 147,718.41	\$ 144,077.23	\$ 3,641.18
a. Purchase of Murray Lake	---	---	---	89,096.02	---	89,096.02
Total—Fish and Game Commission	\$ 136,468.30	\$ 134,987.80	\$ 1,480.50	\$ 236,814.43	\$ 236,077.23	\$ 737.20
4. Geological Survey	\$ 7,833.49	\$ 7,833.49	---	---	---	---
5. Other:						
a. Commissioners of Land Office	\$ 145,572.61	\$ 144,523.28	\$ 1,049.33	\$ 90,341.47	\$ 89,446.03	\$ 895.44
b. Petroleum Experiment Station	33,014.31	51,221.64	1,792.67	39,320.88	38,883.74	437.14
c. Proration Fund	13,610.70	13,610.70	---	183,426.39	175,098.47	8,327.92
d. Conservation Commission	4,723.16	4,723.16	---	3,264.90	3,223.90	41.00
e. State Mining Board	4,018.32	4,018.32	---	34.68 ⁴	34.68	---
Total—Development and Conservation of Natural Resources	\$ 731,826.86	\$ 725,308.92	\$ 6,517.94	\$ 1,232,936.54	\$ 1,129,156.59	\$ 103,779.95

²State Market Commission transferred to State Board of Agriculture S. L. 1933, Chap. 32, Sec. 2.

³Oklahoma Plant Board abolished and duties transferred to State Board of Agriculture, S. L. 1933, Chap. 95, Sec. 3.

⁴No funds appropriated.

SCHEDULE 2 OF EXHIBIT C—Continued

Function and Activity	Fiscal Year			
	1933	1934		
	Total	Operation and Maintenance	Capital Outlay	Total
E. Highways:				
1. Highway Maintenance and Construction	\$15,511,476.04	\$ 3,206,333.09	\$12,305,142.95	\$13,344,084.83
F. Charities, Hospitals, and Corrections:				
1. Supervision: ⁵				
a. Commissioner of Charities and Corrections	\$ 9,998.22	\$ 9,849.22	\$ 149.00	\$ 9,538.21
2. Charities:				
a. Care of Poor:				
1. Governor's Relief Fund	\$ 68,725.00	\$ 68,725.00	-----	\$ 488,600.64
b. Care of Children:				
1. W. Okla. Orphans' Home	68,731.63	65,830.53	2,901.10	52,806.43
2. Whitaker Orphans' Home	94,808.23	87,108.88	7,699.35	68,713.51
3. State Board of Affairs ⁶	14,656.25	14,656.25	-----	14,323.98
Total—Care of Children	178,196.11	167,595.66	10,600.45	136,242.06
c. Care of Blind, Deaf and Mute.				
1. Commission for Adult Blind	6,508.61	6,508.61	-----	4,736.78
2. Deaf, Blind, and Orphans' Institute for Colored	105,850.06	98,220.97	7,629.09	81,589.67
Total—Care of Blind, Deaf and Mute	112,358.67	104,729.58	7,629.09	86,326.45
Total—Charities	\$ 359,279.78	\$ 341,050.24	\$ 18,229.54	\$ 711,169.15
3. Hospitals:				
a. General:				
1. University Hospital	\$ 556,354.47	\$ 544,099.79	\$ 12,254.68	\$ 452,813.75
b. Insane:				
1. W. Oklahoma Hospital	229,667.20	219,652.56	10,014.64	207,867.44
2. E. Oklahoma Hospital	367,930.45	349,519.20	26,206.43	431,839.89
3. Central State Hospital	468,317.00	442,110.57	18,411.25	377,262.91
4. State Hospital for Negro Insane	129,489.65	64,337.00	65,152.65	62,334.63
a. Building and Grounds	-----	-----	-----	257,001.95
Total—Insane	1,195,404.30	1,075,619.33	119,784.97	1,336,306.82
c. Feeble Minded:				
1. Inst. for Feeble Minded	135,888.34	123,213.79	12,674.55	115,030.71
Total—Hospitals	\$ 1,887,647.11	\$ 1,742,932.91	\$ 144,714.20	\$ 1,904,151.28
4. Corrections:				
a. For Adults:				
1. St. Penitentiary, McAlester	\$ 812,708.77	\$ 796,236.26	\$ 16,472.51	\$ 905,164.44
Total	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00

⁵\$21,000 of the State Board of Affairs' expenditures are estimated to be for supervision of charities, hospitals and corrections.

⁶For the care of orphans in private homes.

SCHEDULE 2 OF EXHIBIT C—Continued

Function and Activity	Fiscal Year			
	1933		1934	
	Total	Operation and Maintenance	Capital Outlay	Total
a. Sub-station Twine Plant	166,066.20	165,418.87	647.33	272,145.92
1. Building and Grounds	---	---	---	247,373.71
2. State Board of Affairs'	24,775.13	1,988.27	22,786.86	---
Total—For Adults	1,003,550.10	963,643.40	39,906.70	1,374,807.52
b. For Minors:				
1. Training School for White Boys	118,994.48	112,946.65	6,047.83	79,977.97
2. Girls Industrial School	92,501.81	89,707.09	2,794.72	68,815.16
3. Training School for Negro Boys	50,618.88	48,693.41	1,925.47	34,109.06
4. State Reformatory	213,400.52	206,672.44	6,728.08	212,303.53
Total—For Minors	475,515.69	458,019.59	17,496.10	395,205.72
c. Pardon and Parole Board:				
1. Governor	5,500.54	5,500.54	---	4,971.13
Total—Corrections	\$ 1,484,566.33	\$ 1,427,163.53	\$ 57,402.80	\$ 1,774,984.37
Total—Charities, Hospitals and Corrections	\$ 3,741,491.44	\$ 3,520,995.90	\$ 220,495.54	\$ 4,399,843.01
G. Education:				
1. Schools of Higher Learning:				
a. General:				
1. University of Oklahoma	\$ 1,611,307.31	\$ 1,562,288.70	\$ 49,018.61	\$ 1,333,219.47
2. Oklahoma College for Women	207,376.14	203,574.48	3,801.66	214,477.93
3. Colored A. and N. University	191,110.28	185,708.52	5,401.76	141,572.63
Total—General	2,009,793.73	1,951,571.70	58,222.03	1,690,696.75
b. Technical:				
1. Medical School	111,562.60	109,529.83	2,032.77	86,736.83
2. Oklahoma A. and M. College	1,576,431.17	1,542,623.64	33,807.53	1,082,516.84
3. Panhandle A. and M. College	109,463.69	105,947.44	3,516.25	86,838.39
Total—Technical	1,797,457.46	1,758,100.91	39,356.55	1,256,092.06
c. Teachers:				
1. Central St. Normal College	201,715.51	195,297.06	6,418.45	160,094.79
2. E. Central St. Normal College	193,957.54	186,477.96	7,479.58	157,322.64
3. N. E. State Teachers' College	163,932.34	159,909.79	4,022.55	138,754.80
4. N. W. State Teachers' College	163,592.72	158,431.88	5,160.84	130,656.33
5. S. E. State Teachers' College	211,877.22	207,064.18	4,813.04	175,545.50
6. S. W. State Teachers' College	151,794.03	147,691.49	4,102.54	117,145.21
Total—Teachers	1,086,869.36	1,054,872.36	31,997.00	879,519.27
Total—Schools of Higher Learning	\$ 4,894,120.55	\$ 4,704,544.97	\$ 129,575.58	\$ 3,826,308.08
2. Junior Colleges:				
a. General:				
1. Eastern Okla. Junior College	\$ 51,515.90	\$ 49,786.54	\$ 1,729.36	\$ 29,507.95
Total building and salaries at sub-station of State Penitentiary at McAlester.				\$ 29,341.20
				\$ 166.75

SCHEDULE 2 OF EXHIBIT C—Continued

Function and Activity	Fiscal Year					
	1933			1934		
	Total	Operation and Maintenance	Capital Outlay	Total	Operation and Maintenance	Capital Outlay
2. N. E. Okla. Junior College	33,061.10	32,533.48	527.62	29,109.45	28,738.27	371.18
3. University Preparatory School	77,505.02	72,117.02	4,988.00	65,122.20	64,809.37	312.83
Total—General	162,082.02	154,837.04	7,244.98	123,739.60	122,888.84	850.76
b. Technical:						
1. Cameron Agricultural College	73,864.25	69,297.38	4,566.87	83,117.69	74,019.86	9,097.83
2. Connors Agricultural College	42,840.28	42,209.86	630.42	38,533.72	36,880.04	1,653.68
3. Murray Agricultural College	90,142.96	88,172.69	1,970.27	36,247.99	79,098.64	7,149.26
4. Oklahoma Military Academy	43,404.53	42,601.65	802.88	36,750.18	36,735.18	15.00
Total—Technical	250,252.02	242,281.58	7,970.44	244,649.49	226,733.72	17,915.77
Total—Junior Colleges	\$ 412,334.04	\$ 397,118.62	\$ 15,215.42	\$ 368,389.09	\$ 349,622.56	\$ 18,766.53
3. Schools for the Afflicted:						
a. School for the Blind	\$ 95,714.10	\$ 85,432.80	\$ 10,281.30	\$ 78,987.16	\$ 73,492.55	\$ 5,494.61
b. School for the Deaf	135,921.11	132,485.34	3,435.77	123,094.86	120,854.37	2,240.49
Total—Schools for the Afflicted	\$ 231,635.21	\$ 217,968.14	\$ 13,667.07	\$ 202,082.02	\$ 194,346.92	\$ 7,735.10
4. Supervision:						
a. Superintendent of Public Instruction	\$ 77,241.23	\$ 76,870.65	\$ 370.58	\$ 59,005.72	\$ 58,570.59	\$ 435.13
b. State Board of Education	10,949.05	10,949.05		9,273.58	9,273.58	
Total—Supervision	\$ 88,190.28	\$ 87,819.70	\$ 370.58	\$ 68,279.30	\$ 67,844.17	\$ 435.13
5. Aids to Public Schools	\$ 57,750.81	\$ 50,645.00	\$ 7,105.81	\$ 52,115.14	\$ 38,399.21	\$ 13,715.93
6. Vocational Education	\$ 282,111.27	\$ 282,111.27		\$ 264,716.44	\$ 260,589.97	\$ 4,126.47
7. Library:						
a. State Library Commission	\$ 18,896.69	\$ 14,066.08	\$ 4,830.61	\$ 9,097.81	\$ 8,449.75	\$ 648.06
b. State Library	10,217.83	5,563.58	4,654.25	7,982.06	3,891.95	4,090.11
Total—Library	\$ 29,114.52	\$ 19,629.66	\$ 9,484.86	\$ 17,079.87	\$ 12,341.70	\$ 4,738.17
8. Historical Society	\$ 22,604.79	\$ 19,323.71	\$ 3,281.08	\$ 18,745.78	\$ 18,803.48	\$ 742.30
Total—Education	\$ 6,017,861.47	\$ 5,839,161.07	\$ 178,700.40	\$ 4,817,715.72	\$ 4,599,876.90	\$ 217,844.82
H. Recreation:						
1. Wichita Forest Reserve	\$ 693.42	\$ 693.42		\$ 1,011.61	\$ 1,001.61	
2. Ouachita Forest Reserve				148.40	148.40	
Total—Recreation	\$ 693.42	\$ 693.42		\$ 1,160.01	\$ 1,160.01	
I. Miscellaneous:						
1. Confederate Pensions	\$ 687,161.52	\$ 687,123.52	\$ 38.00	\$ 452,061.61	\$ 452,061.61	
2. Confederate Home	47,514.82	47,514.82	170.00	41,259.98	40,249.98	1,010.00
3. Union Soldiers' Home	38,739.00	38,431.09	307.91	5,018.59	4,978.20	40.39
4. Soldiers' Relief Commission	110,140.41	109,713.11	427.30	92,299.16	92,105.27	193.89
5. State Employment Service				8,891.84	8,891.84	
Total—Miscellaneous	\$ 882,555.75	\$ 882,612.54	\$ 943.21	\$ 599,531.18	\$ 598,286.90	\$ 1,244.28

SCHEDULE 2 OF EXHIBIT C—Continued

1934

1933

Function and Activity	1933		1934	
	Total	Operation and Maintenance	Capital Outlay	Total
J. Interest:				
1. Interest on Warrants	237,547.13	237,547.13		1,098,532.60
2. Bonded Debt	66,566.00	66,566.00		441,330.00
Total—Interest	\$ 304,113.13	\$ 304,113.13		\$ 1,539,862.60
Total—Governmental Cost Payments	\$30,353,080.01	\$17,594,084.38	\$12,758,995.63	\$28,768,718.35
II. Non-Governmental Cost Payments:				
A. Debt Obligations, Redemption of				
B. Payment of Taxes Collected for Local Governments:				
1. Sundry Taxes Apportioned to Counties	5,532,258.25			10,011,928.43
2. Common School Equalization Fund	1,519,195.56			1,354,495.53
3. Highways— $\frac{1}{4}$ Mill Tax	347,882.42			276,175.28
4. Common School— $\frac{1}{4}$ Mill Tax	304,645.94			260,270.50
5. Firemen's Pension	160,371.74			136,143.75
Total—Payment of Taxes Collected for Local Governments	7,864,353.91			12,038,950.49
C. Refunds:				
1. State Tax Commission	16,793.16			85,872.06
2. Other	1,003,850.88			196,742.38
Total—Refunds	1,020,644.04			282,614.44
D. Private Trust Funds:				
1. Public Elections	15,506.00			1,601.76
2. State Treasurer	57,402.16			30,821.18
3. West Oklahoma Tubercular Sanitarium	790.61			1,492.84
4. Washita Conservancy	2,846.25			3,346.25
5. Highway Department				59,259.47
6. University Hospital	18,848.52			19,223.41
7. Central Oklahoma Hospital	20,266.96			16,417.26
8. Eastern Oklahoma Hospital	2,982.55			3,728.78
9. Western Oklahoma Hospital	4,591.67			3,563.74
10. State Penitentiary	110,483.93			164,599.19
11. State Reformatory	10,692.48			11,794.78
12. Training School for White Boys	724.04			1,728.30
13. Industrial School for White Girls	477.73			529.20
14. State Text Book Fund				41,000.00
15. University of Oklahoma	60,350.67			83,254.46
16. Oklahoma A. and M. College	27,741.55			52,266.14
17. Oklahoma College for Women	351.10			29,882.16
18. Murray A. and M. College	1,640.64			
19. School for the Deaf	1,102.61			1,648.44
20. School for the Blind				958.88
21. Other				3,245.78
Total—Private Trust Funds	336,799.47			530,362.02
E. Transfers				
F. Other Non-Governmental Costs				
Total—Non-Governmental Cost Payments	\$10,264,403.95			\$15,037,787.11
TOTAL DISBURSEMENTS	\$40,617,483.96			\$43,806,505.46

CHAPTER XIX

STATE PURCHASING, CONTRACTING AND CUSTODY

In exercising control over governmental expenditures and in initiating and carrying out programs of economy and efficiency, careful attention should be given to the methods employed in governmental purchasing and contracting and to the facilities for taking proper care of state-owned property. This is apparent when it is realized that almost one-half of all governmental costs are incurred through purchase of supplies, materials, equipment, land, and buildings, and the contracting for structures and permanent improvements, heat, light, power, and repairs. It is an interesting fact that practically every governmental body which has found it necessary to reduce expenditures has attempted to do so by reducing salaries of officers and employees, while little thought apparently has been given to the economies that might be effected by the centralization of purchasing agencies, proper standardization of specifications, and tested procedures in the estimating of future needs, and in the submitting and awarding of bids on contracts.

The purpose of this chapter is to discuss the agencies of the state government of Oklahoma which are authorized to purchase and contract, the general procedure employed by such agencies, the need for a central purchasing department, and the custody of state-owned property, and to make certain recommendations with regard to these subjects.

PURCHASING AND CONTRACTING

Authority to purchase, or contract for the purchase of supplies, materials, equipment, land, and buildings, and to contract for services such as heat, light, water, etc., like other phases of financial management, is highly decentralized in Oklahoma. The present discussion of the purchasing procedure and of the agencies authorized to purchase is subdivided as follows:

1. Purchase of supplies, equipment, postage, telephone and telegraph service, fuel, lighting and repairs of all departments and establishments at the seat of government, in charge of the State Board of Public Affairs or of the individual departments and establishments.
2. Contracting for printing and binding and the purchase of printing supplies, which are in charge either of the State Board of Public Affairs or of the individual departments.
3. Purchasing and contracting for institutions directly under the State Board of Public Affairs, done by the Board and by each institution.
4. Purchasing and contracting for educational institutions, which are done by the State Board of Agriculture, the State Board of Public Affairs, and by each institution.
5. Purchasing and contracting for highway construction and maintenance, done by the State Highway Commission.
6. Revolving fund purchases, which are made by state institutions independent of the State Board of Public Affairs.

Purchases at the Seat of Government. Article 7 of Chapter 20 of the Statutes, 1931, sets out the duties of the State Board of Public Affairs. Section 3572 provides that the Board "shall contract for, purchase and acquire all furnishings, furniture and supplies of every kind or description for the use of the state or its officers, or the support of the several state institutions, including printing, stationery, fuel, tools, implements, furniture, books, food, clothing and medical supplies, where the law requires the state to furnish the same."

Section 3575 provides that:

All duties prescribed in this article, which are now performed by or vested in any other board, officer or other authority, are hereby vested in and shall be performed by said state board of public affairs in the same manner as the law requires such other boards, officers or authorities to perform them. All laws for the control of such other boards, officers or authorities for the performance of the duties mentioned herein shall apply to and control such state board of public affairs while engaged in the performance of the same duties.

In addition, Section 5365 of the Statutes, 1931 provides that no appropriation made for certain penal and eleemosynary institutions shall be available to any of the in-

stitutions named in Section 5364 for the purchase of supplies, unless the requisitions made by the institutional authorities are first approved by the Board of Public Affairs.

These three sections imply that it was the purpose of the legislature to establish a central state purchasing department. As a matter of practice, however, the Board purchases only those supplies which may be requisitioned of it by the spending agencies. Practically every agency at the seat of government including the State Auditor and the other elected officials, make purchases independently of the Board of Public Affairs. This is possible at the present time because of the lack of purchase control procedure. If the State Auditor, for example, adopted the procedure of requiring the Board to supply it with a copy of all purchase orders issued, and if the State Auditor would refuse to approve any claims for payment for which orders were not issued by the board, it would force the heads of the departments and establishments to place their orders with or through the central purchasing department.

State Printing and Binding. Section 3600 of the Statutes abolished the office of State Printer and assigned these duties to the State Board of Public Affairs. This section provides that the Board "shall supervise and contract for all public printing and binding authorized by the Legislature, for the Governor, Supreme Court, and the several state institutions, state officers, or any state board or commission created under the laws of the state. Contracts for such printing and binding shall be let under the same terms and conditions as other contracts for state supplies are let . . . in the manner provided by law." Section 3598 provides that all contracts for printing and binding in excess of \$200 shall be publicly let by competitive bid after due advertisement.

The purchase of printed forms and the printing of reports and other documents are largely centralized but, although the expenditure document forms are more or less standardized, these forms are not bought in large quantities, stocked, and issued as needed. Each organization unit places its requisitions for the quantities needed and the Board places individual orders at retail prices. If all such requirements were pooled each quarter and were bought in large quantities, a considerable saving would be realized in the purchase of printed forms. In the course of our survey it was found that a number of the departments at the seat of government, headed by elected officials and appointed officials operating under special funds, purchase printing and printed forms independently of the State Board of Public Affairs. The other printing and publication work done, without reference to the Board, relates to the publication of pamphlets and the printing of forms in the printing plants of the state institutions.

The printing purchased through the Board is not always let by contract, but upon the basis of cost plus 40 per cent as provided under the Franklin Code. Printing is advertised for only occasionally; and when this procedure is employed it has been the practice in the past to distribute the work among two or more bidders.

Board of Affairs Institutions. The procedure adopted with reference to purchases for the eleemosynary and penal institutions directly under the Board may be divided into three classes: **First**, those purchases advertised and contracted for by the Board; **second**, those purchases made by the institutions without authority of the Board and validated upon presentation of claims for approval and payment; and **third** those purchases made locally by the institutions under "Standing Authority Orders."

The **first** type relates to the purchase of groceries, meats, dry goods, shoes and bread. These are advertised for each quarter, based upon the estimates of requirements submitted by those agencies purchasing through the central office. In addition, the Board also enters into contract for the purchase of tires and tubes, drugs, lamps and ammonia. It does not contract for stationery and office supplies, such as pens, pencils, erasers, clips, typewriter ribbons, stencils, mimeograph paper, carbon paper and the like. These are purchased in the open market each time a requisition is made upon the Board for such supplies.

The **second** type relates to those purchases made by institutions without first obtaining authority from the Board. A number of eleemosynary institutions make frequent purchases of this kind. These purchases are validated upon receipt of claims by the preparation of a blanket authority order.

The **third** type relates to those purchases made by the institutions under what

are known as "Standing Authority Orders." These orders are issued, as a rule, for a lump sum amount. A separate authority order is issued for each class of supplies or equipment to be purchased. The lump sum authorized depends upon the amount of the appropriation, but they range from \$1 to \$25,000. The state penitentiary receives the greatest number of such orders and extends practically all of its material and supply appropriations under standing orders. For example, from July 1, 1934 to January 25, 1935, it had received 46 of these orders ranging from \$65.26 to \$25,000, aggregating \$176,331. The other penal and eleemosynary institutions follow this same procedure. The State Training School at Pauls Valley and the Girls Industrial School do the bulk of their purchasing under validating and standing orders, while the other institutions place most of their orders directly with the Board for specific items as needed.

All of the requisitions, purchase orders, and claims approved by the Board are recorded in detail in a large minute book. Much of this work is wholly necessary as it duplicates the purchase and voucher records maintained by the purchasing and claims divisions.

In addition to the purchase of articles and supplies for state departments and institutions, Section 3571 of the Statutes, 1931, gives the Board power to negotiate and enter into all construction contracts, except those contracts for the construction of building and improvements of institutions under the jurisdiction of the State Board of Agriculture. These contracts are let by that Board. All contracts are let to the lowest responsible bidder, but no contracts are let until plans and specifications have been drafted by a competent architect and the cost thereof is within the limits of the appropriation provided by the legislature.

A comparison of the prices paid by the institutions purchasing through or under the authority of the State Board of Public Affairs is given below for a number of items for which comparisons were available at the time of our survey. These are:

Commodity	Purchased	
	Under Contract	Under Standing Orders
Gasoline, gallon -----		\$ 0.09 to 0.16
Tires, 6.00 x 18 -----	\$10.11	15.55
Tires, 5.25 x 17 -----	8.13	13.15
Tubes, 6.00 x 18 -----	1.61	2.90
Tubes, 5.25 x 17 -----	1.27	1.95
Faber pencils, dozen -----	0.70	0.83
Spencerian pen points, gross -----	1.00	1.75
Black typewriter ribbons, dozen -----	2.50	9.00
Perma carbon paper -----	1.20	3.60
Rubber bands, No. 16, gross -----	1.00	1.75
Gem clips, 10 M -----	3.00	4.00
No. 10 canned tomatoes, dozen -----	3.65	5.50
Dried peaches, cwt. -----	9.38	11.00

Educational Institutions. All educational institutions, except those under the State Board of Agriculture, place orders for their requirements with the Board of Public Affairs. They, like the penal and eleemosynary institutions, however, purchase under standing orders, but the only educational institution which appears to do the bulk of its purchasing under standing orders is the Central Teachers' College. It does most of its purchasing under four standing orders: Two for \$9,000 each and two for \$3,000 each.

The agricultural institutions under the State Board of Agriculture do their own purchasing. This Board does not function as a purchasing agency. The only purchasing done directly by it is that of buying office supplies for its own use and these purchases are made by the secretary of the Board by shopping around similar to an individual. There is no formal procedure for the immediate office of the Board.

The purchasing procedure employed by the educational institutions varies. The most modern procedure is that employed by the University and by the A. and M. College. The University purchases most of its needs through the Board of Public Affairs while the purchases of the A. and M. College are made by its own purchasing agent. All purchases of the latter are made under formal or informal bids except certain

purchases of feed tags, made in the past at the direction of the president of the Board.

The purchasing procedure of this Board is usually that of approving requisitions presented to it for action at each regular meeting. Since the Board is not in constant session the bulk of its fiscal work at each monthly and special meeting is that of approving contracts, of authorizing purchases, of validating purchases already made, of approving payments already paid out of the so-called revolving funds and institutional depository accounts, and of reviewing and approving claims submitted to it by the agricultural institutions for payment out of legislative appropriations. All of its actions are recorded in detailed minutes, even to the extent of enumerating each individual appearing on the pay rolls submitted to it for approval.

Highway Commission Purchases and Contracts. The provisions under which contracts may be awarded for construction of highways are outlined in Sections 10091 and 10095 of the Statutes, 1931, as amended by Chapter 22 of the Session Laws of 1933. The law provides in effect that before proceeding with any road improvement the Commission shall cause suitable surveys to be made and plans and specifications prepared and that all work shall be performed in accordance with such plans and specifications except for approved modifications to take care of unforeseen conditions. Bids on construction work are required to be advertised for two consecutive weeks in a newspaper published in the county where the work is to be done. If the project advertised is for construction of more than eight miles of road the advertisement must provide for bids on sections not to exceed eight miles, as well as on the project as a whole.

In accepting bids due consideration is required to be given not only to the prices bid and the responsibility of the bidder, but the law provides that all things being equal, "preference shall be given materials produced within the state and highway construction companies domiciled, having and maintaining offices in, and being taxpayers of the State of Oklahoma." All construction contracts are approved by the Highway Commissioners. Successful bidders are required to give bond for the faithful performance of the work specified.

With regard to the purchase of maintenance materials, supplies and equipment, Section 10091 authorizes the Highway Commission to purchase, after receiving competitive bids, road materials and road machinery to be used in the improvement and maintenance of roadways; and to purchase, rent, or lease any machinery or other articles for the operation of the field engineering work, the testing of materials, and the preparation of plans.

The purchasing procedure of the Highway Commission is well organized and effectively conducted. The organization consists of a purchasing agent, a central warehouse, a testing laboratory, shops for storage and repairing in each of the six engineering divisions, and shops and small storerooms in each of the maintenance divisions for storing gasoline, oil and repair parts. Many of the purchase contracts are made on an annual basis. These relate primarily to gasoline and oil which are purchased in tank delivery lots. About 80 per cent of the purchases are made by the central office under competitive bids.

Revolving Fund Purchases. These are not made through the Board of Public Affairs, the central purchasing office. These purchases are made by the departments and institutions, under contract in some instances; but most of such purchases are made in the open market without receiving competitive bids. No means are afforded for a real audit of such purchases since copies of all such purchase orders are not submitted to the State Auditor's office with the claims submitted for payment.

Conclusions and Recommendations. In surveying the purchasing procedure of the state government it was observed that the purchasing work is largely decentralized even for those institutions directly under the State Board of Public Affairs. This is due to its present practice of validating unauthorized purchases and of issuing standing orders. It is estimated that approximately 70 per cent of the purchases made by the Board of Public Affairs institutions, other than those items purchased under quarterly contracts, are purchased locally in the open market under standing authority

orders issued by the Board. The State Board of Agriculture does not attempt to contract and purchase for those institutions and agencies directly under it. The elected officials make practically no purchases through the Board of Public Affairs, and many of the appointed officials at the seat of government ignore the Board as a central purchasing agency, particularly those operating under special (cash) funds.

The commodities bought by the Board of Public Affairs are not necessarily the best suited to the needs of the respective departments and institutions since they are not purchased under standard specifications; and the Board relies wholly upon the departments to test and check the supplies upon delivery. We were informed that substitutions are frequently permitted.

The record work is complete, but it is cumbersome in some respects, particularly the present method of keeping minutes and of obtaining approvals. For example, the Board (at least two of the three members) signifies its approval of a purchase by initialing the requisitions and by indicating whether the supplies should be purchased with or without receiving bids. The purchase orders are signed by two of the three members of the Board, frequently by all three, and certified claims, upon receipt from the receiving departments, are also approved by at least two members, and this approval is frequently delayed for days because of the absence in the field of two members of the Board. It is because of this procedure that the statement was made by a member of the Board's staff, that "it is not possible to take advantage of cash discounts because it is impossible to pay a voucher within two weeks under our present procedure."

To obtain economy in state purchases, the following recommendations are made.

The purchasing and contracting functions of the State Board of Public Affairs, together with the personnel authorized for this work, should be transferred to the proposed State Purchasing Agent. However, if the Department of Public Welfare is established prior to that of the office of State Purchasing Agent, the purchasing and contracting functions for the welfare institutions should be transferred to the Public Welfare Department and eventually to the State Purchasing Agent.

The purchasing and contracting functions of the Highway Commission purchasing agent, together with the personnel authorized for the work, should also eventually be transferred to the proposed State Purchasing Agent.

The purchasing and contracting functions of the Agricultural and Mechanical College purchasing office and all other purchasing and contracting functions of the State Board of Agriculture, together with positions authorized for such work should be transferred to the proposed State Purchasing Agent's office.

The purchasing and contracting functions now performed by all other state agencies should also be transferred to the proposed State Purchasing Agent.

The duties of the State Purchasing Agent should include all acts in connection with the promulgation of standards or specifications, the advertisement for bids, the award of contracts, the inspection of deliveries, and the operation of a central storeroom.

The duties of the purchasing office should also include the purchase of standard books, records and forms made use of by county governments, and the proposed state purchasing agent should be authorized to make contracts and to purchase other commodities for counties upon the request of the county governing board.

A central storeroom should be established for stationery, office supplies, paper, and standard forms used by all departments and establishments of the state government.

A working capital fund of say \$25,000, should be established to finance such purchases, and this fund should be reimbursed by warrants drawn upon appropriations or special funds of the departments or institutions in favor of the revolving fund purchase fund.

Finally, the proposed State Purchasing Agent should be given power and authority to supervise the disposal of institutional products, establish prices, and to transfer surplus supplies from one state agency to another.

CUSTODY OF STATE OWNED PROPERTY

Next in importance to the purchasing and contracting methods is the conservation of the property acquired. At the present time the custody of state-owned property is vested in: (1) The Adjutant General as custodian of (a) the Capitol building and

grounds, and (b) the National Guard armories; (2) the State Board of Public Affairs relative to (a) the operation, repair and improvement of the Capitol building, grounds and appurtenances thereof, and (b) the property of eleemosynary institutions not directly under the control of the respective boards of trustees; (3) the State Board of Agriculture, for the property of educational institutions now under its control; (4) the Board of Regents of the University of Oklahoma for all property under its jurisdiction; (5) the Highway Commission for all property acquired and used in the construction and maintenance of highways; and (6) the departments and independent establishments of the state government for all property under their control.

Section 3571 of the Statutes, 1931, sets forth that the State Board of Public Affairs, in addition to the general maintenance of the Capitol building and grounds, is charged with the duty of making contracts by or on behalf of the state for any buildings or rooms rented for the use of the state or any of its officers, and it also has charge of the arrangement and allotment of space in all buildings, including the State Capitol. This same statute also charges the Board with the "custody and control of all state property, and all other property managed or used by the state, except military stores and such as come under the control of the state banking departments;" and (2) the Board is responsible for procuring fire insurance on all government property.

Other custodial duties are assigned to this Board in Article 7 of Chapter 20 of the Statutes, 1931. For example, it is the duty of the Board to mark all government-owned automobiles; it has authority to advertise, sell and exchange personal property of the state; transfer personalty from one department to another and it is authorized to exchange and transfer properties produced by state institutions.

Organization and Personnel. The organization, personnel, and salaries paid in guarding and maintenance of the Capitol building and grounds follow:

A. Custodian (Adjutant General)			
Policemen, 5 at \$1,320 -----		\$ 6,600	
Extras, 2 at \$1,200 -----		<u>2,400</u>	\$ 9,000
B. Board of Public Affairs			
Operation and maintenance -----		44,160	
Superintendent -----	\$ 1,800		
Elevator operation, 5 at \$1,200 -----	6,000		
Janitors, 24 at \$1,200 -----	28,800		
Laborers, 7 at \$90 per mo. -----	<u>7,560</u>		
Power House -----		<u>10,350</u>	<u>54,510</u>
Engineer -----	2,250		
Firemen, 3 at \$1,500 -----	4,500		
Plumber -----	1,800		
Electrician -----	<u>1,800</u>		
Total Annual Salaries -----			<u><u>63,510</u></u>

The organization includes 41 regular employees in addition to extra help, which at time of our survey numbered nine temporary employees.

Recommendations have already been made for the complete centralization of all purchasing and contracting responsibility in the proposed State Purchasing Department. If the purchasing agent is to be held responsible for the economical acquisition of property, he should also be in charge of all portable equipment. He should be required to keep records showing the location and nature of all office furniture and equipment as well as motor equipment in charge of departments. Under the present procedure of purchasing and custody, if a department desires, it may purchase a desk, a typewriter, or an automobile irrespective of the fact that another department may have exactly the same piece of equipment not in use. In other words, the State Purchasing Agent should act as a coordinator between departments for the transfer of unused property as well as an agent through whom property may be acquired.

The custody of office furniture and equipment should, therefore, be transferred from the State Board of Public Affairs to the Purchasing Department, together with the duty of keeping records of such equipment and reporting its value, condition, location, and whether it is in use or subject to transfer to some other agency. Moreover, the Purchasing Agent should be required to keep the same type of records and render the same kind of reports for all motor vehicles owned by the government.

Conclusions and Recommendations. Authority for the custody of all state-owned property is now divided as enumerated above. No recommendations are deemed necessary with regard to property located outside of Oklahoma City. With regard to the care and custody of property at the seat of government, the following recommendations are submitted:

The custody of office furniture and equipment should be transferred from the State Board of Public Affairs to the proposed State Purchasing Agent's Office, when established. His records should show the value, condition, and location of all automobiles, furniture and equipment, and whether such automobiles, furniture and equipment are in use or subject to transfer.

When requisitions are submitted by departments for the purchase of automobiles, furniture and equipment, the State Purchasing Agent should have authority to transfer any such property of the state not in use to the department or institution making such requisition by transfer of appropriation or fund credits in the amount involved.

The State Purchasing Agent should be designated Custodian of the Capitol building and grounds, and the personnel and appropriations now made to the State Board of Affairs for the repair, maintenance and operation of the Capitol building and grounds should be transferred to the State Purchasing Agent's Office when established, or to the Department of Public Welfare if this department is established before the Office of State Purchasing Agent.

The custodial functions of the Adjutant General should be transferred to the State Purchasing Office when established, and the Capitol police should be transferred to the Department of Public Safety (or Justice).

If the Department of Public Welfare is established prior to the establishment of the Office of State Purchasing Agent, it will doubtless be necessary to retain the State Board of Public Affairs temporarily in order that an agency may be available to handle purchasing, contracting, and custody for institutions and agencies outside the public welfare field. Under no circumstances should the Department of Public Welfare be assigned any of the functions treated in this chapter unless they relate to matters appropriately within the jurisdiction of the Public Welfare Department. Obviously, Oklahoma's legislative program should contemplate the establishment of a State Purchasing Agent and a Department of Public Welfare on the same date.

PART IV

General Organization and Basic Controls

CHAPTER XX

PERSONNEL ADMINISTRATION

In the past quarter of a century the United States has passed from the age of the horse to the age of the automobile and the airplane. The new age has brought new problems to governments, the existence of which was scarcely known to the framers of many of our state constitutions, even in so new a state as Oklahoma. The change has made the daily work of government a concern of every resident of the state, because, whether he realizes it or not, the work of government affects his life in countless ways. The daily work of government is nowadays called, for short, "public administration." The people of the country are beginning to appreciate that public administration demands attention because it has been neglected, and because it plays so important a part in determining the tax burden, and an even greater part in determining what the people get in services for the taxes they pay. To make these facts clear, it may be well to review briefly a few things pretty familiar to all who are past middle age.

Twenty-five years ago the state government had nothing to do with roads. Roads were of concern only to the local residents of a township or a county and it was sufficient if they were kept reasonably passable. Today the Highway Commission is the largest, or the next to the largest, department in practically every state. Millions of dollars of tax money are spent in constructing and maintaining roads. Their location and condition affect not only the comfort, safety, and personal finances of every owner of a private automobile, but also the costs of transporting passengers, wares, goods, and merchandise. Formerly, any honest, practical, hardheaded county commissioner was equal to the task of keeping local roads in shape for the passage of the horse and wagon. Even if a considerable percentage of the money spent was wasted, it did not amount to much in real dollars. Today the building of a modern hard-surfaced road, or the construction of a two way modern bridge across a river or over a railway track demands the services of expert engineers, draftsmen, contractors, and inspectors. The sums spent are so great that even if a small percentage is wasted, that waste amounts to thousands of dollars. In the matter of highway construction and maintenance the major questions are administrative, having to do with the day in and day out work of the employees of the highway department.

The method that Oklahoma has adopted for the issuance of automobile license tags, a matter discussed in other chapters, is an indication of how the routine clerical work of the state is done. The fact is that the past half century has revolutionized such work. Today, with adequate equipment, a single experienced clerk can do accurately and rapidly work which ten clerks could scarcely have done in the old days. Clerical work has undergone an industrial revolution of its own, which should either save the taxpayers money or leave larger sums available for constructive work.

The past 30 or 40 years have witnessed another rapid development of an important function of government, the promotion and protection of public health. In the horse-and-buggy days, progressive communities appointed one of the local family physicians a part-time public health officer. Today, a community or a state that follows that course is regarded as backward, because experience has demonstrated that curative medicine and preventive medicine are not one and the same thing, that public health work demands special training in fields of which the family physician can be only slightly informed. Great universities now have special departments for the training of public health officers, sanitary engineers, and other specialists needed for the safeguarding of public health. Many a family physician, in matters of life and death, now depends on the laboratories of the public health service for diagnosis; and from that service he secures tested serums and vaccines. The ordinary city dweller is dependent on the day-to-day work of public health officers for protection against typhoid. If any citizen gets typhoid or diphtheria, his recovery may depend on the efficiency of the laboratories of the state health department.

In the age of the horse, state governments and local governments depended very largely for their revenues on the ad valorem property tax which was easy to administer, but bore heavily on land. When states were predominately farming communities with few cities and little industry other than agriculture, the ad valorem tax was

passably satisfactory. With the development of cities, industries, and public service corporations, the ad valorem tax system broke down. Modern states have had recourse to income taxes, inheritance taxes, corporation taxes, and other complicated taxes, the successful administration of which requires expert investigators and accountants. The collection of such taxes becomes a battle of wits between the lawyers and experts representing the large taxpayers, and the accountants and investigators representing the state. Unless the state gets and keeps able, loyal, and honest men, it cannot collect the taxes due it, and the honest taxpayer has to foot bills that should be borne by individuals and corporations that are successful in dodging taxes.

Similarly, the modern state has adopted as a policy the regulation and control of many private industries in the interest of the ordinary citizen, who is in such instances practically powerless to protect himself. If this service of the state is to achieve its purpose, the state must retain employees who are not only able to investigate complicated accounts and records and make the necessary physical examinations of properties, but also so devoted to the public service that they cannot be influenced by representatives of the business being regulated. Unless the state has employees of ability and character, devoting their lives to the protection of the public, the industries that are to be regulated gain control of the regulating machinery. The failure of state regulation of private industry has in many instances been due to failure to get and retain the proper type of public employees.

OKLAHOMA'S PRESENT NEEDS

In the opening chapter of this report, the misapplication of legislative energies, interference by the legislature in administration, and popular apathy with respect to administrative conditions were pointed to as fundamental problems which Oklahoma must solve if it is to expect better government. Members of the legislature must confine themselves to their proper functions—policy-making and general control through the enactment of laws. The spoils system must be eradicated, so far as it is humanly possible to do so.

Trained, Experienced, Efficient Employees. If the people of Oklahoma want an efficient service government they must have, from top to bottom of the administrative branch, trained and experienced employees, the kind they themselves would employ if they were paying the salaries and wages out of their own pockets. They are, as a matter of fact, paying the government employees out of their own pockets now; but in Oklahoma they have given little attention to what they get for their money.

What constitutes a trained and efficient employee?

Good native or natural ability comes first. The employees must have native or natural ability enough for the kind of work he has to do. The state is unquestionably under obligation to provide for those of its citizens who lack sufficient natural ability to maintain themselves by their own efforts; but this provision should be made systematically, uniformly, and fairly. Nobody should have the special privilege of putting the family dumb-bell on the public's payroll.

Good character, which includes honesty and fidelity, should be placed second. The people of Oklahoma pay for the bonds of their public officials. They may well inquire why the premium rates for their employees are so extremely high, from two to five times what the bonds of federal employees cost. They may well inquire how many of their ex-county servants are now being supported by them in the state penitentiary instead of on the public payroll.

To a rapidly growing extent, public administration is demanding persons educated for professional, scientific or technical work, physicians, nurses, lawyers, teachers, engineers, chemists, agricultural specialists, economists, statisticians, and accountants, to name the numerically more important. For many years now, training for practically all these professions is given in educational institutions, in Oklahoma in public institutions maintained by the state. Progressive states and private employers now generally require that persons appointed to professional, technical, and scientific positions, shall be graduates of appropriate professional or technical schools, and shall have qualified for practice under such laws and regulations as the state may have provided.

For those employees who come in contact with the public, good personality is at least highly desirable. The public is entitled, not only to expert and prompt service, but also to courteous and considerate service. The difference between really fine public ser-

vice and autocratic, bureaucratic service turns in no small measure on the character and the personality of the employees. Let it be noted in passing that this observation applies not only to the offices at the State Capitol and to the higher educational institutions of the state; it applies equally to the hospitals for the insane and the penal institutions. A right thing done in a surly, autocratic high-handed manner may cause more unrest and more resentment than a wrong thing done considerately. A firm, strong man is not necessarily discourteous and inconsiderate, any more than a surly, gruff or brutal man is necessarily firm and strong. A wise and experienced public administrator once recommended a course in manners for employees who must deal with persons in great distress.

In procuring clerical workers, both public and private employment departments are tending to place more weight on mental equipment, which is in part measured by the educational record, grade of school finished, and marks attained. Why they are doing so can perhaps be most easily indicated by considering stenographers. When a new stenographer is employed, the person for whom she works expects to have to dictate every thing to her, to give her detailed instructions about all the work, and to review her entire product for the first few weeks. But he does not want to keep that up for the entire period of her employment. He wants her to learn rapidly, to become competent to do the regular work without close supervision and direction, and often to be resourceful and self reliant, able to take the initiative within her assigned field. Such a stenographer relieves him of a mass of time-consuming detail and leaves him free to devote himself to his more exacting work. He wants a stenographer "with capacity for growth," which is to a certain extent indicated by her educational record. In several other branches of clerical work this "capacity for growth" is a vital factor in good administration, for from among those who enter as clerks and stenographers, will be developed the section heads and division chiefs in clerical administrative work. This is particularly true of such units as the bookkeeping, accounting, and auditing departments, and the supply, equipment, and purchasing departments.

Training and experience on the job is the final requirement for the making of an efficient employee. Persons can be secured with the requisite "skills" for their tasks, to use the technical term, the meaning of which is fairly obvious; but they must learn the work to which their "skills" must be applied. Procedures may be fairly intricate, governing law may be complex and involved, individual cases to be investigated may require months of independent study. In relatively simple kinds of government work, it may take six months to train a promising employee possessed of native ability and the requisite skills. In intricate and responsible technical work it may take years.

Permanence of Tenure. If the people of Oklahoma are to have an efficient service government they must keep their skilled and experienced employees on the job for years. Four years is little more than a training period. A recent experience will illustrate what the state is suffering from at present. A member of the survey staff was looking into the work of a state employee filling a vitally important position. In many a private corporation, the work of such a man means the difference between profit and loss for the company. To the state, the work on that desk means either economy or waste, either honesty or graft. When the employee being interviewed entered the service five years ago, there was little system, unquestionably much waste, and probably some graft. He had built and was perfecting a system that was reasonably good, but could, as he knew, still be greatly improved. As the staff member went into each step of the work with this state employee, a long queue of job hunters formed in the room waiting to get into the front office for interviews. The official nudged his interviewer and whispered: "See that man in the red necktie just coming in the door? He is after my job." In a few minutes more: "See the man in the gray suit coming in now? He's after it, too." And again in a few minutes: "See the big fellow? He's another one who wants me fired so he can have the job."

The next morning, the staff member who had observed the incident began to read the morning paper. Suddenly, he commented: "The man with the red necktie has the job."

He hurried to the Capitol to complete his study before the experienced employee left; but he was not prepared for the speed with which such changes are made in Oklahoma. The man with the red necktie was at the desk and the assistant chief was

busily engaged in attempting to instruct his new chief. At noon, the former chief came to the front office in response to a telephone call. He was asked to stay a month to teach his successor the job. He refused on the ground that no one could learn that job in a month, that it would be a waste of his time and his successor's time. It would take at least three months. Finally, it was arranged that he should remain for three months in his old job. That raised a problem; what, in the meantime, should be done with the new man? That was easy. Without any notice, they fired the assistant chief—the willing, eager teacher of the morning—and put the new man in his place temporarily. Another detail should be added. The assistant chief had among his duties the shorthand reporting of fairly involved cases in which many witnesses were called. He had on hand several note books full of shorthand notes of hearings that had not been transcribed. Naturally, being fired, he did not stay to transcribe them.

For one more example, an important state activity was being operated without real statistical control, and thus the real facts about it could not be learned. Many states and private corporations having similar work regard statistical control as absolutely essential. Inquiry indicated that once the state had such a system, but it had been thrown out because the rental of the statistical machines cost almost as much as the salary of a clerk. Incidentally, machines of that type permit one clerk to do work that ten clerks could scarcely do by hand. Nobody found at the Capitol knew the details, "that was before my time, six or seven years ago." The former employee who ran the system was located at her present place of business. When in the state service, she had written to other states and secured copies of their reports and descriptions of their methods. She had received help from the representative of the statistical machine company and from representatives of various companies that did similar work or needed the statistical facts. She had a job that is difficult even for a trained and experienced expert. Under the circumstances, she had done a good job for the state, for which she was rewarded by being dismissed without notice when her political sponsor passed from the picture and his successor wanted the patronage. To a new and inexperienced employee, statistical methods of that kind are "all Greek." The cards and codes are practically meaningless unless they are fully explained; and the old employee was not asked to stay and explain them. All her work was junked; although that kind of work is the only way to get controlling facts regarding transactions involving thousands of dollars and the safety and well being of thousands of citizens.

Cases of that kind do not arise in state governments operated for service. In such states new employees ordinarily come in at or near the bottom of their particular line of work. They are carefully supervised and trained until they perform their duties more or less independently. When a vacancy occurs immediately above these new employees, the most promising one is promoted to fill it. The trained experienced, permanent man at the top of the administrative agency, immediately below the policy-making officer, is ordinarily a person with years of successful experience and possessed of sound judgment within the range of his duties. He is an administrative expert.

Abstention from Politics. In the administrative branches of the service state, the permanent employees are not, as a rule, permitted to engage in party politics, although they are permitted to vote both in primaries and elections. In a political administrative organization, such as Oklahoma has, the employees are expected to get out and hustle, not only for their party but for the faction of the party to which their political patron belongs. If they can spend the taxpayers' money in a way that will help their patron, that is part of the system. Necessarily, in Oklahoma, with its numerous elected administrative officers, the employees in each department have to back the boss politically, or if he is retiring, his choice as his successor. Continuity of administrative service is found only where the chief has served several terms, or where he has been successful in picking his successor, in other words, where the political machine is successful. Asked about political assessments, which are prohibited in the service state, one employee in a subordinate position explained: "We are not assessed; we gladly contribute to the success of our party."

If the rank and file of the administrative employees of the state want reasonable permanence of tenure and desire to make the public administration a career, they must forego the privilege of getting their jobs primarily by political pull. If they get their jobs as the sun of their patron rises, they lose them as it sets. How well they have

done their work plays little part. New patrons rise to demand places for their political henchmen. Such a system in a technical engineering service such as the Highway Department costs the automobile users hundreds of thousands of dollars in a few years. If Oklahoma is to have an efficient, expert administrative service with permanency of tenure, the Governor, the elected department heads, and the members of the legislature will have to surrender their patronage, so far as the non-policy making positions of the state are concerned; or the people of the state will have to take it from them through initiated legislation.

Modern Methods of Getting Efficient Employees

To secure efficient, economical administrative service, most states have to change radically their methods of selecting personnel. A few of the older states are fortunate in that they never departed far from the methods used by George Washington and the other early presidents of the nation. Employees were chosen for the few positions then required with careful consideration of their ability and personal character; and, once appointed, they were generally continued from one administration to another. It was not until the days of Andrew Jackson that the practice developed of turning out most of the old employees to make room for the party followers. Beginning in New York state, the spoils system was soon adopted by the nation and spread to other states, bringing with it, in many instances, conditions such as prevail today in the government of Oklahoma. Such conditions made it necessary for Grover Cleveland to say, what would seem to be obvious, "A public office is a public trust."

The United States government and the governments of nine states, New York, Massachusetts, Illinois, Wisconsin, Colorado, New Jersey, Ohio, California, and Maryland, now have in operation a different system. Later on, the question of what the people of the state must do to make such a system effective will be discussed with some frankness, for its success depends on the temper and determination of the people. No system designed to prevent racketeering in public office will work itself. But at this point, the new procedure will be described.

Open Competition. Full free competition, open to all citizens of the state possessing the requisite minimum qualifications, is the first essential. The competitions should be widely advertised, sufficiently far in advance so that every qualified person who so desires will have ample time to enter. In some instances there are certain well-known sources of supply of good candidates. Special efforts are made, not only to see that the competition is thoroughly advertised at these sources, but also that the competition is held at a time when promising candidates are most likely to enter. Many private enterprises have learned that the time to pick fine young people for new blood in their organizations is in the spring when the senior class is about to graduate; and they send their personnel men to the schools to pick the most promising youngsters. Australia, which has developed the new system probably as well as any democratic country in the world, holds its competition in the spring and has adapted it to fit the public school system. In fact, in Australia a chance for a career in the public service is one of the incentives that the youngsters have for applying themselves seriously to their work in the schools. There the public educational system trains for the public service to the profit of the schools, the youth of the country, and the state.

Impartial Judges. A fair race requires impartial, honest judges. If the people of Oklahoma adopt the modern system, they should watch the judges; because if the judges are partisan or crooked, the people will not get full benefit from the system.

Job Analysis. Job analysis is the third requisite. A thorough study is made of the duties and responsibilities of each position in the state service. The positions are then classified so that all positions that are substantially alike with respect to duties and responsibilities are put in the same class. Each class is given a distinctive title which must always be used on payrolls and in accounts and reports. Exactly what the title means is set forth in written class specifications which describe in detail the duties and responsibilities of the positions in that class. To add to the clarity of the specifications, numerous illustrations of specific tasks are included. The judges use these specifications when hearing a case in which the charge is that a position has been put in the wrong class. They compare the actual duties of the particular position with the specifications and then decide in what class the position actually belongs. The system means that the state buys services on specifications; and the employee sells

services on specifications and gets paid on specifications. It is not as simple as cotton grading or grain grading or buying supplies and equipment on specifications or building houses, public buildings, or highways on specifications; but the principle is the same.

Qualifications. After the jobs have been analyzed and arranged in named classes according to duties and responsibilities, and after the specifications have been written describing the duties and responsibilities, comes the task of determining what qualifications an employee must possess to enter each specific class. Let it be clearly understood that no state can start with a perfect set of entrance qualifications. The most it can hope for is to start with a reasonably good set and gradually to improve them through experience and scientific study and investigation. Progressive governments and private employers are doing research in that field. The United States Civil Service Commission maintains a research division to make such studies; and the Assembly of Civil Service Commissions of the United States and Canada maintains in Chicago a central bureau for that kind of work. They all cooperate; and many universities cooperate with them. The advances which have been made in this field since the beginning of the World War are little short of amazing. The people of Oklahoma can, of course, have the benefit of participating in this cooperation if they decide that they want an expert personnel in the administrative branch of their government.

Tests. The next step is to develop the tests that will be given the contestants who enter the race, to determine not only that they possess the required qualifications, but also to say in what order they cross the finish line. The system requires either that the winner gets the job (the Canadian plan) or that the appointing officer picks from the three highest (the United States plan). Politicians who do not want this system because it deprives them of their patronage have an ancient trick; they attempt to discredit it by describing the tests that were used about 50 years ago when the system was first introduced in the United States; and even then they pick the worst examples they can find rather than the average or the typical. They do not describe the tests that are used today by the progressive states, the national government, and many private employers. They do not quote from the extensive literature on personnel administration.

In the first place, it should be said that frequently the competition is something like a track meet. The competitors compete in different events and the winner is the one with the highest score in the meet as a whole. In the language of the modern personnel officer, he uses not a single test, but a battery of tests; which means that he requires not a single event but as many events as are necessary to prove the candidate's ability in different parts of the work. In what follows, types of events will be described, but it should be remembered that frequently, even generally, these different types are combined in a battery.

In many lines of work good health, physical strength, and a good physique are essential. In the case of unskilled laborers, physical condition, reliability, and willingness to work may be the only requisites; while, for other classes it may be a prerequisite before candidates are admitted to other tests. Administratively, of course, it is an easy test to give. The candidates, one by one, are examined by the physicians appointed by the judges. If physical fitness is only a prerequisite for other tests, the applicant is ordinarily either passed or rejected. If physical strength and ability are the main requirement the candidates are graded, which, of course, is more difficult.

Governments require many skilled tradesmen, particularly in their institutions and public buildings and in operating and maintaining automobiles, trucks, and busses. Three main devices may be used in these tests: (1) Getting a complete record of the candidate's industrial and educational history, with details as to the jobs he has held, and his employers, which details are checked by communication with former employers and getting their recommendations; (2) giving the candidates written tests, rather skilfully devised so that he works from pictures of tools and actual jobs or setups or parts of jobs and makes his answers mainly by marks and does not have to write descriptions or long sentences (he is being examined on his trade knowledge and not on his English); and (3) having him do, for the judges, some of the things he will have to do on the job. These three methods are sometimes combined in a battery in the order just given; and only those qualifying in tests one and two are given the

actual work test, which may take the form of probational employment on the job, in the very setting where the regular work will be.

For stenographers, typists, and several other classes of office workers, it is entirely practicable to include in the battery, actual duties tests in which the contestants do for the judges almost exactly what they would do on the job. In developing tests for stenographers and typists, the United States Civil Service Commission, the personnel officers of large corporations, and representatives of both public and private schools have cooperated, and the tests are excellent. Satisfactory tests are also available for bookkeepers, statistical clerks, filing clerks, and office appliance operators.

Sometimes the government has to get people to train to do a kind of work that does not exist in private enterprise, or to fill jobs where the demand far exceeds the supply of experienced, skilled workers. Mail sorters and railway mail clerks in the postal service are examples. In those cases the jobs are analyzed to determine the skills required and then tests are perfected to see to what extent the candidates have the necessary skills. The professionals call these devices "aptitude tests," because if the candidates can do the tests they are naturally adapted for the regular work. Such tests have produced first-class results in many instances; but developing one of them calls for experts in testing.

Examining for entrance to the junior scientific, professional, or technical positions is easy, because the candidates are accustomed to written tests. They have taken them in the universities and professional or technical schools and often in qualifying for practice before state boards. The judges frequently bring in a committee of distinguished experts to prepare the questions and at times to assist in grading the papers. Experience of the national and the state governments shows that these tests produce excellent results.

In an old established office working under the merit system, professional, scientific, and technical positions above the junior or ordinary entrance grade are generally filled by promotion; but occasionally it is necessary to bring in a man from outside the service. Then a non-assembled examination is given. That means that the candidates are not brought together and are not given written tests. Instead, they submit a detailed record of their training and experience and samples of their scientific or professional work. Their statements are checked for accuracy; and confidential information regarding their records and qualifications is obtained from reliable sources. They are then rated on the basis of their training and experience.

Occasionally, a position of great importance and public interest is filled by competition. The United States, Canada, and several of the states often meet such a situation by creating a special examining board, usually of three, made up of persons eminent in their professions and with exceptional public standing. The United States Commission ordinarily includes its chief examiner as one of the members. Frequently these special examiners serve without pay; although their actual expenses are met by the government. New York and New Jersey commissions sometimes send outside the state for special examiners of this type, to avoid any suspicion of local interests and connection. Often in this type of competition, the professional leaders and associations are notified of the competition and are asked to suggest candidates. The commission then writes to the candidates so suggested and asks them to submit applications. It is, of course, a high honor for a professional or technical man to be selected for a responsible public position by such a judicial tribunal of experts in his own field.

At about this point, the politician interested in his patronage customarily points out "you can't judge character by written tests." "Correct," would be the reply of practically every experienced personnel man; and, as a matter of fact, he does not try to test for character. If the position is one in which honesty, reliability, and general uprightness of character are essential, as in positions of great fiduciary responsibility, in tax collection or regulation of industries where corruption may be attempted, or in law enforcement work, character is investigated. Much may be learned from the candidate and his record. Much may be learned by confidential interviews with persons in the communities where he has lived and worked, friends, enemies, former or present employers, fellow employees, and sometimes police officers, and judges. Occasionally court records come into the picture. In the United States Civil Service, finger prints are used as a matter of routine for certain classes of positions. Where character is essential and has to be investigated, a good personnel man wants

considerably more than a political endorsement. Politicians have been known to try to put black sheep on the public payroll; and frequently they are not accurately informed regarding the persons they endorse. Some political leaders are valuable sources of information regarding the character of people in their communities. Thorough character investigation is, of course, fairly expensive; but it is worth its cost when sterling character is essential. If it keeps only a few crooks off the public payroll, it saves the government many times its total cost.

Personality is the other trait that cannot be tested by written examinations; but a good deal about personality can be learned by confidential correspondence with former teachers, employers, and associates. If that information is not sufficient, the oral examination or interview is always possible. Sometimes the candidate appears before a board for his oral examination. Sometimes he is interviewed privately by two or more persons separately, each of whom makes his individual report. Where ability to make a public address is required, the examiners may have the candidate actually address a typical audience of the kind he will have to face and make the kind of speech he will have to make. The personnel department can get accurately and systematically the necessary information regarding personality.

After the candidate has passed the battery of tests and comes out ahead, he is given at first only a probationary appointment usually for six months or a year. As a matter of fact, in practice the probationary period is largely a precautionary measure. The vast majority of people who can come out ahead in a really stiff competitive test make good in their work. If they do not, they can, during the probationary period, be dismissed without any formality.

Training of Employees. Progressive governments and private employers give no little attention to the training of their employees after they are in service. The new junior employee ordinarily works for the first few months under close supervision, and his immediate superior devotes a good deal of his time to training and instruction. If many employees have to be trained at one time they may be put into a special class, either, full time or part-time, with regular teachers. Many municipalities, for example, operate regular schools for policemen and firemen, and new income tax men may be trained in classes.

In many public and private businesses the "understudy system" is used. Each employee who occupies a responsible position has his understudy whom he is training to do his work. If the teacher is sick or goes on vacation, the understudy takes his place temporarily. If the teacher is promoted or withdraws from the service, the understudy is promoted. Some authorities call this "the three position system." They say that most employees occupy three positions in that (1) they perform the regular duties of their own position, (2) they are teaching the persons who will take their positions if anything happens, and (3) they are learning the duties of the positions ahead of them so that they will be ready in case of emergency. This system is characteristic of service administration; the service, like the play, must go on.

In the service administration, it should be pointed out, the interests of the state and its people and of the employees are in many, perhaps most respects, identical. The state and the people want to attract to the administration persons of high character and first-class native ability, with the necessary basic education, and to keep them in service so that they may grow and develop. The employees want a career in the public service; they want to enter it, knowing that they will be associated with able and honest persons with high professional standards and that they can work up in that service in accordance with their ability, effort, and loyalty. The higher the standards the state maintains, the higher the quality of the applicants who will seek to serve it.

The Public Service as a Career. The people of Oklahoma must face the fact that at present the positions in the state service are held in low esteem. Let us say that a brilliant young boy of 22 has just completed his professional training at the University and was in the upper quarter of his class. He has two offers of employment; one from a good private corporation, the other from the politically elected head of a state department in Oklahoma. The boy says he is not particularly anxious to make a lot of money; he wants only a reasonable living and a chance at a worth while career in his chosen profession. Which offer would you advise the boy to take? On the other hand, the classified civil service of the United States can be unhesitatingly

recommended to any youngster who is certain that he will be satisfied with a modest living. It is exceedingly doubtful whether, under present conditions, anyone acquainted with the Oklahoma government could make a similar recommendation, with respect to entering the administrative branch of the Oklahoma government. The answer would probably be in the form of a question, "Can't you find some other job that will give you an opportunity for a career?"

All those questioned on the subject in Oklahoma, both in state employment and out of it, advise against the state service, unless the young man wants a fling at politics. As the state administrative departments are now run, they are not attractive except as short-time jobs; and short-time jobs in normal times do not attract the best candidates. In fact, one new executive in an important agency at the Capitol said that he would not object so much to the hoard of job hunters he had to interview; if among them he could find the kind of employees needed; but, he complained, "The kind of people we really need are not applying for state jobs." The public educational system of Oklahoma has trained plenty of them; and there is an adequate supply. The trouble is that, very properly, the well equipped ambitious youth does not want to work under conditions that at present prevail in the administrative service of Oklahoma. The wise youth is looking, not for a temporary political job that may last four years, but for an opportunity for a career. If the good private corporation offers him that opportunity, while the state sticks to patronage and rotation in office, he will naturally prefer private business or else he will leave his own state to work for some other government.

Firing Public Employees. The politician who wants to protect his patronage or to get more spoils jobs often says, "The trouble with the merit system is that you can't fire civil service employees." The test question which is put to administrative officers on that subject is something like this: "You have in your organization some employees who are under the merit system and some who are appointed politically. In each of the two groups you have one worthless employee. Which one can you fire with the least difficulty, the one who got his position under the merit system, or the one who was put into your office by Senator X or Representative Y?" The answer to that question is easy. Most administrators agree that they can fire a civil service employee if they make up their minds to do it, but they have a tough job when they try to get rid of the politically powerful.

Under a patronage system, as a matter of fact, it frequently happens that the discipline and responsibility necessary for good work are almost completely absent. The employee in a subordinate position, by virtue of his political pull, feels that he neither has to work nor carry out the official orders of his superior officer. He knows that his official superiors cannot fire him. He feels that he owes them neither loyalty nor respect. He holds his position not by the work he does on the public job, but by the service he renders his political patron. In the state departments of Oklahoma, there is a great deal of that sort of thing, enough so that several responsible administrative officers admit that they cannot run their organizations efficiently because of it. There is a familiar Biblical quotation, "You cannot serve both God and Mammon." It is peculiarly applicable to a public service run on the patronage basis.

If, moreover, the head of a department holds his own office by virtue of patronage, he cannot very well resist the demands of his patron or his patron's friends. Should they tell him to appoint or to keep a worthless individual, he is under obligation to do it. A distinguished educator, as a matter of reasoned principle, does not write endorsements of his students for appointment in the state service because, as he explains, "if the politicians feel that they have done something for me, they will feel that they have a right to ask me to do something for them. Our schools should be entirely out of politics and so long as the state has the spoils system, we cannot try to place our students in the state service without opening the door to patronage in the educational institutions of the state."

In Oklahoma, as already pointed out, many public employees are dismissed solely to make places for patronage appointments. To prevent this type of abuse, several states and municipalities have materially restricted the power of executives to remove civil service employees, even going so far in some cases as to give the employees power to appeal to the courts in event of removal. The framers of the federal civil service

law believed in "the guarded front door and the open back door." They placed practically no restriction on the removal power. Under the federal law, permanent civil service employees can be removed by the appointing officer at will. All he has to do is to file written charges and furnish the employee with a copy. The employee has the privilege of answering the charges; but he cannot have the action reviewed by the Civil Service Commission or the courts, with three minor exceptions. The United States Commission has authority to review (1) if it is alleged the removal was made for political purposes, (2) if it was made because of the employee's religion, or (3) if it was made under the operation of the efficiency rating system, which is under the supervision of the Commission. What protects the federal civil servant under the merit system is that the politicians cannot appoint the successor and hence they gain nothing by creating a vacancy. As a matter of fact, under a well run modern personnel system, either in the public service or in private enterprise, little firing is necessary, except for reduction of force during periods of severe retrenchment. If the work of selecting employees is carefully done, or, in other words, if the front door is adequately guarded, very few employees fail to make good. The Oklahoma Gas and Electric Company has a modern personnel system. The director of it was specifically asked regarding firing, and his answer was typical. "If you select good employees, you don't have to fire." In fact, the modern personnel system in industry has been introduced largely to get rid of the costly old system of "hire and fire," on trial and error, because the cost of training employees is so great. Many large scale modern enterprises have withdrawn from foremen the right to hire and fire, and have placed that power in a central personnel department that works in cooperation with the heads of operating departments. Today, "wholesale firing" is regarded as evidence of bad administration.

Oklahoma has on its statute books laws under which citizens of the state can file charges against certain public servants in the courts; and, if the charges are sustained, the courts can order the dismissal of the offending employees. Several students of public personnel administration believe that such laws should be generally applicable, under reasonable safeguards, to all employees in the administrative service of the state. If the courts of Oklahoma were not already congested and if court actions were prompt, speedy, and inexpensive, extension of the practice of judicial removal might be considered for this state. In any event, appeal to the courts should be a last resort. Nevertheless, the permanent merit system employee is a servant of the public; and, if he at any time forgets that fact, it is well for the aggrieved public to have a definite orderly way of reminding him that he is servant and not a ruler or an autocrat.

Statutory Recognition of the Merit Basis in Oklahoma. Certain statutory and administrative developments in Oklahoma indicate that legislators and other leaders in the state have not been blind to the damaging effects of the spoils system nor unmindful of the need of selecting officials and employees on the basis of merit. For example, it was provided by law in 1933 that all employees of the State Market Commission should be required to pass examinations, prescribed by the State Board of Agriculture and prepared jointly by the State Market Commission and the United States Department of Agriculture, all vacancies to be filled by selecting qualified persons in the order of their standing in these examinations.¹ When the State Bureau of Criminal Identification and Investigation was established in 1925 it was provided by law that no person should be appointed to a place in the Bureau "until he has satisfactorily passed a physical and mental examination, based upon standards fixed by the Superintendent with the written approval of the Governor."² The statute law also prescribes that all county engineers must, before they can be appointed, pass an examination held by the State Department of Highways and obtain certificates of competency from that Department. Examinations are given by a Board of Highway Examiners, consisting of "three disinterested civil engineers of established reputation and ability," appointed by the Highway Commission with the approval of the Governor.³ Although these attempts to establish the merit system are encouraging, they have been narrow in range; they have been wholly or largely ineffective; they fail to meet the various

¹Laws, 1933, Chap. 32, Sec. 8.

²Stat. 1931, Sec. 4740.

³Stat. 1931, Sec. 7815.

requirements of a sound merit system; and they leave the examining agencies wide open to political manipulation.

The Oklahoma Library Commission is also constituted by law a Board of Library Examiners; and no librarian of a local publicly supported library can be legally appointed unless certificated by the Board of Library Examiners.¹ Public school teachers are certificated after examination; and provision is made for their training at public expense. The provisions applicable to teachers and librarians have been more effective in practice than the others just mentioned; but they apply, in the main, only to particular classes of local employees.

The fact that needs to be better appreciated in Oklahoma is that all administrative officials and employees, except a few policy-making officials, require technical skill, should be non-political, and ought to be selected solely because of their qualifications, training, and experience.

SALARY CONTROL

When a state undertakes to put its administrative agencies on a sound service basis, it generally finds that it has to overhaul and modernize its salary system. The present survey does not include a detailed investigation of the duties and responsibilities of each position in the state agencies, and the salary paid for that position. In fact, such a study is hardly worth the time and effort it requires unless the state has determined to standardize salaries on a business basis. The general condition as to salaries can be determined by a much less detailed inspection.

Job Titles. The question of whether the salary of a given position in a public service is fair alike to the taxpayers and to the employee depends not on the title that the legislature or some executive has pinned to the position, but on the duties actually performed by the employee in that position and his skill and efficiency. As has been repeatedly demonstrated by detailed studies, job titles in a state administered on a patronage basis are meaningless. Frequently, the position with the highest title and the largest salary goes to the person with the strongest pull, while the employee with the modest title and the low salary does the real work. In the red necktie case previously cited, a new man, entirely ignorant of the duties and of procedure of the position and with little previous experience in the general line of work, comes in at the top and draws the high salary. Even should he prove equal to the job, it will take him many months to master it. In the meantime, the real duties of his position will be performed by others, or they will not be performed efficiently. In some instances, in Oklahoma, the top man has frankly told a subordinate that he expected the subordinate to do the work and would hold him responsible for it. One case was cited in which the top man rarely visited his office at the Capitol, but devoted most of his time to his private business, a practice which may have been just as well for the state, because the subordinate left in charge probably knew much more about the state work and certainly was far more interested in it than was his chief. In Oklahoma, one finds many cases in which the subordinates have to train their superiors; and a few cases in which so many changes have been made that there is nobody to train anybody.

Classification and Control. In the state with a permanent administrative service, salaries are based on duties actually performed. Briefly, the procedure is this:

1. The duties and responsibilities of each position are learned by thorough investigation and are recorded in detail.
2. Positions are put into classes according to duties and responsibilities; and class specifications are prepared, as previously described.
3. The legislature established the salary rates for each class of positions.
4. A central controlling agency, quasi-judicial in character, enforces the act. If a new position is created, the central agency investigates its duties and places it in its proper class, which automatically fixes its salary. If a department head alleges that the duties of an old position have been increased, the central agency investigates; if it finds the duties have been changed, it re-classifies or re-allocates the position;

¹Stat. 1931, Secs. 4924-25.

if it finds that the duties have been changed, it re-classifies or re-allocates the position; it refuses to re-allocate the position. From time to time it makes "a personnel audit" of a department, re-examining the work of each position and ordering any changes in classification or salary that the audit may show to be necessary. The law requires that no salary shall be paid unless and until (1) the control agency has classified the position and thereby determined the salary, and (2) the control agency certifies that the person who occupies the position has been selected in accordance with the merit law. In some states and municipalities each payroll or pay claim has to be examined and approved by the personnel control agency before any warrant for salary can be legally drawn. Any disbursing officer who violates the law becomes personally liable for the illegal payment and the state can recover from him or his bondsmen.

The national government adopted this system for salary control in the administrative service at Washington through the Classification Act of 1923. Since then Congress has appropriated, for each office covered by the Act a lump sum for all salaries, "to be expended in accordance with the Classification Act of 1923 as amended." Congress, in establishing the temporary emergency agencies, saw fit to exempt many of them from the Classification Act; but President Roosevelt by executive order applied to them the essential provisions of the Classification Act in so far as the method of fixing salaries is concerned.

The Statutory Roll. Oklahoma uses for most of its departments at the Capitol, what is commonly termed, "the statutory roll" method of appropriation for salaries; that is, the legislature specifies in detail each position that the agency shall have and the exact salary that shall be paid for that position. The appropriation is for two years. Accordingly, the head of the office must organize his work in accordance with the rigid frame work thus fixed by the legislature. If he knows that a different organization would give far better results for the same money, he is powerless to make the needed change. A concrete example, not taken from Oklahoma, will illustrate the point. An old statutory roll furnished the chief auditor with three men at \$1,800, and they could not handle the volume of work involved and things were running behind. He found that each man was spending more than two-thirds of his time on detailed verifying of additions and extensions. They were costing the government in all, \$5,400. For that amount he could employ one chief assistant at \$2,400 to do all the high-grade work, and do it better, and three calculating machine operators at \$1,000 to verify all additions and extensions. That setup would snap the work out on time with no added cost to the state; yet he had to wait for the next appropriation act before he could get the necessary change in his statutory roll. Before the passage of the national Classification Act, Congress used the statutory roll for many of the federal agencies. Honorable Charles P. Niel, then United States Commissioner of Labor, told the appropriation committee of Congress that if they would remove the statutory roll straight-jacket and give him two-thirds of the existing salary appropriation in a lump sum, they could save the taxpayers one-third of the appropriation, and with the remaining two-thirds he could do more and better work. Practically every experienced administrator knows that the statutory roll hampers, if it does not prevent, developing an effective organization and procedure. Progressive legislatures have adopted far more effective methods of salary control that promote rather than impede good administration.

The Salary Range. Modern salary acts generally provide for each class of positions, and one fixed flat salary as in Oklahoma, but a range of salaries. To illustrate Oklahoma fixes the salary of what are junior stenographers at \$1,200 for some departments and at \$1,500 for others. If these wages are accepted as at about the right general level, a modern salary act would probably provide a salary range for the class "junior stenographers" something like this: \$1,200, \$1,260, \$1,320, \$1,380, \$1,440, and \$1,500.

The new junior stenographer, just starting, would begin at \$1,200. As she learned her duties and became more valuable, her salary would be gradually advanced, in accordance with the method prescribed by the salary law; but in no case could she receive more than \$1,500 as a junior stenographer. If she was so efficient as to be selected for responsible duties as a stenographer-secretary, her new duties would put

her in the senior stenographer class, with a salary range \$1,560, \$1,620, \$1,680, \$1,740, and \$1,800. Once again she would start at the foot of her class, at \$1,560, and work her way up in accordance with the rules laid down by the salary act.

No one uniform method of controlling salary advances within the salary range established for a given class has been adopted by all governments and private employers who are using such ranges. In general, however, both length of service and efficiency are considered. England gives the advance regularly, after fixed intervals of service, unless the chief of the office makes an adverse report against the employee; and in general, foreign countries make length of satisfactory service the controlling factor. In America, more weight has been attached to efficiency and various systems of efficiency or service rating; but even here a certain length of service is generally required before an employee is eligible for an advance and then the law provides that the employee may be advanced only one step at a time. One gets the impression that in private corporations the rules are less rigid and more is left to the discretion of the officials. Practically everyone agrees, however, that the employee should have a positive incentive to be efficient and to remain in the service.

Size of Salaries. When a state drafts a salary standardization bill, it ordinarily gets interested in the principles which should govern in determining the general level of salaries. For entrance classes, into which young people come on first working for the government, it is generally agreed that ordinarily the initial salary should not be materially higher than the better private employers are paying for comparable work. The idea is that if a boy or girl gets into the government service and does not like it, he or she should have no inducement to remain because the salary is materially higher than other employers will pay for like work. If the employee does not like his work, the government administrator and the personnel man want him to quit; and the sooner he does it the better for him and for the government. Then, too, if the salaries for the numerous lower class positions are materially above prevailing rates, the jobs become juicy prizes and the patronage bees seek the honey. From the budget standpoint, high rates for the numerous low class positions mean heavy expenditures; for it is the salaries in the numerous positions that really determine the aggregate amount of expenditure for salaries. It is curious how little the top salary rates influence the aggregate.

The state will, however, meet one serious question when it attempts to apply this principle of the "prevailing rate among the better private employers." The prevailing rate may be below a reasonable minimum wage, a wage that will permit the employee to live in accordance with what is called "a health and decency standard." Then will come those questions as to whether the employee has dependents or not and whether the minimum wage is to support one individual or a family. Australia has taken that bull by the horns and pays no employee less than the minimum health and decency minimum wage for a single person. If an employee has dependents, and his wage is less than the minimum health and decency standard for that number of persons, it pays him a special and personal bonus based on the number of dependents. If the basic salary is high enough to support a family, there is no bonus for dependents. Several European countries have used somewhat similar devices. Now that the United States is considering various forms of social insurance and is attempting to provide economic security, it is possible that devices of this type may be tried by progressive states in this country.

No American government has ever tried to pay its upper administrative, professional, scientific, and technical workers, salaries equal to those paid by the better-paying private corporations for comparable work; and in no case on record has any legislative committee or salary and wage commission even considered doing it. The upper salaries in the public service in this country are all low, compared with those in private industry. That is why a public personnel man generally asks the promising youngsters who seek his advice about entering public service whether they are ambitious to be rich or even well off. If that is their ambition, the public service is no place for them. Thus there is no real guide for determining the top levels. The Congressional Joint Commission on Reclassification of Salaries, which did the initial work upon which the Classification Act of 1923 was based, considered salaries of university professors as comparable and significant; and the federal scale, although somewhat

lower than that of the great endowed universities, is otherwise comparable with that of the better-paying universities of the country. The salaries now paid for the higher responsible positions in Oklahoma are extremely low; so low, in fact, that the state would in normal times have difficulty in getting and retaining competent employees to direct the work of the administrative services.

Salaries and Cost of Living. Another question that always comes up in salary legislation is: "What shall be done with respect to fluctuations in the cost of living and changes in the economic conditions of the country?" Government salary rates tend to be rigid and irresponsive to economic conditions. A government employee who keeps his job may be relatively well off in hard times and relatively poor in good times; but there is a fly in his ointment. When times are good, no great public clamor is raised to increase his salary scale; but when times are bad there is a strong demand not only that his salary be cut but that his job be abolished. When the taxpayers are hard hit themselves, they have little patience with the argument that stability of employment and certainty of wage are major compensations of the public service. With hundreds of teachers and other employees paid in warrants that cannot be cashed except at a discount, with many furloughs without pay, and many dismissals because of reduction of staff, the government recruiting officer is deprived of one of the principal arguments in favor of the public service. Not in every state can the Supreme Court declare unconstitutional salary cuts carried in an appropriation bill, as was done in Oklahoma.

In several foreign countries the employees are paid a fixed salary, plus a cost of living bonus, the amount of which is adjusted each year in accordance with the cost of living index. St. Paul, Minnesota, has for some years adjusted its salary schedule according to the index. During the World War, the federal government used a cost of living bonus for the old establishments. Congress each year fixed the bonus, using percentages of basic pay the first year, and flat sums after that until the Classification Act was passed. That Act contained no provision for adjustments, but only required the classifying agency to report on needed salary changes. Twice the Congress amended the Classification Act, partly to adjust salaries upward because of changes in the cost of living. During the present depression Congress cut the salaries of the federal employees, with the provision that the President should from time to time readjust the salaries upward in accordance with advances in the cost of living. Sentiment among employees, economists, and students of public administration has in the past been much divided on the desirability of automatic cost of living adjustments. The whole subject should be restudied in the light of the bitter experience of the past few years; but it would seem as if the arguments in favor of a fixed salary, plus a cost of living bonus, with the bonus adjusted annually, are stronger than they once appeared and may, as a matter of fact, be in the interest of both the employees and the taxpayers.

The fixed sum part of the salary, being as nearly certain as is the employment itself, enables the employee, with reasonable assurance, to enter into these long-time contracts that are a part of the ordered life of good public employees, such contracts as a lease on a place to live, or a long-term purchase contract for a house, life insurance, and some systematic provision for the costs of educating his children and for the rainy day or old age. The balance of his salary, plus the variable cost of living bonus, takes care of food, clothing, and those other items the cost of which varies with the times. The existence of the flat fixed sum warns him of the danger of letting fixed charges exceed it. Some study and observation of the effects of salary cuts on the permanent employees of the national government showed that serious trouble came where an employee, feeling that his salary was secure, had assumed too high a proportion of fixed charges, especially for the purchase of a house on the installment plan, for a lease of a house or apartment, or for life insurance. Another serious trouble came where the cut carried the wage below the minimum health and decency standard; but here again the principal difficulty was that the costs of shelter could not be reduced in proportion to the cuts. These employees had to pay the rent, or the interest on the mortgage and taxes; and, when they had done that, there was not enough left for food and clothing; they could not buy the products of the factory and the farm. The third cause of serious difficulty has no particular bearing on the present question; the government employees, like most other people who were lucky enough to keep

a job during the depression, had to help out relatives whom the depression had made dependents.

ADMINISTRATION OF A MODERN PERSONNEL SYSTEM

The success of a personnel system such as has been outlined depends almost entirely upon its administration, which in turn depends on the will and the determination of the people of the state. Even the best of personnel laws can be largely thwarted through bad administration. If patronage brokers get control of the administration, the state gets perhaps a little bit better service than it did under the spoils system; but it also gets much more hypocrisy. One thing can be said of the present spoils system in Oklahoma, there is no hypocrisy about it. Most of it is out in the open where it can be seen. The newspapers tell most of the story. When the Constitution and the statutes provide for a really competitive merit system and patronage brokers in control are manipulating the system administratively, they must try to keep their illegal work dark and appear respectable. If organizations of private citizens interested in good government are vigilant, and if the newspapers give full publicity to all evasions of the law, few dark places are left.

Associations of Employees. In this connection, it should be said that most governments using the new system permit, or even encourage, their employees to organize into employees unions. The unions of government employees constitute one of the greatest forces for preventing unfair practices in public personnel administration. Political favoritism to one employee means injustice to the others; and the great body of public servants under a merit system, want, most of all, fairness and honesty in the administration. Similarly, a progressive government encourages its professional scientific and technical employees and its upper administrative officials to belong to the national organizations of workers in their fields. In fact, where these professional organizations have established definite standards for membership, there is a growing tendency to require that candidates for appointment in the public service shall have qualified for membership in the appropriate national organization. These national organizations, or their state or local chapters, help the public in preventing crooked administration of the competitive system.

The Schools. One other safeguard should be mentioned. Under a good system of service administration, grade schools, high schools, colleges and professional schools are, in part, training boys and girls for the public service. The entrance positions in the administrative services are prizes which may be won by their better students. If the great body of graduates of the public educational system see the law disobeyed and the prizes given on the basis of political pull to persons who did not earn them, that influential group of citizens is likely to join a crusade. That is one of the great advantages of the Australian personnel system, which ties its competitions for the public service into its public educational system. Within the past five or ten years a development in that direction is taking place in America; and the professional, scientific and technical schools and associations are beginning to demand that positions in their fields shall be filled only by well-qualified persons selected competitively.

Judicial Aspects. The administration of a competitive merit system involves three different types of work: (1) Judicial, (2) legislative, and (3) administrative.

The central personnel agency, as has already been pointed out, judges the competition. It must see that even handed justice is done to all and that the best man wins. In determining the class to which a given position is allocated under the salary standardization law, it must hear all the facts and render its decision, another judicial act. It also generally has to hear and decide other cases where charges have been made that the personnel law has been violated, either by subordinate employees or administrative officers. Since, in law, the central personnel agency is not a court but only does work in some respects similar to that of a court, its judicial functions are technically called "quasi-judicial."

Legislative Aspects. Rarely does a legislative body prescribe in minute detail all the regulations that shall govern its employees. It generally lays down the broad general guiding principles and gives the personnel agency the power, ordinarily subject to the approval of the executive, to adopt detailed rules and regulations. Under such a system, Australia has developed a code of administrative law governing all matters

of personnel that is ahead of anything that has been done in this country, and appears to be fair alike to the employees and the taxpayers. For example, it covers adequately the payment of travel and subsistence expenses for employees whose duties take them away from their home offices. Oklahoma has a variety of provisions on this subject scattered through its statutes; some extremely strict, some wide open. Australia has gone into that subject thoroughly and has it under control. Use of state cars by employees or the payment for private cars used on state business is another subject which can well be standardized under the rules and regulations of the central agency; and then there is the matter of leave regulations, vacation leave, sick leave, and petty absences. All the detailed matters of personnel administration may well be placed within the quasi-legislative powers of the central agency.

Administrative Aspects. The administrative work of the central agency is technical and requires specialized education and experience. It requires investigations to determine the actual duties and responsibilities of positions, classification of positions, preparation of class specifications, establishment of suitable entrance qualifications, devising of suitable tests and the actual giving and grading of tests, and, in addition, maintenance of the necessary records and conducting of necessary relationships with operating departments. Some of the older men in this field, of course, learned by rule of thumb or trial and error; but the younger men nowadays are university trained in public administration and psychology, especially employment psychology, mental measurements and besting methods. The younger men generally have thorough training in statistics and the incidental mathematics. All this training and experience may sound rather foreign to Oklahoma; but Oklahoma has contributed good men in this field. Those who are known to the survey staff do not, however, work for the state of Oklahoma. Of the three, one heads the personnel department of a large private corporation; and the other two are occupying responsible positions in the service of the national government. Unquestionably, Oklahoma could supply its own men if it desires to use them in building a sound administrative service.

The Board and Its Executive Officer. Because of the combination of judicial, legislative, and administrative duties in the central personnel agency, the usual form of organization is to place control in a board of three laymen. This board then selects a technically trained and experienced man as the executive officer, who is responsible for the administration. Today the tendency is to designate him "chief personnel officer." The older title was "chief examiner and secretary." He gives full time to his position. In the national government, the three board members are likewise full-time officers; but in Oklahoma the board members would be required for only part-time work. They might either be paid a fixed sum per day when actually employed, with a maximum limit on the annual amount, or they might be paid only their expenses. Maryland has operated successfully with only a chief personnel officer, called the Commissioner of Public Employment, and without any board, but many persons believed that success in Maryland was due to the fact that it had one Governor continuously for 15 years. It was he who gave Maryland service administration and named as Commissioner of Public Employment one of the outstanding public personnel men of the country, appointed originally from outside the state to the second position and then promoted to the commissionership. Australia started with a board, then tried the one-man head, and later returned to the board because of the legislative and judicial features of the work. In Oklahoma, conditions seem to demand a board.

The central problem is to keep politics and patronage out of the personnel agency. To that end, men and women of outstanding ability, force, and character must be selected for positions on the board and must hold their positions either during good behavior or for long terms. In the entrance hallway of the United States Civil Service Commission at Washington, protected by red ropes running through eyes in brass posts, stands an o'd-fashioned desk and chair, which was once occupied by a young civil service commissioner, who played an important part in "fighting the spoilsman" and in improving the national administration. If anybody wants interesting reading, he will find it in reports of congressional civil service hearings, when patronage congressmen were battling with that militant young commissioner who later became President Theodore Roosevelt. The United States Commission has a great tradition. Many eminent men and women have there served their country with distinction. If the people of

Oklahoma want to replace patronage administration with service administration, they must place some of their best citizens on the personnel board and keep them there; and the board must select the best trained personnel man it can find and keep him in office in spite of any opposition.

Set-up of the Board. Several of the older personnel laws provide that not more than two members of the board of three shall belong to the same political party; and such a provision may be wise in states where parties are so nearly equal that frequent changes in party control result. The history of the national commission would seem to indicate, however, that the ability, integrity, and force of the commissioners are of more consequence than their party affiliations. Curiously, the United States Commission has in the past 25 years rarely divided along party lines. Many students now advise against any consideration of party in the selections, because independents and persons who have taken little interest in partisan politics generally make the best commissioners. Appointment to the board of one woman noted for devotion to the cause of good government has much to commend it.

How should such a board be selected in Oklahoma? It would apparently face a Herculean task, since most of the administration is at present so intensely political and the patronage system so deeply rooted. One possibility would be to provide by constitutional amendment for a board of three to be elected for long terms. At the first election, one member might be elected for four years; one, for eight years; and one, for twelve. Every four years thereafter, one member would be elected for a twelve-year term. Members of the board would be removed only by impeachment. Vacancies could be filled for the remainder of the unfinished term at the next regular election. There would be no necessity for an appointment pending the election, because such a board can function with two members or even only one. Oklahoma already has too many elective officers; but, even so, there is much to be said in favor of an elected board for this state, provided the people really want to take patronage out of the administrative service. If such a system should be adopted, the Constitution should provide that the candidates be placed upon the ballot only by petition, that no party designation be used on the ballot, and that no political party may nominate any candidate for the board in its primary. Such a plan would enable, say two thousand citizens, to have placed on the ballot the name of a citizen who has outstanding qualifications for the place. Of course, two thousand patronage brokers could do the same. Then the choice would be up to the people. Members of such a board would become the tribunes of the people in personnel administration; and it would be for the people to decide what kind of tribunes they wanted.

Another possibility would be a similar board of three, appointed by the Governor, the first appointments being, respectively, for four, eight, and twelve years. Each Governor thereafter would make a single appointment to the board during his term, preferably in the middle of his term. As a declaration of public policy, the law should specify in some detail the qualifications which the board members should possess, should prohibit appointments for political purposes, and should prohibit removals except for causes, which should be specified in some detail. (A board, thus appointed and holding office continuously through successive executive and legislative terms, might be able to lift administrative positions out of politics and put all state departments, institutions, and agencies on an expert service basis.)

The Chief Personnel Officer. The law should require the board to select its chief executive officer, the Chief Personnel Officer, by open competitive examination; it should broadly and clearly state his qualifications; and it should prohibit any consideration of political endorsements or of the political affiliations of the candidates. The people of the state would be wise if they provided specifically that residents of other states may be admitted to the examination. If such a course seemed too radical, a provision might be added authorizing the board, if it sees fit, to make its choice, not from the three standing highest on the list, but from the three highest who were born in Oklahoma, or educated in Oklahoma, or had resided in the state for a specified number of years, or even from the three highest who are now residents of the state. This examination would be of the non-assembled type, in which candidates submit a detailed record of training and experience on which they are graded. The three highest would naturally be called before the board for oral tests. Well-equipped persons from outside

the state might be willing to submit their papers in such an examination, even if they knew that the board had authority to exclude them from consideration. The law might also specifically authorize the board of its own motion to ascertain and record the education, experience, and other qualifications of any person possessed of the requisite qualifications, and include said records in the competition with or without the consent of said person. If such a person were, in the judgment of the board, the best-qualified person who had entered the competition, it could offer him the position and he would be free to take it or leave it. In some instances, excellently qualified persons at present employed by private corporations or by other governments do not wish for one reason or another to file applications for another job. It would seem that for high and responsible positions, the personnel agency should be authorized to enter them in the competitions, even if they may not accept. Obviously, in any published test of competitors the names of persons thus entered should not be included; and the rating given them should be regarded as confidential unless they are offered and accept the position. Then their papers and their grades should become official records open to inspection. Similarly, in all correspondence and other investigational work relating to such a person, the board should make it clear that the person is not a candidate or an applicant and that the board is considering him on its own initiative.

In general, the board should seek positively and actively to get the best possible people for the administrative service of the state, and not merely to strive to prevent incompetent people from getting jobs through pull.

RETIREMENT OF AGED EMPLOYEES

States which operate on a patronage basis escape one difficulty; they do not have to give much thought to the veteran civil employee who has given his active life to the service of the state and is now too old and feeble for effective work. In a spoils system state, when a man or woman is too old or feeble to be employed in private industry, some politician may try to get his old friend on the public payroll, even as the superintendent of a state institution, a job which requires a fairly young and vigorous man. In Oklahoma, most employees are not of advanced age. A good many have been in the state service less than four years, some from four to eight years, and a few from eight to twelve years. Those who have served continuously for more than twelve years are rare. The state with a service administration has many employees with 20 or more years of service; they are often active, vigorous men of middle age occupying positions of responsibility and possessed of that seasoned judgment that comes with years of professional or administrative experience. A time comes, however, when the power of the veteran begins to fail through advancing age and it is in the interests of the administrative service to replace him with a younger man. For this reason, the national government and many states and private corporations have established retirement systems.

Problems. Unfortunately, both our governments and our private corporations have seen the necessity of getting good employees, training them, and keeping them in the service for the whole of their working lives long before they have realized that this necessary business policy leads to a day when they have deserving veterans on their hands who should be retired immediately in the interest of efficient service. They appreciate that they cannot in sound justice turn the veterans off with no provision; and yet, since nobody has given any real thought to the subject, no arrangements have been made to finance retirement allowances. When a government goes into this subject, it discovers the following facts:

1. That retirement allowances for veteran employees who should be retired at once must be paid entirely from the Treasury of the state.

2. That with respect to new employees who enter the service after a good system is established, it is relatively easy to make provision for future retirement by setting aside each pay day a relatively small percentage of their pay in a special retirement fund on an actuarial or insurance reserve basis. Such a system is relatively easy to handle financially.

3. That with respect to employees already on the payroll, who are, let us say, between 20 and 65 years of age and whose length of service varies from a few weeks to 45 years, the problem is more complex, because,

a. They will serve for some time, varying from a few months to almost 45 years, so that during their remaining years, something can be accumulated regularly to purchase retirement allowances.

b. All have some claim for past service for which no provision has been made, and if the claim is to be recognized, payments will have to be made out of the State Treasury.

The state then appreciates that the chief difficulty arises from having to provide retirement allowances with respect to past services. Future services can easily be made to take care of themselves. If Oklahoma should decide to have an efficient administrative service and to get, train, and keep good employees, it should at the same time establish at once a retirement system on the actuarial reserve basis. On each pay day, it should put into the retirement reserve the actuarially determined percentage of each employee's pay so that when the time comes for that employee to retire, the amount necessary to pay his retirement fund will be already accumulated in the retirement fund. The state can either operate the retirement fund itself; or it can arrange with a private insurance company to handle it for the state. Possibly, it could be handled through an old age security system such as that now proposed.

A Retirement System Not a Pension Plan. Through loose use of language such systems are often called pension plans. A real pension is a gift or a gratuity. In so far as a state gives a retirement allowance for services rendered before the retirement system was established, the allowance may properly be regarded as a pension, a gift, or a gratuity. With respect to services rendered after the system is set up, the retirement allowance is part of the wage, and is provided for in the wage contract. To illustrate, after a sound retirement system has been established on an actuarial reserve basis, a girl 22 years of age enters the state service as a stenographer at \$100 a month, under an employment contract that provides that \$95 shall be paid her in cash each pay day and \$5 shall be deposited to her account in the retirement fund, to accumulate for her a reserve which shall be used to purchase for her a retirement allowance when she reaches the retirement age. She buys her own retirement allowance by her work; it is part of her wage; only it is paid to her in a different way than most of her salary.

The Constitution of Oklahoma contains a provision against payment of pensions by the state. Generally, courts have held that such a provision does not prohibit the use of a wage payment contract that requires a part of the wages to be paid into a retirement reserve fund. The courts have distinguished between a deferred wage system and a gratuity system. It is therefore believed that the courts would sustain the constitutionality of an act that set up an actuarial retirement reserve, and absolutely required that a certain percentage of each permanent employee's salary be paid into that trust fund to provide for the retirement of the employee. If Oklahoma adopts the policy of a trained and experienced permanent administrative service, it should at the same time provide for a deferred wage retirement system operated on the actuarial reserve basis and providing benefits with respect to all services rendered after the system is installed.

If such a system is established when businesslike permanent personnel administration is set up, the state need pay no benefits with respect to past services. It need have no gifts nor gratuities.

Needed Provisions. Such a system should be operated strictly on the actuarial reserve basis, with full actuarial control and periodic readjustment of rates so that the reserves will be entirely adequate to meet all claims. Provision should be made for:

1. A reasonable allowance, say of not less than half-pay nor more than three-fourths pay, for the employee who devotes his working life to the service and retires at say 65 or 70.

2. A reasonable allowance for the employees who have to be retired earlier because of disability occurring before reaching the retirement age.

3. Return of the employee's reserve in the retirement fund in event of:

a. Death in the active service.

b. Resignation from the service.

c. Dismissal from the service, although it may be provided that if the employee is short in his accounts, his retirement reserve may be applied, so far as may be necessary, to make up the shortage.

The drafting of such legislation and the subsequent operation of the system require the services of expert retirement actuaries; and call for similar but greater skill than is needed in the establishment and operation of a legal reserve life insurance company. Oklahoma has on its statutes a teachers' retirement act, which was not drafted by such experts. Fortunately, it has never been put into actual use because it is actuarially and financially unsound. Oklahoma should have either a sound system or no system; for an unsound system means grief for everybody. Although the establishment and operation of a sound system requires expert service, that service can easily be secured by any state that wants to do a good job.

RECOMMENDATIONS

The people of Oklahoma should have a trained, experienced, and reasonably permanent administrative service in the state and in local units in order to assure efficient and economical public service.

Except for the few upper positions that involve deciding large matters of policy, all administrative positions should be filled by merit, and the entrance positions through open competitive tests. Reasonable permanency of tenure should be had.

The state should have a State Personnel Board of three members, either elected by the people or appointed by the Governor, to be made up of outstanding citizens of the state, loyal to the cause of good government. The tenure of board members should overlap and each member should serve for, preferably, twelve years. They should be part-time officers.

The State Personnel Board should select, through open competitive examination, an experienced and expert chief personnel officer, who should be executive officer and secretary of the Board, and should be immediately responsible for all detailed technical work of personnel administration.

The chief personnel officer, upon appointment, should ascertain and record the duties and responsibilities of all administrative positions in the state, classify all positions on the basis of their duties and responsibilities, prepare class specifications, and submit the classification plan to the State Personnel Board. The Board should then review and revise the plan and submit it to the legislature, which should review, revise if necessary, and adopt the classification plan with the necessary law to govern its administration. The chief personnel officer, subject to the general direction of the Personnel Board, should study the question of salaries and prepare a report with recommendation thereon for the consideration of the legislature. The legislature should prescribe for each class of positions a salary or preferably a range of salaries that shall be paid for positions allocated to that class, and rules to govern salary advancement within the prescribed range.

The legislature should provide that the State Personnel Board, through the chief personnel officer, shall audit, preferably pre-audit, every state payroll for the administrative service, and shall certify (a) that every employee on the payroll has been appointed in accordance with the state personnel act and (b) that each salary has been fixed in accordance with said act.

All disbursing officers should be made personally liable for any salary payment that may be disallowed by the State Personnel Board, either on the ground that the employee has not been selected in accordance with law, or that the salary paid is not in accordance with law.

The legislature should either (1) require that all appointive officers and employees of the counties, not under some other adequate system by which they are selected on the basis of merit, shall be appointed in accordance with the provisions of the state personnel act, being tested and certified by the State Personnel Board, or (2) authorize any county to decide, either by popular vote or by action by the board of county commissioners, whether such county will place such officers and employees under the merit system. County officers and employees, when selected in accordance with the state personnel act, should be reasonably permanent and should hold office during good behavior.

The chief personnel officer and the State Personnel Board should work cooperatively with the budget, accounting, and purchasing agencies of the state in all matters of general administration, so that the Governor and the legislature can be fully informed and advised of the needs of the state with respect to appropriations and expenditures for personal services.

When the state provides for a permanent, economical, and efficient administrative staff, it should establish a deferred pay retirement system on a sound actuarial reserve basis, and should provide that the percentage of each employee's salary necessary to maintain such a reserve shall be paid into the retirement reserve on each pay day.

In drafting the retirement system act and in the subsequent control of the fund, the state should retain an expert retirement actuary at a reasonable rate per day actually employed.

CHAPTER XXI

COUNTY CONSOLIDATION

In recent years, along with the attention that has been given to the problems of local administration, the question of county consolidation has been considered in state after state. Consolidation has been widely advocated by students of political science, has received the endorsement of leaders in politics, and in a few instances consolidations have actually been effected. One would naturally expect to find the subject widely discussed in Oklahoma where other problems of local administrations have received consideration, and where the county has become, except for the municipalities, the only unit of local administration. In spite of the widespread interest in county consolidation, however, and in spite of its being advocated for the country as a whole, little can be said with confidence relative to the advisability of a general consolidation of counties even within the borders of a single state.

ELEMENTS OF THE PROBLEM

It is generally agreed among specialists in various fields that for local administrative purposes a relatively large county is preferable to several relatively small ones. Larger offices serving a greater number of people will permit greater specialization with less duplication of equipment. The purpose of county consolidation is to increase the size of the county and thereby to increase its efficiency as an administrative unit. The question which must be answered is, what should be the size of the resulting counties? Or to put it another way, how many counties should there be in a given area?

The Question of Size. In 1907 the Constitution established 75 counties in Oklahoma but stated that the legislature should provide by general laws (1) for creating new counties, (2) for altering county lines, and (3) for the equitable division of assets and liabilities when changes were made. The Constitution also provided that townships could be abolished by referendum and that townships which had been abolished could be reestablished at the next general election. It can be seen that the authors of the Constitution contemplated changes in the number and size of local administrative units. They did have ideas, however, regarding the minimum size of the county. The following limits are stated in the Constitution: (1) No new county may be formed of less than 400 square miles of taxable area, or with fewer than 15,000 people, or with less than \$2,500,000 taxable wealth as shown by current tax rolls; (2) no existing county may be reduced in taxable area, population or taxable wealth below the limits established for new counties; (3) no territory may be transferred from one county to an already existing county if by such transfer the county from which area is taken is made smaller than the one to which area is added; and (4) the legislature may not increase the minimum of taxable area, population or taxable wealth.

It is noteworthy that all of these limitations fix minima for the size of the county. The Constitution also provides that if the aggregate value of taxable property in a county should become less than \$2,500,000 it may be declared unorganized by a majority of the votes cast at an election on the question, and be attached to the adjoining county with the lowest taxable value. While unorganized, the county is to be in all respects a part of the county to which it is attached; and it must remain so until by a majority vote of its electors it is declared to be reorganized.

Judging from these provisions and from the fact that 27 of the 75 counties established by the Constitution have less than the minimum of 15,000 inhabitants, it appears that the authors of the Constitution expected the size of the county to increase rather than decrease.

Optimum Present Size. What is the most desirable size for the present-day county? In a recent study of units of government in the United States an attempt was made to answer this question for the country as a whole.¹ The question proved to be indeter-

¹William Anderson, "The Units of Government in the United States," *Public Administration Service No. 42*, pp. 28-37.

minate from a study of the size of the counties in existence. The average area of the county in the 48 states ranged from 117.5 square miles in Rhode Island to 8,128 square miles in Arizona with 958.5 square miles the average size for the entire country. Average population ranges from 5,356 in Nevada to 326,893 in Massachusetts, with the country's average 39,617. The average area of the counties in Oklahoma is 901.5 square miles and ranges from 419 in Marshall County to 2,277 in Osage County. The average population of the counties is 31,117 and ranges from 5,408 in Cimarron to 221,738 in Oklahoma County.

One noteworthy fact was brought out by the statistical survey, namely, that the size of the county tends to vary inversely with the population density of the states; but to answer the question of size entirely on the basis of statistical generalization would be to assume that the size of the present county has been decided on the basis of present-day standards, when, as a matter of fact, the standards by which size has been determined are as superannuated elsewhere as they are in Oklahoma. The alternative approach to the question is to study the effect of area, population and taxable wealth, on the administration of the several county functions.

Location of the County Seat. Area is most important when considered in terms of the distance of various parts of the county from the county seat. There are 23 counties in Oklahoma in which the boundary is at some point more than 30 miles from the county seat. In six counties, the most distant point on the boundary is more than 40 miles away; and in three counties the distance is about 50 miles. In order to provide the most equitable distance to the county seat from all points on the boundary, the counties should all be squares of equal size with the seat of each county exactly in the center. Of course, consideration other than serial distance makes such an arrangement undesirable. Yet it is worth considering that there are a number of counties in which a substantial part of the territory included within their boundaries is closer to the seat of another county.

The Constitution provides that no county line may run within ten miles of a county seat. Yet, the city limits of Tulsa extend to the boundary of Osage County at a point which is 40 miles in a straight line from the Osage County seat. The seat of Washington County is almost on the Osage County line at a point which is 18 miles in a straight line from the seat of Osage County. The town of Lexington in Cleveland County is just across the river from the McClain County seat, while the seat of Cleveland County is 15 miles away. The seat of Hughes County is less than 15 miles by road from the Seminole County seat; and the farthest point on the Hughes County line is 28 miles in a straight line from the seat of Hughes County. These situations handicap administrative officials and add to the cost of such activities as transporting prisoners, assessing property, and supervising public health and relief. They cause inconvenience and unnecessary expense to individuals in paying taxes, obtaining licenses and certificates, recording public information, and filing legal instruments. It is obvious that all persons in a county cannot be situated at the same distance from the county seat; but situations should be avoided which cause unnecessary inconvenience and expense.

Population and Taxable Wealth. So far as population is concerned, the expectations of the authors of the Constitution have not been fulfilled. According to a recent study of the year-by-year migrations of population by counties in Oklahoma, population growth has not kept pace with the natural increase in population, with the result that there has been a net emigration from the state since 1910.¹ There have always been at least 18 counties with less than the 15,000 minimum, and at present there are 20. On the other hand there is no county in the state where the value of its taxable wealth is at or near the constitutional minimum. In 1934, after reductions of 30 per cent since 1931, the lowest county valuation was \$3,410,497. Changed conditions have rendered both of these minima valueless as indications of the optimum size of the present-day county.

Consolidation and Tax Rates. Taxable wealth is an important factor in deter-

¹C. Warren Thornthwaite, *Internal Migration in the United States*, 1935, p. 40.

mining the size of the county since besides being an administrative unit, the county is also a taxing unit. The total cost of county functions does not vary proportionately with the taxable value of the county. Therefore, the cost of local government per dollar of assessed value tends to be higher in counties with low valuation than in counties with high valuation. For illustration let us consider a group of seven neighboring counties: Garvin, Pontotoc, Murray, Carter, Johnston, Love, and Marshall; and let us suppose that it is desired to raise \$700,000 among the seven counties. To raise \$100,000 per county on the basis of 1934 valuations would require levying the following rates:

County	1934 Valuation	Tax Rate Required
Garvin	\$13,774,163	\$7.26 per thousand or about 7 mills
Pontotoc	13,243,839	7.55 per thousand or about 7.5 mills
Murray	5,761,068	17.86 per thousand or about 17.5 mills
Carter	20,859,758	4.79 per thousand or about 5 mills
Johnston	6,336,904	15.78 per thousand or about 16 mills
Love	4,428,322	22.58 per thousand or about 22.5 mills
Marshall	5,011,933	19.95 per thousand or about 20 mills

There is a difference of 370 per cent in the lowest and highest rates required. If the \$700,000 were raised on the total valuation of the seven counties a rate of 10 mills could be levied in each county.

Now, we have supposed that the same amount would be raised in each county. This was merely to provide an example in which cost did not bear the same proportion to value in every case. Actually, of course, the differences would not be so great. If we take the actual payments for governmental costs¹ in these counties in 1932-33, the rates required on the 1932 valuation are shown in the following table:

County	1932 Valuation	1932-33 Government Costs	Tax Rate in Mills
Garvin	\$14,747,131	\$143,723	9.75
Pontotoc	14,676,489	137,700	9.38
Murray	6,271,113	78,647	12.54
Carter	24,258,116	303,273	12.50
Johnston	6,250,171	90,437	14.47
Love	4,771,011	71,639	15.02
Marshall	5,792,644	76,852	13.27

The difference between the highest and lowest rates in the above table is only 60 per cent, and if the total governmental costs of the seven counties (\$902,271) had been spread over the valuation of the entire group (\$76,766,675) the rate in each county would have been 11.75 mills. Thus, consolidation, by causing tax levies to be spread over a larger area than that of a present-sized county, tends to offset the differences between localities in the value of taxable wealth.

The Case for Consolidation. The case for consolidation, then, rests on the following arguments: (1) That many of the present counties are unnecessarily small and that an increase in their size would result in increased efficiency and economy in administration; (2) that an increase in the size of the counties would permit a more central location of the county seat in a number of cases; and (3) that increasing the size of the taxing units tends to offset the differences which exist in taxable wealth by equalizing the tax rates.

Of the primary factors which influence administrative costs, population is the most important; but as the population of an administrative area increases, the per capita cost of administration tends to decrease. This is because the larger volume of business which accompanies a larger population permits greater specialization of employments within the organization, with less duplication of equipment, books and records. The economies which result, of course, are reflected in lower costs to the individual taxpayer. If we assume the realization of some of these economies in the example just given, the total payments for governmental costs would be smaller. If

¹These include all expenditures for county offices, county functions and interest on debt; but do not include payments for non-governmental costs, such as principal of debt, transfers between funds, etc.

by centralizing some administrative activities they had been reduced, say, to \$750,000, the tax rate on the basis of the 1932 valuation could have been \$9.77 per thousand, or less than 10 mills.

OBJECTIONS TO COUNTY CONSOLIDATION

Although functional specialists are generally agreed that economy would result from an increase in the size of the county, there are many real difficulties in the way of a movement to consolidate counties. In the first place, county consolidation is not a cure-all for the ills of local administration. As was remarked in discussing the internal organization of the county, there is no magic by which the consolidation of administrative agencies will effect economies or increase efficiency. Organization is not an end of government. It is only the means to governmental ends. Organization along whatever lines it is conceived should be carefully studied and developed to meet the demands of the particular functions to be administered. One difficulty is that it is not always possible to reconcile economical administration, as an ideal of county consolidation, with other ideals of our present form of government. High standards of administrative efficiency are seldom compatible with popular and frequent selection of officials or with local self-government in general. Another difficulty is that the optimum size of the administrative unit, considering the factors of area, population and taxable wealth may change considerably with shifts in population or changes in wealth, and may never be the same for all functions to be administered. A third difficulty is that a given area may be so unusual in its physical or economic features as to require unusual forms of administrative organization with results and costs which differ considerably from those in other areas.

Another way of stating this difficulty is that the consolidation of counties may not be the way to achieve the best results. It may be in certain cases that a county should be consolidated with a city, or that certain functions should be organized on a regional basis while others are left to be administered on a county basis. A final difficulty is that there are certain technical features of administration which do not automatically adjust themselves to a plan of consolidating counties.

Local Self-Government. Local jealousies and the participation of individuals in local affairs are perhaps the most serious stumbling blocks in the way of developing administrative areas of suitable size. Although improved methods of transportation, and communication have increased the size of the neighborhood for commercial and social purposes, people in general continue to identify the political locality with the neighborhood of horse-and-buggy days. The case for consolidation contains no argument for abolishing local self-government. It simply argues for the advantages of a larger unit of local government.

The people of Oklahoma are remarkably free from conservatism in this respect. They have already identified local administration with a larger unit of government than is common elsewhere. The Constitution provides for submitting proposed changes to a vote of the people as follows: (1) A proposition to establish a new county must be approved by 60 per cent of the votes cast in the territory proposed to be established as a new county; (2) a proposition to change county lines must be approved first by a majority of the electors of the county to which the territory is proposed to be added, and second by 60 per cent of the votes cast in the territory to be transferred. In spite of these high percentages, two new counties have been formed since 1907 and ten changes have been voted in county boundaries. Nevertheless, the objective in most cases seems to have been to establish a new boundary rather than absorb an old one.

Equalization. One of the arguments in the case for consolidation is that increasing the size of the taxing unit absorbs differences in tax rates. This argument can also be used against consolidation; and in all likelihood it would be so used. It must be remembered that the voters of all counties concerned must assent to a proposed consolidation. Under the provision for establishing a new county, 60 per cent of the votes cast in the entire territory must be in favor of the consolidation. Under the provision for transferring territory, consent must be given first by a **majority of the electors** (not merely votes cast) in the county to which territory is to be added, and

then by 60 per cent of the votes cast in the territory to be transferred. In either case, the vote cast must include those who will lose as well as those who will gain by the equalization of tax rates.

These difficulties may not be so great as they appear at first, because, as our example showed, the advantage in reduction of rates may develop in all but one or perhaps two of a group of several counties to be consolidated. If all the economies are considered which might result from a consolidation, the number of people adversely affected might be small. Nevertheless, if the advantages are enumerated by those who favor consolidation it is certain that they will be discounted by those who oppose the movement; and those who oppose may be counted on properly to display the disadvantages.

Temporary Effects. The movement for county consolidation originates in the recognition of changed conditions. It is recognized, for example, that distances of 40 or even 50 miles from the county seat are not now as considerable as distances of 20 miles a generation ago. There are besides many changed relationships in government. The counties have assumed functions formerly performed by the townships. The state has taken over the supervision or control of functions formerly performed by the counties. Cities have grown up within counties; and city administration in the urban areas has taken the place of county and township administration. Conditions will doubtless continue to change. In the population study previously mentioned, the point is made that Oklahoma's population is sensitive to agriculture and industrial changes.¹ In prosperous years, people move to the cities and to the more commercial counties. In years of depression, the movement is to the counties where one can farm on a small scale at low total cost.

A general consolidation of the counties in order to find a more suitable size for present conditions may result in establishing standards which are unsuited to conditions a few years hence; and in the long run, if the optimum size of the county is sought by consolidation, the question of changing boundaries and consolidating offices will always be present.

County-City Consolidation. County consolidation proposes to achieve its purpose by increasing the size of the county. Now, as was suggested in the beginning of this section, an increase in the geographic size of the county may not be desirable in all cases in which the consolidation of administrative agencies is needed.

In a county which contains a large city, for example, the differences between city and farm will not be overcome by increasing the size of the county. If the farmers do not object to such a move, the city-dwellers are sure to. The latter are perhaps less anxious to share in the administrative expenses of higher cost areas than the former are to lose control of elections. In such cases, it may be preferable to retain the present size of the urban county, or even to reduce its size so that it may be more uniformly urban, and to effect consolidations between city and county governments. There appears to be a good opportunity in selected cases in Oklahoma for consolidations of this type. Tax assessment and collection are already administered by county officers; financial control is largely centered in the county excise board; and the administration of public health and welfare are county functions. Without these functions, the city may be regarded as a number of overlapping taxing districts for police and fire protection, public works, and schools. An independent school district could as well include the entire territory of the county, and allow for abolishment of several school districts and school district boards. Consolidation of school districts has been discussed at length in the chapter on Public Instruction and the advantages of such a plan need not be repeated for the purposes of this discussion.

The city could remain a special taxing district for the other functions just mentioned or these functions might be expanded, with careful planning for future development, to serve the entire county. Costs would have to be apportioned, however, on the basis of some plan of districts. Of the city-county consolidations which exist in the United States the most familiar example is furnished by that of New York City

¹Thornthwaite, *Internal Migration in the United States*, p. 40.

which embraces five county areas. With New York, however, as with Baltimore, St. Louis, and other cities the case is that of the city expanding until it embraces the whole of the county area and largely assumes performance of the county's functions. None of the Oklahoma cities is large enough to absorb the surrounding area of the county in any short space of time. But as previously suggested the rest of the country does not furnish a reliable basis for generalizing about Oklahoma. The combination of city and county functions, if attempted in Oklahoma, must be done by the method best suited to local conditions.

Functional Consolidation. In counties where the density of population or the value of taxable wealth is low it may well be that increasing the size of the county will intensify the difficulties of administration. In such cases, it may be preferable to organize certain functions on a regional basis, while others are left to be administered on a county basis. It has been suggested in previous chapters relating to public health, public welfare, law enforcement and county financial administration that provision should be made for a combination of counties where counties singly can not maintain adequate administrative agencies. Regional administration is not a new idea. Districts which include several counties have long been common in the field of judicial administration. The danger that arises from applying this plan to the whole field of local activity is that there may be different sized administrative area for every local function. The difficulties which such a situation would create in budgeting, accounting, reporting, assessing, and collecting taxes are evident.

Technical Features. Mention has been made of certain technical features which do not adjust themselves automatically to a plan of county consolidation. There are many of these features, but the most important relate to the following questions: (1) The location of the county seat, (2) the use of county buildings, (3) the location of the courts and the jails, (4) the division of assets and liabilities, and (5) the highway program.

In the case of a proposed consolidation of counties, perhaps the most difficult question to settle would be the location of the county seat. The abandonment of the county offices in most of the existing county seats would probably be successfully resisted. The Constitution provides that the question to establish the county seat in a new county must be submitted to an election of the qualified voters and approved by 60 per cent of the votes cast. The provisions for removal of a county seat are as follows: (1) A written petition for removal of the county seat, signed by 25 per cent of the votes cast in the county for the head of the state ticket at the last preceding general election, must be filed with the Governor; (2) the petition must be accompanied by an affidavit stating that the signatures are those of qualified voters; (3) the Governor shall then issue a proclamation calling for a special election; (4) such towns, cities or places desiring to be named on the ballots must file with the Governor verified petitions to that effect, the petitions signed by not less than 300 qualified electors of the county. A proposal to remove the county seat of any of the present counties is sure to meet with practically unanimous opposition of the voters in the county seat. As the law now stands, county consolidation is practically impossible if it involves the elimination of a county seat.

County Buildings. The court houses in Oklahoma are all comparatively new. There are very few cases, however, in which they are sufficiently large to accommodate the additional staff members, records, and equipment which would be required to take care of the work of even one more county. A thorough-going consolidation would in most cases require the erection of new county buildings.

Location of the Courts. The county originally served chiefly as a unit of judicial administration. It is doubtful if centralization of local courts would also result in improved administration. The costs of court attendance, expenses of jurors and witnesses would all be increased by reducing the number of court seats, and a more lengthy court calendar would cause inconvenience and added time in disposing of cases or would necessitate division of the courts.

Court House and Jail. Criminal justice especially requires a measure of decen-

tralized administration. Criminals on trial or awaiting trial should be confined near the place where they are apprehended. Prisoners must be fed, given hospital care, and transported to and from the court room. Both the risks and expenses of the custody of prisoners are increased when the distance from the jail to the court house is made at all great.

County Debts. The Constitution requires that the legislature provide for equitable division of assets and liabilities when new counties are established or territory is transferred. The townships, though abolished, will remain as special taxing districts until their debts are paid off. It is evident that similar means would have to be adopted to pay off the indebtedness of consolidated counties.

County Highways. The differences between counties in the extent of highway construction are an important consideration. To combine counties which have reached different stages of highway development, it would probably be necessary to retain each county as a special highway district for an indefinite period.

CONCLUSION AND RECOMMENDATIONS

By no means all of the many problems which are raised by a proposal to consolidate counties have been considered, even by the strongest advocates of such a proposal. The problem at hand is not as simple as providing easier means for consolidation. It is to provide a more flexible basis for adapting local administrative organization to changing conditions. Consolidation of counties is merely one of the methods to be considered. It is not a substitute for any of the reforms which have been suggested elsewhere in this report; and it should not be adopted wholesale at the expense of other plans more suitable for certain situations.

It has already been suggested that in very small counties such as Adair, Marshall, Murray, and Coal, which find difficulty in meeting their current expenses under the present tax limitation, provision could be made for an entirely unsalaried board of commissioners. It has also been suggested that counties which do not find it profitable to hire a regular county engineer be permitted to hire a state-employed engineer for the work which was needed. It has been further suggested that a regional controller might be employed in some cases instead of a number of county controllers each serving a single county. Similar suggestions have been made relative to public welfare and public health agencies and the county attorneys.

Partial Consolidation. Along the line of this last suggestion, partial consolidation might be effected by providing for regional administration of other activities. By retaining each of the present county seats as court seats, and as the location of branch offices of other departments a large share of the technical objections would be avoided. In view of the objections to further centralizing judicial administration, it is doubtful in any case if consolidation of counties can include complete consolidation of the county courts.

As an example of partial consolidation we could suppose three counties which are ready for consolidation. The new county could have one board of commissioners, one county controller, one treasurer, one sheriff, one county attorney, one court clerk, one register of deeds, one assessor, one welfare officer, one health officer, etc., with headquarters at one county seat. Branch officers could be kept by as many of the officers as needed them in each of the other two county seats. The consolidated county would thus have one overhead organization, one county election, one set of accounts and reports. It would be one taxing district except for payment of indebtedness and for highways. The maintenance of the branch court houses and offices would be more expensive than complete centralization; but partial consolidation would be cheaper than no consolidation:

Need of Research and Planning. Consolidation of counties with careful attention to financial and administrative needs should provide the basis for more economical county administration; but consolidation should not be attempted without further study of the problems which it raises. In the last analysis, it is the local taxpayer who is to be satisfied in the matter of local administrative costs. It is useless to urge the adoption of programs which are not consistent with local objectives. The tax-

payers should be fully acquainted with all sides of the question, and should be provided with unbiased interpretive information by which to compare the proposed system with the present one.

A program for county consolidation should be constructed with an eye to the long-run effects. Consolidation should not be allowed to take place wholesale, or without proper check to assure the possibility of consistent development in local administration. Otherwise, some of the poorer counties might conceivably be excluded from consolidation with others and in some cases combinations might be effected which would promise no beneficial results.

The University can assist greatly with the research on which a consolidation program should be based. There already exist large counties within the state which can be studied as examples of what might be produced by consolidation. Careful analysis can be made of the administrative costs in such counties by functions and by offices and these analyses can then become the basis of recommended consolidations.

Under the Constitution the legislature is empowered to enact general laws for the establishment of new counties and for changes in county boundaries. A law to permit county consolidation and yet furnish suitable restriction on the procedure might contain provisions somewhat as follows:

That two or more counties may consolidate with the approval of 60 per cent of the voters of the proposed new counties, as provided by the Constitution.

That the consolidated county may not exceed a certain maximum size.

That the consolidation procedure shall be initiated by petition after the general method now provided for initiative petitions.

That a legislative committee shall hold hearings on the question and if approved the proposition shall be submitted to the voters at a special election on the question.

That the question of the location of the principal county seat should be determined by the legislature after the consolidation has been approved.

That the removal or abandonment of the remaining county seats, to be used as court seats and branch offices, should be governed by existing provisions of law.

CHAPTER XXII

ELECTION ADMINISTRATION

From incomplete data, it appears that the cost of elections in Oklahoma ranges from \$350,000 to \$400,000 annually. The cost for the current fiscal year may be itemized as follows:

State Expenditures: ¹	
Regular primary election, July 3, 1934	\$ 82,091.13
Run off primary election, July 24, 1934	81,785.31
General election, November 6, 1934	84,014.63
Total	\$247,891.07
County Appropriations, 1934-35 ²	118,759.00
Grand Total	\$366,650.07

At these three elections a total vote of 1,626,785 was cast, at a cost of 22.5 cents per vote. In the year 1934 there was a high vote; and hence the cost per vote was proportionately lower than in years when only local elections are held.

This cost is low in comparison with many states. It is not uncommon for it to average more than 50 cents, and in some cities it approximates \$1.00 per vote. On the other hand, the cost per vote is lower in a number of states. The relatively modest cost of elections in Oklahoma is due principally to the low salaries paid to precinct officers. In many other states, election officers are paid several times as much per day as in Oklahoma.

While Oklahoma makes a creditable showing in this respect when compared with other states, it would be able, with certain obvious changes in its election laws and administration, to reduce the cost by more than half, saving approximately \$200,000 annually. The largest item is the precinct cost—salaries of precinct officers, supplies, equipment, rental, etc. This could be reduced to approximately half by the simple expedient of using larger precincts. Oklahoma has about the smallest precincts to be found anywhere in the country. Many states use precincts with several times as many voters as are permitted by law in Oklahoma. The use of larger precincts, especially in the cities, would greatly reduce election costs. Precinct costs could also be reduced by using fewer officers to the precinct, particularly by doing away with the use of counters, except when actually needed, and only for the time needed.

Another important saving could be made by reducing the overhead election expenses in the state and doing away with special boards and officers and turning over the conduct of registrations and elections to regular state and county officers. In this way, a saving of at least \$50,000 annually could be effected. A reduction in the number of elections would not only cut down election costs, but would be otherwise desirable. Registration costs could be reduced by a simpler and more effective system of records. The law enacted by the 1933 legislature by which the state pays the principal costs of state elections appears just and wise. Accordingly, it seems particularly appropriate that the state enact legislation which will reduce election costs to a minimum, consistent with efficient operation and convenience to the voters.

NUMBER OF ELECTIONS

The elector who resides in a city of over 5,000 is called upon to vote in three elections or primary elections each year: For county and state and national officers in the even-numbered years, and for city and school officers in the odd-numbered years. In addition, he may be called upon to vote in special elections. Cities which have adopted their own charters may provide for fewer elections for city officers. The run-off primary is not used in city and school elections in cities of less than 5,000.

Many states have no elections whatever in certain years, and only two elections in others. The excessive number of elections in Oklahoma is caused by the holding

¹Estimates by Honorable J. Wm. Cordell.

²From the financial statement and the estimate of the needs of the 77 counties as certified to the State Auditor and filed with the Court of Tax Review.

of run-off primaries and the election of most local officers for two-year terms. A reduction in the number of elections could be accomplished by providing non-partisan elections for cities and towns, as well as school districts and thus eliminating the necessity for run-off primaries. In a number of states, no primary election whatever is required for local elections in small cities and towns, the candidate receiving the highest number of votes being declared elected. It is well recognized that partisan politics are entirely out of place in school, municipal, and judicial elections, and in many states non-partisan elections have been provided for these offices. In larger cities, non-partisan primaries are used to limit the final election to the two highest candidates for each office.

The use of partisan elections for school and municipal officers should be discontinued; and non-partisan elections, preceded by a non-partisan primary in larger cities, should be provided.

The number of local elections could be reduced also by providing for four-year terms of office. Four-year terms would not only reduce the number of elections and save this expense and bother to the voters, but would also tend to reduce political influence in public offices. Four-year terms of office are becoming more popular throughout the country; but not always is attention given to making the four-year terms of local officers coincide with the four-year terms of state officers so that the elections in certain years may be dispensed with entirely.

The number of regular elections should be reduced by providing, so far as possible, for four-year terms of office, with state and county officers elected at the same time.

All state and local officers should be elected, so far as possible, midway between presidential elections.

With present federal and state constitutional provisions, the election of certain federal and state legislators would still occur at two-year intervals; but the separation of presidential from gubernatorial and local elections would do much to free the state and local units from the influence of national politics, to make voting more intelligent by separating national from state and local issues, and to preserve state rights.

Special Elections. The existing Oklahoma laws wisely provide for the filling of vacancies in most elective offices by appointment until the expiration of the term, or until the next election is held. The better practice is to provide for appointment for the remainder of the unexpired term, even if an election is held before its expiration. Vacancies in certain offices are still filled by special elections, as in the case of members of the state legislature. In many states such vacancies are filled by the county commissioners of the county where the vacancy occurs, with satisfactory results and without the bother and expense of special elections.

Vacancies in elective offices should be filled uniformly by appointment by a suitable authority.

It is not uncommon for special referendum elections to be called. While the use of special elections in certain circumstances is entirely justified, in order to separate the vote upon such questions from the regular elections or in case of real urgency, ordinarily the vote upon such issues should be held in connection with regular elections. When special elections are held, their cost should be reduced to a minimum by providing fewer election officers, shorter hours perhaps, and where feasible fewer precincts. In Utah, where such measures are permitted, special elections usually cost more than 75 per cent less than regular elections. A step has already been taken in this direction by providing that the counters shall be dispensed with for special elections if only one question is submitted¹ or in any special election upon majority vote of the State Election Board. The next step would be to permit the State Board to require the consolidation of precincts for special elections called by the state, and permit the local authorities to consolidate precincts for special elections called to vote upon local questions. The registration books for the separate precincts would remain intact, but a single set of officers could handle two or more precincts at a single voting place.

¹Laws, 1933, Chap. 199.

Another possibility is to eliminate the use of counters in all special elections. They are obviously not needed, unless a very large number of propositions are submitted. By these means, the cost of special elections can be made so nominal that more frequent use of them might be justified. It is suggested that the hours from noon until eight P. M. in cities, and until seven P. M. elsewhere would be ample.

The cost of holding special elections should be reduced by eliminating the use of counters where practicable in such elections, the consolidation of precincts, and reduction of the hours.

REGISTRATION

Records. Registration records are unduly cumbersome. When the voter applies to register, a certificate of registration is made out in duplicate and the original given to the voter to be retained by him and presented at the polling place if required; and the duplicate copy is retained by the registrar and used to make up the precinct register. Duplicate copies of the certificates are turned over to the clerk of the county board of elections, who files them by precincts, and retains them for sending out to the polling place on the day of the election. The duplicate certificates are used at the polling place in case the identity of an elector is questioned. He may be required to produce his certificate for comparison with the duplicate on file.

In addition to the certificates of registration, two lists of registered voters are prepared, one by the county election board and one by the precinct registrar, the latter being turned over to the precinct election officers before the day of election for use at the polls. The register prepared by the secretary of the county board of elections is made up for the entire county, and is turned over to the county clerk for filing as a public record. Each of these registers contains a number of items about each voter, such as name, date, age, residence, occupation, race, color, and politics. It would appear that the county record of registration serves no useful purpose. The real registration list is that made up by the precinct registrar for use at the polls; though it would seem inevitable that this list would not always contain exactly the same names as the list of registration certificates sent out to the polling place by the county election board. Three separate registration records are kept: (1) The precinct register, prepared by the precinct registrar; (2) the duplicate registration certificates, maintained by the secretary of the county election board and sent to the precincts on the day of election; and (3) the county registration book, prepared by the secretary of the county election board, and filed with the county clerk.

A simplified system of registration records along the lines outlined below should be adopted.

It is recommended, first, that the certificate of registration be discarded entirely. Only two or three states provide that the voter shall be given a certificate which he may be required to present at the polling place. Such a certificate serves no useful purpose. It is not necessary for identification of the voter. In rural precincts and in all but the largest cities, the voter is personally known to at least one member of the election board, and there is no problem of identification. In large cities, where the voter may not be personally known to the precinct election officers, the use of a certificate does not help matters. A person impersonating the voter might present his certificate and, in the absence of other means of identification, be permitted to vote. There are much easier methods of identifying the voter who is not personally known to the election officers. The signature of the voter, which is compared with that on the registration record, is used in many states with satisfactory results.

The requirement of the certificate has a number of serious drawbacks. The voter may lose his certificate, and have to go to the trouble of obtaining a duplicate. Although no fee is charged for a duplicate registration certificate, it is an inconvenience to the voter and takes the time of the registrar. Doubtless many voters lose or mislay their certificates and, if called upon to produce them at the polls, would be unable to do so. It is probable that many fail to vote because of such loss. The use of registration certificates serves no useful purpose which could not be better served through other provisions.

The practice of issuing a registration certificate to the voter, which he may be required

to produce at the polls, should be discontinued. The voter, when he applies to register, should be required to sign an affidavit of registration, somewhat similar to the present registration certificate, upon a card or a loose-leaf form, which would constitute the official registration record.

This form should contain spaces for the name, address, precinct number occupation, and any other items desired, and an affidavit which the voter would sign, stating that he is a citizen of the United States, and that on the day of the next election he will be 21 years of age, and have resided in the State of Oklahoma one year, in the county six months, and in the precinct 30 days, and that to the best of his knowledge and belief he is qualified to vote. The item of age is objected to by many voters and is not necessary if the voter takes an oath that he is 21 years of age. The items of weight, height, color of eyes and hair, are unnecessary if the registration record contains the signature of the voter, for this alone is the best identification. Banks do not write out the items of personal identification about their customers for identification purposes, but rely instead upon their signatures.

The registration record here suggested is similar to that now in use in many states which have recently enacted permanent registration laws, including Minnesota, Nebraska, Iowa, Wisconsin, Michigan, Ohio, Indiana, California, Washington, Oregon, and others. If it is desired, duplicate records can be required, one to be kept in the county election office at all times. This is a safeguard against loss or tampering with the records, but, as a matter of fact, is not needed. Milwaukee has operated for years with only a single election record, which is sent out to the precincts in ordinary wooden boxes, with the cards loose (instead of being rodded), and has never had any trouble. Oregon has only a single registration record.

The registration records should consist of loose-leaf or card records, either with a single or with duplicate records.

On the day of the election the loose-leaf book containing the registration records of the precinct should be sent to each polling place. It may be suitably locked to prevent tampering or loss of records. This book would constitute the official register and could be arranged in alphabetical order.¹ If duplicate records are kept, it is suggested that the duplicate should be arranged alphabetically for the entire county, and thus constitute an index of voters.

The use of the original registration records or affidavits of the voters at the polls as the official registration list would eliminate the necessity for having a list of voters or register prepared by the precinct registrar. It would eliminate to a large extent the danger of omissions and discrepancies between the actual registrations and the register prepared prior to the election. It makes available for use at the polls the actual registration record of the voter, with his signature on it, a desirable feature. All of the recently enacted registration laws have also provided for the voting record of the voter to be included also on this record, by an entry of the date of the election in a space on the record for that purpose, thus indicating that he voted. By this means the task of checking up on whether a voter has voted during the preceding two years or three preceding elections is made easy; and cancellations for failure to vote can be done at a minimum of expense. The use of the duplicate registration records as an alphabetical index for the county would likewise avoid the necessity for preparing special county lists of qualified electors each year, as at present. It would also provide an index which may be used to catch duplicate registration in more than one precinct, and to locate the registration record of any voter where the voting precinct is unknown.

The original registration record should be filed by precincts and sent to the polls as the official register, thus avoiding the necessity for preparing special lists. The duplicate should be filed alphabetically for an entire county, thus constituting an index.

Registration Officers. A number of changes in the personnel in charge of registration are required. The county officer in charge of elections should also have charge

¹In Milwaukee the precinct records are arranged in street order to facilitate the printing of lists of voters by streets.

of registrations. It is suggested that a regular county officer, such as the county clerk, should be in charge of elections. Such officer should not only appoint local registration deputies, but also should keep the registration records of the entire county. Local registration deputies should be confined to taking applications and forwarding the records to the county registrar. This arrangement, which is common in recent registration laws, provides local deputies to receive registration applications, but centralizes the keeping of the official registration records in a county office equipped to maintain them. It avoids duplicate records being kept both by a county officer and a precinct registrar. It has operated satisfactorily for years in a number of states.

It may be deemed advisable to make the city clerk the officer in charge of registrations within cities. This is done in a number of recent registration laws.¹ It has the advantage to the voter of providing a local registration office. The city clerk may be made an ex-officio deputy registrar; or it may be provided that he shall be the registration officer of the city, maintaining the records and turning them over to the precinct election officers for use at the polls. In this arrangement, the county officer in charge of elections maintains the records for rural precincts; while city and town clerks keep the records for cities and towns.

The use of a special county registration office distinct from other county offices is unwise; and it increases the cost of registration, since it constitutes another office to maintain. The work of registration is highly seasonal, and can be done most economically when handled by a regular county office with its other duties. Another advantage of entrusting the registration of voters to a regular county officer is that his office is open throughout the year, and the voter always knows where to find it.

A regular county official, such as the county clerk or register of deeds, should be the registrar of voters for the county, with deputy registrars in rural precincts authorized to take registrations and forward the records to the county registrar. The city clerk of cities should be the registrar for all precincts within the city.

The Time of Registration. At present the registration period is limited to from 20 to 10 days prior to elections. This period is unnecessarily and unwisely short. Voters should be permitted to register any day of the year by applying to the county or city registration office or to the local deputy. It is necessary to provide a closing date before elections, so that the books can be closed and prepared for the election; but persons applying after the close of the registration prior to an election should be permitted to register, their registration not to become effective until after the election concerned. It is the practice in many states to permit voters to register at any time before the registration officers. It is, of course, true that few voters actually register until just prior to elections; but there is no reason why a voter should be denied the right to register at other times more convenient to him. It is not anticipated that the deputy registration officers would hold registration sessions; but they would take applications for registration at their usual places of business.

Qualified persons should be permitted to register at any time by application to a registration officer, registration for any election to close ten days prior thereto.

The method of registration suggested would require new registration records, and hence a new registration of voters. It is quite probable that an entirely new registration would remove from the registration books a good many names of voters who have died or removed. It is possible to institute a new, simplified system of registration records with a minimum of expense and inconvenience, by placing registration deputies at the polls at the general election in 1936, when a heavy vote will be cast, using the existing registration for that election, but registering the voters at that time for future elections. One registration deputy at each polling place could register all the voters when they appear to vote.

Correction of Registration Lists. In any system of permanent registration, the correction of the lists is of utmost importance; otherwise they become clogged with names of persons who have died or moved away. The following methods are recommended:

¹Michigan, Wisconsin, Iowa, Minnesota, and Washington.

1. Cancellation of deceased registered voters through the use of official death reports made by the registrar of vital statistics periodically to the county registrar.
2. Cancellation for failure to vote within a two-year period.
3. A transfer procedure for voters who change their residence.

Practically all states with permanent registration of voters require the officer charged with the registration of vital statistics to supply the county or city registration office periodically—monthly or less frequently—with a list of adults who have died since the preceding report. Through this office report, deceased voters are canceled as a matter of routine. It is inexpensive, and should be a part of any permanent registration system.

At present the election laws provide that any voter who fails to vote in three successive elections shall have his registration canceled. The usual provision in other states is that any voter who fails to vote in two years is canceled. Voting at one election within the two-year period serves to keep his name from being canceled. The important thing about this procedure is to be sure that it is carried out, and **that the voter is notified**, so that he may re-register if he is still qualified. No provision is made at present for the mailing of a form notice to the voter whose registration is about to be canceled. This should be done. If the suggested system of registration records were adopted, the record of such voter would show the elections at which he voted, and hence the period during which he has failed to vote, thereby rendering it quite simple to make the cancellation for failure to vote.

Transfer of Registration. The transfer procedure under permanent registration is important, for there will be more transfers than new registrations after the system has once been put into effect. The voter should be able to transfer his registration to his new address with a minimum of inconvenience. Many changes of residence are within the same city or county; and it should not be necessary in such cases to prepare a new registration record. The registration records should contain a number of spaces on which new addresses may be entered when the voter changes his residence, so that they may be shifted to the new precinct file. This reduces expense and bother to a minimum, and at the same time automatically cleans up the registration books of the old precinct, for the registration record is withdrawn from it.

Under the existing law the voter who changes his residence must go back to the registrar of the precinct of previous residence and have the registrar cancel his certificate. This is an unnecessary bother and expense, and doubtless is not done in all cases. If he still resides within the same city or county the better procedure is to permit him to transfer his registration to his new precinct. He may do this by appearing before the city or county registrar or the deputy of his precinct, and signing a request carrying the previous address from which he was registered, his present address, and the date of removal. In a number of states he is permitted to mail such a request to the registration office without appearing in person; and his signature is compared with that on file to make sure that the request is bona fide before the transfer is made. In several states the registration office is authorized to make transfers upon the receipt of reliable information that the voter has moved, such as telephone, gas, water, or electric removal notices. In such cases, however, as a safeguard, the election office must notify the voter of the transfer of his registration. It may appear that transfers should be made only upon the written request of the voter; but, in actual operation, this provision for transfer works well, for voters usually neglect to attend to the matter until just before an election, and many find themselves unregistered in their new precincts on the day of election. In some cities the registration office arranges to get the removal notices of the local utilities, and goes ahead and makes the transfers without waiting for a notice from the voter. This is a desirable service to the voter, and saves the registration office from the accumulation of this work just prior to elections.

When a voter moves from one county to another, it is impractical to have him transfer his registration to the new county unless the registration records are identical throughout the state. Even then, he may apply for a transfer on the last day of registration before an election; and the necessary delays in getting his registration record

from the county of his former residence would create a problem. It is accordingly customary to have the voter re-register when he moves from one county to another. At that time he is required in several states to sign an authorization to cancel his registration in the former county, which is forwarded to the registrar of the former county. This procedure is simple, effective, and saves the voter a great deal of trouble.

The voter who changes his residence within the same county should be permitted to transfer his registration by filing with the registration office a signed request, stating his old and new addresses. The voter who moves from one county to another should be permitted to register in the new county only after signing an authorization to cancel his registration in the county of his previous residence, which authorization should be forwarded by the county registrar to the similar officer of the county of the voter's previous residence.

Signature at the Polls. In addition to these provisions for the correction of the lists of registered voters, it is also desirable to require each voter to sign his name at the polls, which may be compared with the signature on the registration record. It should be the duty of the election officers to make such comparison before the voter is permitted to vote, except in cases where the voter is personally known to them. In a number of states where it is used the signature has proved to be a great protection against voting frauds. Any person fraudulently attempting to vote under the name of another person would incur great danger of detection and punishment. This provision, in connection with the cancellation for failure to vote, constitutes a real protection against voting frauds.

The signature requirement, however, may be objected to upon the ground that many voters are unable to sign their names. As a matter of fact, this is not the case. Most persons are able to sign their names, even though they may be unable to read. Persons unable to sign their names may be identified by a brief personal description, or by the provision that some other person who is a qualified elector in the precinct and personally known to the election officers be permitted to sign for such persons. It may also be objected that the requirement of the signature would slow up the voting. This has not been the experience in the states where it is used. The voter is required to sign the poll book, which he does without any bother or delay.

The voter should be required to sign his name in the poll book before being permitted to vote, and if there is any question as to his identity, his signature should be compared with that on the registration record by the election officer.

Challenges. With these provisions for correction of the lists and for identification of the voter at the polling place, there is little need for fear that unqualified persons will vote; but it is nevertheless necessary to provide means whereby registrations may be challenged. This, to be sure, can be done at the polls by watchers when a person appears to vote. If it is desired to make other provision, qualified electors and registered voters should be permitted to file challenges with the county registration officer. The present provision, however, which authorizes the county registrar to summon the voter to appear before him to prove his qualification, is fraught with danger of political manipulation and abuse. A clever political machine could file thousands of challenges against voters for the opposite party, and cause many of them to be removed upon non-appearance. The power of the county registrar in case of challenge should be limited to attaching a challenge notice to the registration record, which challenge would be decided by the precinct election officers if the challenged voter appeared to vote. The person making the challenge should be required to state the specific grounds of the challenge.

The procedure for challenging a registered voter should be changed to provide that when two electors make such a challenge the county registrar shall attach a challenge notice to the registration of the voter concerned; and such voter should not be permitted to vote until he removes the challenge by appearing before the precinct election officers and complying with the provisions governing challenges.

ELECTION OFFICERS

Under existing election laws, there is a State Election Board, consisting of three members, appointed for a term of two years by the Governor by and with the advice and consent of the Senate, from lists of five persons submitted by each of the two leading political parties. These three members are paid \$6.00 per diem, for not to exceed 50 days annually, plus expenses. The secretary of the State Election Board is also the secretary of the Senate, and receives a salary of \$3,000 annually.¹

The county election board consists of three members; one member, the secretary, appointed by the State Election Board and two members selected by the two political parties receiving the highest number of votes at the last general election. The members receive a per diem of \$4.00 for not to exceed 20 days each year; the secretary is paid in addition a salary which in counties of 15,000 population and less is \$50 annually and in other counties is \$50 plus \$25 for each additional 5,000 population or major fraction thereof.

The precinct election board consists of three persons, an inspector, a judge, a clerk. They are appointed by the county board of elections upon the recommendations of the two leading political parties; and not more than two of the precinct officers shall be from one political party, unless "it is impossible to secure a man qualified to attend to the duties of the office from the ranks of the other party." The precinct officers are appointed for four-year terms. Vacancies are filled from the party lists by the other members of the precinct board. The compensation is \$2.00 per day, except that the inspector is also paid mileage and time for going after and returning the election supplies. The salary of the inspector is limited to three days for each election. The county election board designates which positions each member shall fill; but the precinct board may change these assignments. The precinct election board selects four counters to be "equitably distributed" between the two leading political parties, not more than three to be from one political party unless it is impossible to find a qualified man from the other party to serve. All precinct officers must be residents of the precinct.

The two most significant features of this election machinery are: (1) The use of special officers in the state and the counties instead of regular officers; and (2) the appointment of election officers upon the official recommendations of the political parties. The conduct of elections is highly seasonal. There is no work to be done except just immediately prior to an election, and for a few days thereafter. Obviously, it is uneconomical to provide special offices to perform these temporary functions. The better practice, which is followed generally throughout the country, is to give the state administrative functions in connection with elections to the Secretary of State, and the county functions to a regular county officer, such as the county clerk. This practice avoids the maintenance of a special office for a few days' work during the year, but provides an office which is open throughout the year to serve citizens in any matter relating to elections. The election matters both state and county can be handled more economically and efficiently by a regular office as an extra function than by a special office.

Bi-partisan election boards, appointed upon the recommendation of political parties, are used in a number of states and have generally been unsatisfactory. They do not provide the supposed protection against election frauds, as shown by election crimes in many parts of the country under bi-partisan administration. The real effect of laws of this kind is to turn over the conduct of elections to the party organizations to be used as political spoils; with the result that incompetent and even corrupt persons are sometimes appointed to reward them for party service. Under the best election administrations in this country, there are no provisions for the appointment of election officers on the recommendation of party organizations; and such officers are selected with more attention to their ability. Party organizations feel no responsibility for the appointment of competent persons; but they use these positions to build up the party organization. It is questionable public policy, to say the least, to turn over the selection of election officers to organizations whose primary interest is in the winning of

¹\$3,600 according to statute, but \$3,000 in budget.

elections. Common sense would dictate that partisans, selected by the party machines, are the last persons to be used as election officers. The best type of election officers in this country are to be found in communities which make no attempt to represent the parties, much less to turn over appointments to them. This is true of the cities of Omaha and Detroit, the State of California and other sections of the country.

The Secretary of State should be made the administrative officer in charge of elections for the state. He should exercise the powers of the State Election Board (except the appointment of county election boards); and in addition he should be given authority to issue rules, regulations, and instructions governing the conduct of elections, in conformity with state law.

The county clerk or register of deeds should be in charge of elections within the county, performing all of the duties now performed by the county election board and the registrar of voters of the county. This officer should appoint all precinct officers, without being limited to the names submitted by the party organization; and he should provide the necessary instructions and supplies, and maintain the necessary records.

It may be objected, however, that the Secretary of State and the county clerk are elective officers, and accordingly would have charge of the conduct of their own elections. If the recommendations made in this report are adopted, both of these officers will become appointive. In any event, these officers are in charge of elections in many other states; and the fact that they are candidates at certain elections makes little difference. The important thing is the definite fixing of responsibility. Ex-officio boards may be provided if deemed necessary for the official canvass, consisting of the Secretary of State, the Attorney General, and a third person appointed by the Governor for the state; and the county clerk, the county attorney, and a third person appointed by the Secretary of State for the county. The third member should always be appointed from the major political party not represented by the other two members, when the other members are from the same political party.

The per diem of \$2.00 for the precinct election officers is doubtless too low to obtain capable persons, except those willing to make a sacrifice. A higher salary is suggested, with provision for fewer precinct officers and larger precincts in cities.

OTHER ASPECTS OF ORGANIZATION AND PROCEDURE

Voting Precincts. The present limitation upon the number of voters to the precinct (200), with the requirement that a precinct be divided if it contains 250 voters, is about the lowest to be found in the country. In many large cities, the average number of voters to the precinct runs from 400 to 500; and a few cities have precincts which average nearly 1,000 voters each. In some of these cities, voting machines are used; but, in many cities with large precincts, paper ballots are used. Furthermore, few of these cities with large precincts have a special force of counters. The regular election officers ordinarily count the ballots after the close of the polls.

Substantial economies would result from increasing the number of voters to the precinct. With proper arrangements for handling voters, there would be no delay in handling several times as many voters to the precinct as are now permitted by law. There is no reason why, given satisfactory records and an adequate number of voting booths, a single set of precinct officers cannot handle up to 1,000 voters without difficulty. Likewise, the four counters now provided should be sufficient to count the ballots. If the number of voters to the precinct in cities were increased to an average of 400 instead of 200 or less, the cost of elections would thereby be cut into half; if the number were increased to 600 or 800, the cost would be reduced to one-third or one-fourth the present figure. In many cities precincts having from 400 to 800 voters, or even a much greater number, are the rule. In special elections, as previously pointed out, it should be permissible to combine precincts. If school houses are used as polling places, with a single school house serving several precincts, it is a simple matter to combine precincts and to vote them as one in special elections. In such elections, the vote is always light, and usually the ballot is confined to one or a few propositions. In all cities, except a few larger ones, all the precincts of the city could be voted in special elections at the city hall or some other central location.

The present provisions limiting the size of precincts should be modified to permit the use of much larger precincts. It is suggested that no limit on the size of a precinct should

be placed in the statutes. Consolidation of precincts should be permissible for special elections.

Ballots. The present statutory provisions concerning ballots are unduly detailed. Some economies could be effected by repealing certain of the detailed provisions of the law, particularly the requirement that the package of ballots for each precinct shall be made up by the State Printer. It would be quite sufficient for the state to supply the county office in charge of elections with a sufficient number of ballots, made up in sealed packages, say, of 100 each.

The form of the ballot in general elections is at present the "party column" ballot. About one-third of the states use the true Australian ballot, in which there is no political party column or party emblem, all candidates for each office being grouped together under the name of the office. This type of ballot, known as the office group or "Massachusetts" type of ballot, has the merit of requiring an individual vote for each office. It is supposed to stimulate independent, discriminating voting, instead of straight-ticket voting. But the problem as to which of these types of ballots shall be used is largely political. Students of election administration look upon the "party column" ballot as a perversion of the true Australian ballot, and one that places an unwise premium upon straight-party voting.

It is recommended that the state adopt the office group type of ballot for general elections.

Supplies, Polling Places, etc. The election law provides for the delivery of the ballots and other supplies to the inspector of each precinct prior to the day of the election. It would be more economical and quite as safe to deliver these to the residence of the inspector of each precinct and secure a signed receipt therefor by sending a delivery truck to the various precincts on the day prior to the election.

The election law should be amended to permit the delivery of the ballots and supplies to the precinct election inspector instead of requiring him to make a special trip to the court house for them.

The provision concerning polling places is unnecessarily detailed, including such matters as that not more than five voting booths may be provided in each precinct, and the manner in which the polling place shall be roped off. Certainly, there is no necessity for limiting the number of voting booths which may be provided in the precinct. Efficient election administration requires that details of this kind be left to the officers in charge of elections.

The provision for printing the ballots in the form of a tablet, with a stub upon which the name of the voter is written, his address, and other particulars if he is challenged, is unnecessary, and serves to slow up the conduct of the election. In many states, no provision whatever is made for numbering the ballots, but if this is desired, the better practice is to print a serial number upon a perforated corner of the ballot, which may be recorded upon the poll book after the name of the voter, and the number detached before it is deposited in the ballot box. This would give the same protection, without as much record-keeping as at present.

In many state laws, provision is made that the polling places shall be in public buildings if any are available, a provision that makes for more dignified and economical elections. Many cities hold practically all elections in school houses or other public buildings. In order to facilitate the use of public buildings, a number of states permit the use of a polling place either in the precinct or in an adjoining precinct; and some states permit the polling place to be anywhere within the ward. As a result, several polling places are frequently held within the same school building in cities. It may be objected that this will require the voter to walk a greater distance to vote than would be required if each voting place were within each precinct. The answer is that the school is a more dignified place to hold an election than a home, garage, or small store; and, if the children walk to school daily, the parents can make the trip without inconvenience on election days. Where school buildings are used, the voter is usually certain of the place to vote; while, if voting places are rented, they are subject to frequent changes.

Provision should be made in the election law for the use of public buildings as polling places wherever possible; and the law should permit the locating of the polling place in the precinct or an adjoining precinct in cities.

Hours of Elections. The polls at present are open from 8 A. M. until 6 P. M., except in cities of the first class, where they are open from 6 A. M. until 7 P. M. It is very desirable that the polls be kept open until 8 P. M. in cities, for many of the voters will find it more convenient to cast their ballots after 7 P. M. than during the day. For special elections, it would seem unnecessary to have the polls remain open throughout the day. The state election authority might well be given power to shorten the hours for special elections.

The polls should remain open for all regular elections until 8 p. m. in cities.

Primary Elections. Under the election laws at present any qualified elector may have his name printed on the ballot by submitting a declaration of candidacy signed by two other voters, a method that is altogether too easy for persons who have little or no support, and who are merely advertising themselves, or who foolishly believe they have support. Some provision should be made to limit the campaign to candidates with appreciable popular support. The usual provision in other states is to require the candidate to deposit a filing fee, or to file a petition signed by a fairly large number of voters. The former practice is the better. While it may be urged that it discriminates against the poor candidate, the requirement of a filing fee is merely designed to assure that the candidate is serious, has some support, and is not merely self-advertising. No person who is not willing or who is unable to give some assurance of this kind as evidenced by the posting of a filing fee, should not be permitted to have his name placed upon the ballot. In England and in Canada, the filing fee is substantial and is returned to the candidate if he polls a substantial vote as provided by the statute. In this country, the states which require a filing fee specify a nominal amount, which is not high enough to deter some notoriety seekers. One per cent of the annual salary of the office is the law in several states. It is suggested that a larger fee, preferably as much as 5 per cent of the annual salary of the office, to be returned to the candidate should he poll, for example, 20 per cent of the votes cast for the office would seem to be fair and would deter frivolous candidates from filing. Such a provision would limit the campaign to real contenders, save expense in printing the ballot, and diminish the confusion of the voters.

The state law should require a filing fee of, say, 5 per cent of the annual salary of the office, for each candidate who files therefor, to be returned to the candidate should he poll a substantial vote, say, 20 per cent of the total vote cast for the office.

The present provision in the law for the mailing of notices by the State Election Board to the county election boards, and by them to the precinct election inspectors to be posted, telling of the offices for which nominations are to be made at the primary election, would seem to be a meaningless formality and a useless expense.

Absent Voting. For absentee voting it is provided that the voter who is absent from his precinct may appear at the polling places wherever he happens to be within the state and apply for an absentee voter's ballot, writing in the names of the local candidates for whom he is entitled to vote. The usual procedure in other states is to require the voter to apply to the election office of the city or county where he is qualified to vote, submitting an affidavit that he will be absent from the precinct on the day of the election. Upon receipt of such application, the local election office mails him a ballot of his precinct, with instructions to appear before a notary and execute an enclosed affidavit, mark the ballot, and return it. Voters who are within their own precinct but who expect to be away on the day of election are customarily permitted to vote ahead of time by making application to the local election office. Under these two methods, the voter is enabled to vote a ballot of his own precinct.

The absentee voting provisions should be amended to require the absent voter to apply to the election officers of his home precinct for an official ballot, either by mailing his application in, or by applying in person before leaving his home precinct.

Presidential Electors. A number of states have taken the names of the candidates for presidential electors off the ballots and have substituted therefor the names of the candidates for President and Vice-President. A vote cast for the candidates of a political party for these two offices are counted for the candidates of the party for presidential electors, whose names are filed with the Secretary of State. Thus, much greater

simplicity in voting for President and Vice President is introduced; and the voter is not confused with the names of the candidates for presidential electors. Election of presidential electors has long been a mere formality. The ballot is shortened and simplified by leaving their names off. Six states had enacted such laws prior to 1930, namely: Nebraska (1917), Iowa (1919), Wisconsin (1925), Illinois (1927), Ohio and Michigan (1929). Other states have followed their example since 1930. Since the Constitution of the United States grants to the state legislature the power to determine the method of selection of the electors, no constitutional question can be raised against this method of selection.

The law should be amended to provide that the names of the candidates for presidential electors of each political party shall be filed with the Secretary of State, and the names of the candidates for President and Vice-President only be placed upon the ballot, a vote for these candidates being counted for each of the candidates of the political party for presidential electors.

CHAPTER XXIII

ADMINISTRATIVE ORGANIZATION AND REORGANIZATION

In the other chapters of this report, existing administrative agencies, state and local, have been described and appraised and recommendations made for their reorganization. The present chapter is designed merely to summarize the results of these various separate studies. The following tabulations do not show all recommendations. For example, those relating to appropriations, internal organization, equipment, and operations can not be included. It is sought to present only a general comparative view of the present and proposed overhead organizations.

THE CHIEF EXECUTIVE

Present Agencies	Proposed
1. Governor (Elected at mid-year elections, 4-year term)	No change
2. Lieutenant-Governor	No change
3. Secretary of State (Elected, 4-year term)	Appointive without term and removable by Governor. Transfer corporation duties to Bank Commissioner. Transfer duties of State Election Board to Secretary of State.
4. Adjutant General	Eliminate confirmation by Senate.

LICENSING BOARDS

Present Agencies	Proposed
1. State Board of Accounting)	
2. Board of Examiners of Architects)	
3. Board of Barber Examiners)	
4. Board of Chiropody)	
5. Board of Chiropractic Examiners)	
6. Board of Dental Examiners)	
7. Board of Embalming)	
8. Board of Medical Examiners)	
9. Board of Examiners of Nurses)	
10. Board of Optometry)	
11. Board of Osteopathy)	
12. Board of Pharmacy)	
13. Board of Veterinary Medical Examiners)	
14. Board of Registration for Professional Engineers)	
15. Board of Cosmetology)	
	All secretarial and clerical work to be done by the Director of Personnel; or, if such office is not set up, by the Secretary of State.

PUBLIC SCHOOL ADMINISTRATION

Present Agencies	Proposed
1. State Board of Education (Superintendent of Public Instruction ex-officio and 6 members appointed by Governor with consent of Senate for overlapping 6-year terms)	7 members appointive by the Governor for overlapping 6-year terms.
2. State Superintendent of Public Instruction (Elected, 4-year term)	Appointive by the State Board of Education
3. State Textbook Commission	Abolish
4. Board of Control (for military and physical training)	Abolish

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| 5. | Board of Trustees (of the state teachers' retirement and disability fund) | No change |
| 6. | State Board of Vocational Education
(State Board of Education ex-officio) | No change |
| 7. | School district boards
(3 or more members, elected) | Abolish |
| 8. | | County board of education (5 members, elected at large. - 4-year terms) |
| 9. | County superintendent of public instruction
(Elected, 2-year term) | Appointive by county board of education |

HIGHER EDUCATION

Present Agencies

Proposed

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|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | State Board of Education
(In charge of teachers' colleges) | No change |
| 2. | Board of Regents of University of Oklahoma.
(7 members, appointed by the Governor with consent of Senate for overlapping 7-year terms. Removable only by impeachment) | 7 members, appointed by the Governor for overlapping 7-year terms. Removable only by impeachment |
| 3 | | Board of Regents of the Oklahoma Agricultural and Mechanical College at Stillwater
(7 members, appointed by the Governor for overlapping 7-year terms. Removable only by impeachment) |
| 4. | State Board of Agriculture | Transfer all educational functions to the Board of Regents of the Oklahoma Agricultural and Mechanical College |
| 5. | Board of Regents of the Oklahoma College for Women
(Superintendent of Public Instruction ex-officio and 4 members appointed by the Governor with consent of Senate for overlapping 5-year terms) | 7 members, appointed by the Governor for overlapping 7-year terms. Removable only by impeachment |
| 6. | Board of Regents of the Eastern Oklahoma College | Abolish, and transfer control to the Board of Regents of the University of Oklahoma; and, when the Department of Public Welfare is established, transfer to that Department. |
| 7. | Board of Regents of the Northeastern Oklahoma Junior College at Miami | Abolish, and transfer control to the Board of Regents of the University of Oklahoma |
| 8. | Board of Regents of the Colored Agricultural and Normal College | Abolish, and transfer control to the State Board of Education |
| 9. | Board of Regents of the University Preparatory School and Junior College at Tonkawa | Abolish, and transfer control to the Board of Regents of the University of Oklahoma |
| 10. | Board of Regents of the Oklahoma Military Academy at Claremore | Abolish, and transfer control to the Board of Regents of the University |
| 11. | The Co-ordinating Board | Abolish |
| 12. | The State Commission of Agriculture and Industrial Education | Abolish |

PUBLIC WELFARE

Present Agencies	Proposed
1. State Commissioner of Charities and Corrections (Constitutional and elective, 4-year term)	State Board of Public Welfare (5 members appointed by Governor for overlapping 6-year terms) Commissioner of Public Welfare (appointed by the Board without term)
2. State Board of Public Affairs (3 members, appointed by Governor with consent of Senate, 4-year terms, Bi-partisan)	Abolish and transfer welfare functions to State Board of Public Welfare
3. Board of Managers of Children's Institutions (5 members appointed by Governor, without terms, now merged with Board of Public Affairs)	Abolish and transfer functions to State Board of Public Welfare
4. Board of Commissioners for the Blind (5 members appointed by Governor, 4-year terms)	Abolish and transfer functions to State Board of Public Welfare
5. Soldiers' Relief Commission (3 members appointed by Governor on nomination by American Legion, Bi-partisan)	Abolish
6. The Commissioner of Pensions (Appointed by Governor for 4-year term)	Abolish
7. Emergency Relief Administrator (Appointed by Governor)	Abolish and transfer functions to State Board of Public Welfare
8. Board of Pardons (Superintendent of Public Instruction, President of State Board of Agriculture, and State Auditor)	Abolish
9. Pardon Attorney	Abolish
10. Commission for Crippled Children (Dean of School of Medicine, Commissioner of Health, and Superintendent of Public Instruction)	Abolish, unless necessary for purely coordinating purposes
11. County commissioners	Transfer administrative duties to county board of public welfare
12. County judge	Transfer social investigation and supervision to county board of public welfare
13. County relief administrator	County board of public welfare (3 members appointed by the board of county commissioners for overlapping 6-year terms) County superintendent of public welfare (Appointed by the board from a list of eligibles submitted by the State Department of Public Welfare)

LAW ENFORCEMENT AND PUBLIC SAFETY

Present Agencies	Proposed
1. Attorney General (Constitutional, elective, 4-year term)	Department of Justices (Headed by an Attorney General , appointed by Governor)

2. Board of Governors of State Bar (Elected by active members of the Bar)	Continue as at present
3. Superintendent of State Bureau of Criminal Identification and Investigation (Appointed by Adjutant General, with approval of Governor, without term, removable by Adjutant General at pleasure)	Transfer to Department of Justice. Appointive by Attorney General
4. State Fire Marshal (Appointed by Governor with consent of Senate, 4-year term)	Transfer to Department of Justice. Appointive by Attorney General
5. Motor license or tag agents (Appointed by the State Tax Commission)	Abolish, and transfer law enforcement duties to Department of Justice
6. Enforcement officers (Appointed by the State Tax Commission)	Transfer some to Department of Justice
7. Stolen Car Division (Appointed by the State Highway Commission)	Transfer to Department of Justice
8. Oil Inspectors (Appointed by the Corporation Commission)	Transfer to Department of Justice
9. County sheriffs (Elected, 2-year term)	Appointive by district court. Transfer law enforcement duties to Department of Justice
10. Municipal chiefs of police	Appointive by the Department of Justice in accordance with merit system
11. Constables	Abolish
12. County attorneys (Elected, 2-year terms)	Appointive by Attorney General
13. Justices of the Peace (Coroners) (Elected, 2-year terms)	Abolish, and transfer coroner's duties to county attorney

PUBLIC HEALTH

Present Agencies

Proposed

1. Commissioner of Health (Appointed by Governor, 4-year term)	State Board of Health (7 or 9 members appointed by Governor for overlapping terms of 7 or 9 years)
2. County Superintendent of Health (Part-time, appointed by board of county commissioners)	Commissioner of Health (Appointed by the Board, without term)
	County Superintendent of Health (Full-time qualified physician, appointed by board of county commissioners)

HIGHWAY ADMINISTRATION

Present Agencies

Proposed

1. State Highway Commission (4 salaried members appointed by Governor with consent of Senate, 3 for 6-year overlapping terms and the secretary-member for 2 years)	3 unsalaried members appointed by Governor for 6-year overlapping terms. Eliminate the secretary-member
2. Board of County Commissioners	Restrict to policy making and general supervision
3. County Engineer (Optional)	Mandatory

CONSERVATION AND DEVELOPMENT

Present Agencies

Proposed

1. State Board of Agriculture (President, elected for a 4-year term and 4 other members appointed by Governor)	Assign regulatory work to a Department with a qualified head appointed by the Board Transfer all educational work to the pro-
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| with consent of Senate for overlapping 5-year terms) | posed Board of Regents of the Agricultural and Mechanical College |
| 2. Advisory Board of the State Farm and Industrial Council
(Governor, President of State Board of Agriculture, and Director of Agricultural Extension of Agricultural and Mechanical College) | Discontinue |
| 3. Conservation Commission
(3 members appointed by Governor with consent of Senate, 4-year terms) | No immediate change. In 1939, transfer functions to a director appointed by Governor, retaining the Commission as an advisory body |
| 4. Oklahoma Forest Commission
President of State Board of Agriculture, President of Agricultural and Mechanical College, and 3 other members appointed by Governor for overlapping 6-year terms) | Abolish, and transfer functions to Conservation Commission |
| 5. Game and Fish Commission
(3 members appointed by Governor with consent of Senate for overlapping 6-year terms) | Continue; but possibly eventually abolish and transfer functions to the proposed Director of Conservation |
| 6. Geological Survey
(Under University of Oklahoma) | No change |
| 7. Flood Control Board
(3 members appointed by Governor, with consent of Senate) | Abolish, and transfer functions to Conservation Commission |

BUSINESS AND PUBLIC SERVICE REGULATION

- | Present Agencies | Proposed |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1. Insurance Commissioner
(Elected, 4-year term) | No change until Constitution can be amended |
| 2. State Insurance Board
(Insurance Commissioner, State Fire Marshal, and a third member appointed by the Governor with consent of Senate) | Abolish and transfer functions to Insurance Commissioner |
| 3. Fraternal Insurance Board
(Insurance Commissioner, and 4 other members appointed by the Governor with consent of Senate) | Continue as an advisory body |
| 4. Bank Commissioner
(Appointed by Governor with consent of Senate, 4-year term) | No change |
| 5. Banking Board
(Bank Commissioner and three other members appointed by Governor with consent of Senate for 4-year terms) | Continue as an advisory body |
| 6. Building and Loan Board
(Bank Commissioner and three other members appointed by Governor with consent of Senate for 4-year overlapping terms) | Continue as an advisory body |
| 7. Securities Commission
(Bank Commissioner, State Auditor and Secretary of State) | Abolish, and transfer functions to Banking Department |
| 8. Secretary of State | When Constitution is amended, transfer functions relative to incorporations to Banking Department |
| 9. Corporation Commission
(Elected, overlapping 6-year terms) | No change |

LABOR ADMINISTRATION

Present Agencies	Proposed
1. Commissioner of Labor (Elected, 4-year term)	No change
2. Board of Arbitration and Conciliation (Commissioner of Labor and 6 members appointed by Governor with consent of Senate, 3 of these on nomination of Commissioner of Labor, 4-year terms)	No change
3. Chief Mine Inspector (Elected, 4-year term)	Appointive by Commissioner of Labor with approval of Governor
4. Assistant Mine Inspectors (4) (Elected, 4-year term)	Appointive by chief mine inspector with approval of Commissioner of Labor
5. State Mining Board (5 members appointed by Governor with consent of Senate, 4-year terms)	No change
6. State Industrial Commission (3 members appointed by Governor with consent of Senate for overlapping 6-year terms)	Transfer all except quasi-judicial work to Department of Labor
7. Advisory Committee (for state insurance fund) (5 members appointed by Governor for 2-year terms)	Retain, if deemed desirable

LIBRARIES AND RELATED AGENCIES

Present Agencies	Proposed
1. Oklahoma Library Commission Superintendent of Public Instruction and 4 members appointed by the Governor for overlapping 6-year terms)	No change
2. Board of Directors of the Oklahoma Historical Society (25 members elected by the Society, with the Governor ex-officio)	Transfer state appropriations to the Library Commission. Divide collections between the Historical Society, the Library Commission and the Department of History at the University
3. Board of Directors of the State Library (Justices of the Supreme Court ex-officio)	Change name to Law Library
4. Curator of the American Legion Memorial Hall (Appointed by the Governor)	No change
5. Curator of the G. A. R. Memorial Hall (Appointed by the Governor)	No change
6. Curator of the Confederate Memorial Hall (Appointed by the Governor)	No change

COUNTY EXECUTIVE AND CLERICAL AGENCIES

Present Agencies	Proposed
1. Board of County Commissioners (3 members elected by districts, 2-year terms)	3 members elected at large, 4-year terms. Reduce salaries. In some counties, eliminate salaries
2. County Clerk (Elected, 2-year term)	Appointive without term by board of county commissioners. Transfer financial duties to county controller.

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|----------------------------------------------------|-----------------------------------------------------------|
| 3. Court clerk
(Elected, 2-year term) | Appointive by county or district judge |
| 4. Surveyor
(Elected, 2-year term) | Appointive, when needed, by board of county commissioners |
| 5. Public weigher
(Elected, 2-year term) | Appointive by board of county commissioners |

STATE FINANCIAL ADMINISTRATION

- | Present Agencies | Proposed |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Budget Officer
(Appointed by Governor with consent of Senate, 4-year term) | State Comptroller
(Appointive by Governor without term) |
| 2. State Treasurer
(Elected, 4-year term) | No immediate change; but eventually should be appointive by Governor |
| 3. State Auditor
(Elected, 4-year term) | Eventually, should be appointive by legislature. Transfer pre-audit, warrant, and bookkeeping divisions to proposed State Comptroller. |
| 4. State Examiner and Inspector
(Elected, 4-year term) | Transfer to State Comptroller duties relative to state departmental accounting and reporting; and to State Auditor duties relative auditing state agencies. Eventually, abolish and transfer local government accounting and reporting functions to State Comptroller, and local government auditing functions to State Auditor. |
| 5. State Board of Public Affairs | Abolish and transfer pre-audit and bookkeeping divisions to State Comptroller; and institutional auditing to State Auditor. |
| 6. State Depository Board
(Governor, Attorney General and State Treasurer) | No change |
| 7. State Bond Commissioner
(Attorney General) | No change |
| 8. State Fiscal Agency. | No change |

STATE PURCHASING, CONTRACTING AND CUSTODY

- | Present Agencies | Proposed |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. State Board of Public Affairs | State Purchasing Agent
(Appointive by Governor without term)

Transfer all purchasing, contracting, custody, repair and maintenance functions to State Purchasing Agent; but, if Department of Public Welfare is established before State Purchasing Agent, transfer such functions to that Department and eventually to State Purchasing Agent. |
| 2. State Highway Commission | Consider eventual transfer of purchasing and contracting to State Purchasing Agent. |
| 3. State Board of Agriculture | Transfer Agricultural and Mechanical College purchasing office and other purchasing and contracting functions to State Purchasing Agent. |
| 4. Other State Agencies | Transfer purchasing functions to State Purchasing Agent. |
| 5. Adjutant General | Transfer custodial functions to State Purchasing Agent and Capitol police to Department of Public Safety (or of Justice). |

COMMISSIONERS OF THE LAND OFFICE

Present Agencies

Proposed

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. Commissioners of the Land Office
(Governor, Secretary of State, State Auditor, Superintendent of Public Instruction, and President of Board of Agriculture) | Appointive by the Governor for overlapping 12-year terms |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|

COUNTY FINANCIAL ADMINISTRATION

Present Agencies

Proposed

- | | |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 1. (State) Court of Tax Review | Abolish |
| 2. State Examiner and Inspector | Eventually transfer local auditing to State Auditor and local accounting control to State Comptroller |
| 3. State Auditor | No immediate change |
| 4. State Treasurer | No change |
| 5. Attorney General | No change |
| 6. State Depository Board | No change |
| 7. Board of County Commissioners | Complete local financial responsibility |
| 8. County Excise Board | Abolish, and transfer functions to board of county commissioners. |
| 9. County Treasurer
(Elected for 2-year term) | Appointive by board of county commissioners without term. Some change in functions |
| 10. County Clerk | Transfer financial functions to the county controller |
| 11. County Attorney | No change in financial functions |
| 12. | County controller
(Appointive by board of county commissioners without term and removable only for cause) |
| 13. School District Treasurers | Abolish, and transfer duties to the county treasurer |

PERSONNEL ADMINISTRATION

Present Agencies

Proposed

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|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | State Personnel Board
(3 members elected for 12-year overlapping terms; or appointed by Governor for overlapping 12-year terms)
Chief Personnel Officer
(Appointive by Board) |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

ELECTION ADMINISTRATION

Present Agencies

Proposed

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| 1. State Election Board
(3 members appointed by Governor with consent of Senate, on recommendation of political parties, 2-year terms) | Abolish, and transfer duties to Secretary of State |
| 2. County Election Board
(3 members, one appointed by State Election Board, two by the two political parties) | Abolish and transfer functions to county clerk or register of deeds |
| 3. Precinct Election Board
(3 members, appointed by county board of elections on nomination of political parties, 4-year terms) | Appointive by county clerk or register of deeds |

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|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 4. County Registrar
(Appointed by Secretary of the State Senate) | Abolish and transfer duties to county clerk or register of deeds, and city clerk. |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------|

PLANNING, RESEARCH AND LEADERSHIP

Present Agencies	Proposed
1.	State Council (3 members of Senate appointed by Lieutenant Governor, 3 members of the House appointed by the Speaker, and 5 members appointed by Governor, these to serve overlapping 10-year terms) Secretary (Appointed by the Council)
2. Code Commission (Governor, President pro-tempore of the Senate, Speaker of the House, chairman of committees on code revision of Senate and House, and two members of Board of Governors of State Bar)	Abolish and transfer functions to State Council
3. Uniform Laws Commission (3 members appointed by Governor)	No change
4. State Library Commission	Transfer legislative reference work to State Council
5. Attorney General	Transfer bill-drafting to State Council
6. State Planning Board (Governor, chairman of Highway Commission, chairman of Conservation Commission, chairman of State Board of Affairs, and 3 other members appointed by Governor for 6-year overlapping terms)	Abolish and transfer planning functions to State Council.
7. Judicial Council (Unofficial)	Continue

TAX ADMINISTRATION

Present Agencies	Proposed
1. Oklahoma Tax Commission (3 members, appointed by Governor with consent of Senate for 4-year terms)	No change
2. Court of Tax Review (3 district judges designated by Governor)	Abolish and transfer functions to Tax Commission
3. Attorney for Tax Commission (Appointed by Governor)	Appointive by Attorney-General
4. State Board of Equalization (Governor, State Auditor, State Treasurer, Attorney General, State Examiner and Inspector, and President of Board of Agriculture)	Abolish and transfer functions to Tax Commission
5. County Assessor (Elected, 2-year term)	Elected for four-year term. Work to be supervised by Tax Commission
6. County Board of Equalization	No change in matter of election. Advisory functions to be exercised by Tax Commission

The above outline lists separate administrative agencies by fields of administration; and it contains duplications, since certain agencies perform functions in different fields. In the following lists, the present and proposed agencies are given, duplications being eliminated and minor agencies excluded. The fact that an agency is listed in the first

column and omitted from the second does not necessarily mean that such agency is to be eliminated altogether; but in most cases it means that the agency is to be subordinated to some other agency.

STATE AGENCIES

Present	Proposed
1. Governor	1. Governor
2. Secretary of State	
3. Adjutant General	2. Adjutant General
4. State Board of Education	3. State Board of Education
5. State Superintendent of Public Instruction	
6. Board of Regents of University of Oklahoma	4. Board of Regents of University of Oklahoma
	5. Board of Regents of Oklahoma Agricultural and Mechanical College at Stillwater
7. Board of Regents of Oklahoma College for Women	6. Board of Regents of Oklahoma College for Women
8. Board of Regents of Eastern Oklahoma College	
9. Board of Regents of Northeastern Oklahoma Junior College at Miami	
10. Board of Regents of Colored Agricultural and Normal College	
11. Board of Regents of University Preparatory School and Junior College	
12. Board of Regents of Oklahoma Military Academy	
13. The Co-Ordinating Board	
14. Commissioner of Charities and Corrections	7. State Board of Public Welfare
15. State Board of Public Affairs	
16. Board of Commissioners for the Blind	
17. Soldiers' Relief Commission	
18. Commissioner of Pensions	
19. Emergency Relief Administrator	
20. Board of Pardons	
21. Pardon Attorney	
22. Commission for Crippled Children	
23. Attorney General	8. Attorney General, heading Department of Justice
	9. Board of Governors of State Bar
24. Board of Governors of State Bar	
25. Superintendent of Bureau of Criminal Identification and Investigation	
26. State Fire Marshal	
27. Commissioner of Health	10. State Board of Health
28. Highway Commission	11. Highway Commission
29. State Board of Agriculture	12. State Board of Agriculture
30. Conservation Commission	13. Director of Conservation
31. Oklahoma Forest Commission	
32. Game and Fish Commission	14. Game and Fish Commission
33. Flood Control Board	
34. Insurance Commissioner	15. Insurance Commission
35. State Insurance Board	
36. Fraternal Insurance Board	

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|-------------------------------------------------------|-----------------------------------------|
| 37. Bank Commissioner | 16. Bank Commissioner |
| 38. Banking Board | |
| 39. Building and Loan Board | |
| 40. Securities Commission | |
| 41. Corporation Commission | 17. Corporation Commission |
| 42. Commissioner of Labor | 18. Commissioner of Labor |
| 43. Mine Inspectors | |
| 44. Industrial Commission | 19. Industrial Commission |
| 45. Oklahoma Library Commission | 20. Oklahoma Library Commission |
| 46. Board of Directors of Oklahoma Historical Society | |
| 47. Board of Directors of State Library | 21. Board of Directors of State Library |
| 48. Budget Officer | 22. State Comptroller |
| 49. State Treasurer | 23. State Treasurer |
| 50. State Auditor | 24. State Auditor |
| 51. State Examiner and Inspector | |
| | 25. State Purchasing Agent |
| 52. Commissioners of the Land Office | 26. Commissioners of the Land Office |
| 53. Court of Tax Review | |
| | 27. State Personnel Board |
| 54. State Election Board | |
| 55. State Planning Board | |
| 56. State Tax Commission | 28. State Tax Commission |
| 57. State Board of Equalization | |
| | 29. State Council |

LOCAL AGENCIES

- | Present | Proposed |
|-------------------------------------------------|------------------------------------|
| 1. Board of county commissioners | 1. Board of county commissioners |
| 2. Sheriff | |
| 3. County attorney | |
| 4. County engineer | |
| 5. County clerk | |
| 6. Court clerk | |
| 7. County excise board | |
| 8. County treasurer | |
| 9. County election board | |
| 10. County registrar | |
| 11. County superintendent of public instruction | 2. County board of education |
| 12. School district boards | |
| 13. County relief administrator | 3. County board of public welfare |
| 14. County superintendent of health | 4. County superintendent of health |
| 15. County assessor | |

CHAPTER XXIV

RESEARCH, PLANNING, AND LEADERSHIP

The present chapter is the final one of the survey report; and it seems fitting in this place to consider certain of the more fundamental aspects of administrative organization.

THE NEED OF PLANNING

The people of Oklahoma are to be congratulated on having recognized, that their administrative organization is unsatisfactory and on having instituted, in the present survey, a systematic though temporary procedure for improving administration. When a state sponsors such a study as this, it has taken an encouraging step and has adopted a sound method of ascertaining facts; but, the helpfulness of a survey depends in large measure on a clear understanding of its limitations. The present study does not cover the entire field of state and local administration; it does not include the legislature; for the most part, it does not deal with administrative procedures; as a rule, it makes no attempt to decide difficult and controversial questions of policy; it deals primarily with overhead organization. Nevertheless, within its restricted scope its recommendations are so numerous and, in some cases so drastic, that it is useless to expect that they will all be promptly adopted. They must be examined and discussed critically by the people of Oklahoma. They need not and should not be accepted as authoritative. They should be considered as offering a concrete and practical basis for discussion and as contributing some of the materials for a long-time program of administrative improvement. It remains for the people to take these recommendations, make a program out of them, and carry out the program, modifying it as new conditions and new needs arise. Moreover, even within the relatively narrow field covered by this survey, problems have appeared, as indicated in the previous chapters of this report, which require further study. Considered alone, therefore, this survey would suggest the need of organizing Oklahoma's capacity for leadership, so that the state may be able effectively and continuously to criticize and perfect its administrative organization.

Government, expressing itself through its prohibitions regulations, and administrative services, has become an extremely complicated undertaking. It is extending its influence and control more and more to the varied aspects and details of economic and social life. The statute law grows so voluminous as to make any reasonable and consistent revision of it exceedingly difficult. Administrative agencies multiply in number. Their functions increase and become more technical. Governmental expenditures mount; and taxation becomes a problem of the first magnitude.

Government presents fundamentally a problem of adjustment—the adjustment of laws to the needs of individuals and society; the adjustment of taxation to taxable resources, of administrative organization to functions, and of public policies to public opinion. This problem of adjustment, however, is not one that is easily solved. The various classes and groups of the population have become interrelated and interdependent. A defect or failure in one public service reduces the effectiveness of other public services. Scarcely a law is passed nowadays which, when enforced, does not have unexpected consequences. The voting population of a state or of the nation, organized into government for self control and self-development, has not yet found a way, collectively, to see through and think through its problems. Society, as well as the government which represents and seeks to guide society, has become an intricate mechanism, made up of numerous parts, delicately balanced and intermeshed, the operation of each part depending on the operation of others.

Moreover, governmental organization, like the economic and social organization of which it is an inseparable feature, needs continually to be repaired, altered, and rebuilt. We are living in an age of rapid and accelerating change. Governmental policies and administrative services, if they are to meet in reasonable measure the demands that are made upon them, must adapt themselves to new conditions. Such adaptation, however, can not be left to chance, to accident, to undirected and misdirected currents of emotion, or to the selfish and shortsighted pressure of organized groups. The adjustment of laws and public services to each other and to changing conditions and needs demands a broad and a long view. It has become increasingly evident in recent years that public policy must be comprehensively, intelligently, and farsightedly planned.

The depression itself may be viewed as a striking demonstration of what can happen to a people which is not prepared to plan and control its life to the extent of utilizing its own natural and human resources for the general well-being and happiness of its members. Aside from the depression, abundant illustrations come to mind of the results of unplanned development. One needs only think of the waste of natural resources; the losses occasioned by winds, floods, and fires; the persistence of physical and mental disease, feeble mindedness, disabling accidents, and crime; an uncoordinated transportation system; the existence of slums and unwholesome housing; and the insufficiency of parks and playgrounds. When one comes closer to the actual structure and functioning of government, one sees a body of law, much of it behind the best thought of the age and some of it obviously obsolete but not repealed; an unwieldy and overburdened legislature never catching up with its work; administrative agencies, organized and functioning according to the traditions of the Jacksonian era; and thousands of local units, wasteful, ineffective, perpetuating inequality, and essentially undemocratic.

The existing chaotic situation, the confusion of counsels, the frequent triumphs of selfishness and hysteria, the survival of obsolete ideas and outworn institutions, the prevalence of indifference, and the power of inertia—these are both symptoms and causes. They indicate the absence of disinterested, intelligent and informed leadership. They reveal a serious lag in the adjustment of ideas, of law, and of organization to changing conditions and changing needs. They suggest that we have no public program: that, as a whole, our collective achievements are inadequate and hopelessly lopsided, that we do not put first things first, that we neglect important things, that we do not deal with fundamentals, and that we do not visualize our ultimate objectives. In turn, these conditions create more lag, more disproportion, more lopsidedness, more maladjustment, and more confusion. As a people, we are, in a sense, caught in a vicious circle, which may be in the end destructive of those values and ideals which have been traditionally associated with Americanism and democracy. How can the vicious circle be broken? How can the lag in organization and in policy be overcome? How can government solve its accumulating problems without creating new and even more critical problems? How can progress be synchronized and stabilized? How can orderly evolution be assured? Probably no one is wise enough to give final answers to these questions. The best that can be done is to suggest certain steps, for which an immediate need seems to be apparent; namely, the creation and equipment of an agency for continuous planning and for the utilization of the research that is essential to comprehensive planning.

"Planning" is a term that means simply an orderly way of looking toward the future, a method of bringing about a result that is believed to be conducive to the general welfare. In order that planning may be something more than mere "wishful thinking" or the building of castles in the air, it must rest upon facts. Without information, planning is worse than useless. Planning, furthermore, must deal with reasonably concrete things. It must aim toward definite objectives.

PRESENT AGENCIES

Agencies at present engaged in research and planning in Oklahoma are, on the whole, inadequate and uncoordinated.

The Legislature. The legislature is, or should be, the ultimate planning authority of the state. If Oklahoma's law-making body were reduced in size, rendered more nearly representative of broad population groupings, made attractive to the ablest citizens, kept in practically continuous session, and equipped with a technical staff, there would probably be no need for a general planning agency outside of the legislature. As it is, however, the legislature does not adequately perform the planning function.

It has not yet acquired the habit of legislating expertly. The changes in administration which have been described in the chapter on Personnel Administration have greatly affected the work of legislators. In the old days, the subjects which came before legislatures were much simpler and much less technical than they are today. The legislators, without much technical aid and advice, could often master them in the few weeks of a legislation session. Today, the members of Congress and the legislators in many of the larger industrial states find that they have to have professional and technical assistance and advice from experts in special fields. The technical, scientific and professional employees of the government departments in Washington often spend many days with

individual members of Congress and with congressional committees, either as expert advisers or as witnesses before the committees. When highly technical bills are before the Senate, it is not unusual for the chairman of the committee in charge of the bill to have his expert adviser sitting by him in the Senate, ready to answer his whispered questions or to find and give to him the data bearing on the points raised in debate. The technical and administrative features involved in modern economic and social problems have become so difficult and so complex that the Congress of the United States, the Parliament of England, and the legislatures of our larger states have tended in recent years to settle, by legislative enactment, only large matters of fundamental policy, and then delegate to administrative agencies the duty of working out the details in administrative rules and regulations. Another device, used especially in great engineering projects, is for the legislative body to call on experts in administrative departments for a report, including plans and specifications, in fair detail. Then the legislature, after examining the report, adopts it as governing law by reference to it in the act. The legislators who take their responsibilities seriously generally recognize that the legislature must have available to it, technical, professional, and scientific expert information and advice, and that often they can only get such information from the specialists in the public service. It would seem, then, that proper planning and conduct of legislative work demands close coordination between the legislature and administrative agencies.

Legislative Reference Work. Moreover, most of the states have recognized that, for efficient law-making, a legislative reference service or bureau is essential. Well-developed legislative reference work usually involves the collection of data bearing on subjects of proposed legislation, compilation of material on such subjects for the information of legislators, the doing of research when necessary, consultation with law makers, and bill drafting. It may include also the compilation, codification, and revision of laws. In a number of states, this work is more or less closely identified with a state library or is done by a subdivision of the library; while, in some states, it is assigned to, or performed by, the Attorney General's office. Legislative reference work, however, is not library service and it is not a purely legal function.

In Oklahoma, there has apparently in the past been some intention that legislative reference service should be rendered by the State Library, which is a law library managed by the Supreme Court. During the recent legislative session, assistance in bill drafting is understood to have been supplied by the Attorney General's office. As a matter of fact, Oklahoma has made no effective provision for legislative reference work. Such provision should be made; but this function should not be assigned to a library or to the Attorney General's office. It should be established separately from any other administrative agency and closely tied in with the legislative branch (including the Governor).

Investigating Committees. It is an established function of legislature to investigate administrative agencies; and frequently interim committees, consisting of members of the two houses, are appointed to study particular problems or fields of administration. In some states, such interim committees conduct comprehensive research, prepare valuable reports, and submit to the legislature a planned program of legislation, sometimes accompanied by carefully drafted bills. Special legislative committees do not appear to be used in Oklahoma as often or as effectively as in some other states. They may be expected, however, to be used in the future more than in the past.

The Legislative Council. As the interim committee recognizes the need, in special fields, of research and planning, so the legislative council recognizes the same need in all fields. The increasing burden and difficulty of legislative work, and the short period allotted to legislatures for the discharge of their responsibilities have brought a conviction that some permanent agency should be established to prepare a legislative program and thus facilitate and expedite the task of the law-making body. For this purpose, the Kansas legislature established in 1933 a Legislative Council, consisting of ten senators and 15 representatives to be appointed by the president of the Senate and the speaker of the House of Representatives, these appointments to be approved by a majority vote of the respective houses. The president of the Senate is an ex officio member and chairman; and the speaker of the House an ex officio member and vice-chairman.

The duties of the Council are "to collect information concerning the government and general welfare of the state, examine the effects of previously enacted statutes and recommend amendments thereto, deal with important issues of public policy and questions of state-wide interest, and to prepare a legislative program in the form of bills or otherwise. * * *" More specific duties are: "(1) To investigate and study the possibilities for consolidations in the state government, for the elimination of all unnecessary activities and of all duplication in office personnel and equipment, and of the coordination of departmental activities, and of methods of increasing efficiency and of effecting economies. (2) To investigate and study the possibilities of reforming the system of local government with a view to simplifying the organization of government. (3) To cooperate with the administration in devising means of enforcing the law and improving the effectiveness of administrative methods."¹ The reviser of the statutes is made secretary of the Council; and the Council may require the services of the legislative reference library and may employ such assistants and research agencies as its appropriation permits. The Kansas Legislative Council is not suggested as a model for Oklahoma. It is, however, a significant attempt, and apparently in many respects a sound one, to meet a need which exists in all states.

The Governor. From some points of view the Governor would seem to be the logical planning authority. As previously noted, he is required to communicate information and recommendations to the legislature. He must make his first communication, however, shortly after his inauguration; the chief executive and the legislature are not infrequently at loggerheads; and his program is likely to take on a partisan complexion and, because of that fact, to lack permanence. The Governor should play an important part in planning; but it would seem unnecessary and possibly unwise to place it in his exclusive control.

The Code Commission. The 1931 legislature established a Code Commission, consisting of the Governor, the president pro tempore of the Senate, the speaker of the House, the chairman of the committee on code revision of the Senate, the chairman of the committee on code revision of the House, and two members of the Board of Governors of the State Bar selected by the Board. It is not clear, however, that the Code Commission is a permanent body, although it appears to be.

Uniform Laws Commission. The legislature in 1911 established a Board of Commissioners for the Promotion of Uniformity in legislation, consisting of three members appointed without term by the Governor. This commission, in cooperation with similar bodies in other states, perform a useful service.

Administrative Agencies. Previous chapters have emphasized the need of establishing in each of the major administrative departments a well-equipped bureau of research. Each major agency should establish and conduct a system of statistical reporting; its own periodic reports should be accurate and informative; and it should continuously study its field of service, evaluate the results of its work, and plan for the future. Much of the factual material for state planning should be supplied by the state agencies; and much of the research necessary for state planning should be done by these agencies. But the research and planning of one agency must be coordinated and harmonized with the research and planning of others. Gaps must be filled. The needs of the state must be seen as a whole. The point of view of the public, the laymen, and the taxpayers must be represented.

The University. The University of Oklahoma should constitute a center of scientific research; and the various departments of the University, especially the departments of economics, political science, sociology, and law, should, so far as may be consistent with their instructional duties, place their expert knowledge at the direct service of the legislature, the Governor, and administrative departments. In other parts of the country, universities are more and more concerning themselves with the study of conditions in the states where they are located; and they are called upon to conduct surveys, to participate in legislative and executive commissions, and in general to give advice and assistance to public officials. The University of Oklahoma has an excep-

¹Report of Kansas Legislative Council, December 8, 1934.

tional opportunity to render such service. It should be called upon to do so; and it should be ready to answer the call.

The State Planning Board. The recent legislature established a State Planning Board, consisting of seven members: The Governor; the chairman of the State Highway Commission, the chairman of the Conservation Commission, the chairman of the State Board of Affairs, and three other members, unsalaried, to be appointed by the Governor for six-year overlapping terms. Apparently, the functions of the Board are limited to physical developments, such as highways, bridges, waterways, railroad and motor routes, aviation fields, power transmission facilities, flood prevention, drainage, sanitation, parks, wild-life refuges, and land use. The ex officio memberships on the Board and its limited scope are manifest defects. An even more objectionable provision of the law is that which gives to the Board power to pass on improvements and property acquisitions. A planning agency should have only the functions of planning and the coordination and conduct of research necessary to planning. Its only powers should be over its own staff and those necessary to insure access to information. It should have no administrative powers; and, if it is to be broad in scope and representative in character, it should have no ex officio members.

The Judicial Council. A judicial council is predominantly a research and planning agency. Oklahoma's Judicial Council is unofficial; but it should by all means continue. It fills an evident need and should be increasingly useful.

A PROPOSED STATE COUNCIL

Oklahoma needs a permanent state planning agency, comprehensive in scope, equipped to coordinate and stimulate research, to provide much-needed leadership, and to place legislation on a sound basis. How such an agency should be set up may give rise to reasonable differences of opinion. The organization of planning is still in an experimental stage. A planning agency should not be "just another" commission; and it should not duplicate the work of existing agencies. If the state were to set up both an executive planning board and a legislative council, the work of these two agencies would necessarily overlap and might involve needless and expensive duplication. Since planning is likely to be academic and unrealistic unless its objective is legislation, and since it depends for much of its practical effect on legislative approval, it would seem that the planning agency should be tied-in with the legislature. There would seem to be no good reason why this agency should not be representative of both the legislative and executive branches. The set-up of the agency should be flexible; it should make possible the representation of different interests and points of view; it should provide for consultation with the best minds of the state; and it should be equipped with means for collecting and studying facts.

Oklahoma should establish a State Council, consisting of three members of the Senate, appointed by the Lieutenant Governor, three members of the House, appointed by the Speaker of the House, and five members appointed by the Governor to serve ten-year terms, one being appointed every two years.

The members of the Council should be unsalaried; but their necessary expenses should be reimbursed.

The Council should elect its own chairman; and should be required to hold at least three regular meetings each year.

The Council should be authorized to appoint any number of unpaid professional and technical consultants and such advisory boards of laymen and specialists as it may deem advisable.

Any administrative official and any member of the faculty of the University, or of the A. and M. College should be required to attend meetings of the Council at its call.

The Council should appoint a full-time salaried secretary, to serve without term and to act as head of the legislative reference and bill-drafting service; the secretary to appoint such assistants as may be necessary and permissible within legislative appropriations.

The functions of the Council, to be exercised by its secretary under the Council's general supervision, direction and control, should include:

1. *Coordination of all state-supported research activities;*

2. *The conduct, or arranging for the conduct, of special or supplementary research projects;*

3. *Continuous study of all physical, economic, social, governmental, legal, and administrative conditions and needs within the state;*

4. *Cooperation with private and unofficial organizations and agencies for the accomplishment of beneficial purposes which can not be appropriately accomplished legislatively;*

5. *The submission of a report at least 30 days before the beginning of each regular session of the legislature, setting forth a legislative program, supported by facts and accompanied, so far as possible, by drafts of bills.*

6. *The furnishing of additional information and counsel to the Governor and to members and committees of the legislature.*

7. *Assistance to legislators in the drafting of bills.*

8. *Revision and codification of the statute law.*

For the proper discharge of its duties, the Council should have power to administer oaths, issue subpoenas, compel the attendance of witnesses and the production of any papers, books, accounts, documents, and testimony.

The existing State Planning Board should be abolished.

The Code Commission, if still legally existing, should be eliminated.

Finally, it should be emphasized that the mere establishment of the proposed State Council will not alone assure the desired results. To the Council's membership must be appointed men and women of the highest capacity and standing, and the Council, in turn, must have for its secretary a man selected solely because of his fitness for the position.

PART V
THE REVENUE SYSTEM

CHAPTER XXV

THE PEOPLE AND RESOURCES

POPULATION

Oklahoma has an area of 70,057 square miles, most of which—it is needless to say—consists of dry land, although it has 643 square miles of water in its rivers and lakes. It has a population density of 35.1 people per square mile (1933), compared with an average density for the United States as a whole of 41.5 and a density of 139.6 in Illinois—a fact of considerable significance in the costs of schools, highways, and some other governmental services.

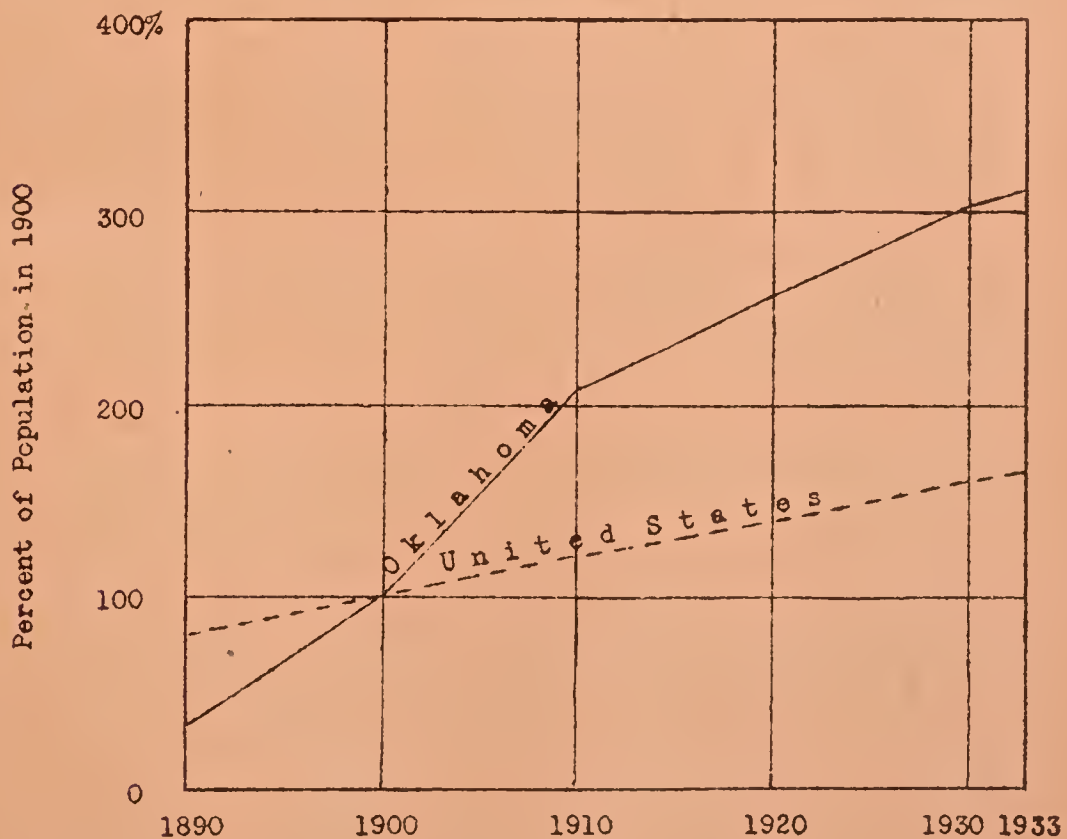
Its rate of growth in population since the opening of the territory is indicated in the tabulation below, in comparison again with the increase for the entire country.

TABLE I
GROWTH OF POPULATION IN OKLAHOMA AND THE UNITED STATES
1890-1933
(Statistical Abstract of the United States, 1934)

Year	Oklahoma		United States	
	Population	Per Cent of 1900	Population	Per Cent of 1900
1890	258,657	32.73	62,947,714	82.83
1900	790,391	100.00	75,994,575	100.00
1910	1,657,155	209.66	91,972,266	121.02
1920	2,028,283	256.62	105,710,620	139.10
1930	2,396,040	303.15	122,775,046	161.56
1933 (Est.)	2,459,000	311.11	125,693,000	165.40

If these figures are converted into percentages, with the population in 1900 taken as 100 per cent, they yield the following curves:

CHART I
GROWTH OF POPULATION IN OKLAHOMA AND THE UNITED STATES
1890 TO 1933



Population 1900 = 100%

The significance of population changes will be still more readily visualized if the population at each successive census is plotted as a percentage of the population at the preceding census. This is done in Chart II below, where the curves indicate the **rate of increase** from one census to another. For the United States, the rate of increase at successive census years, beginning with 1900, was 21, 21, 12, 16, and 8 per cent, the latter figure being the rate of increase indicated thus far in the decade following 1930¹. For Oklahoma, the successive rates of increase, beginning in 1900, are: 206, 110, 22, 18, and 9 per cent.

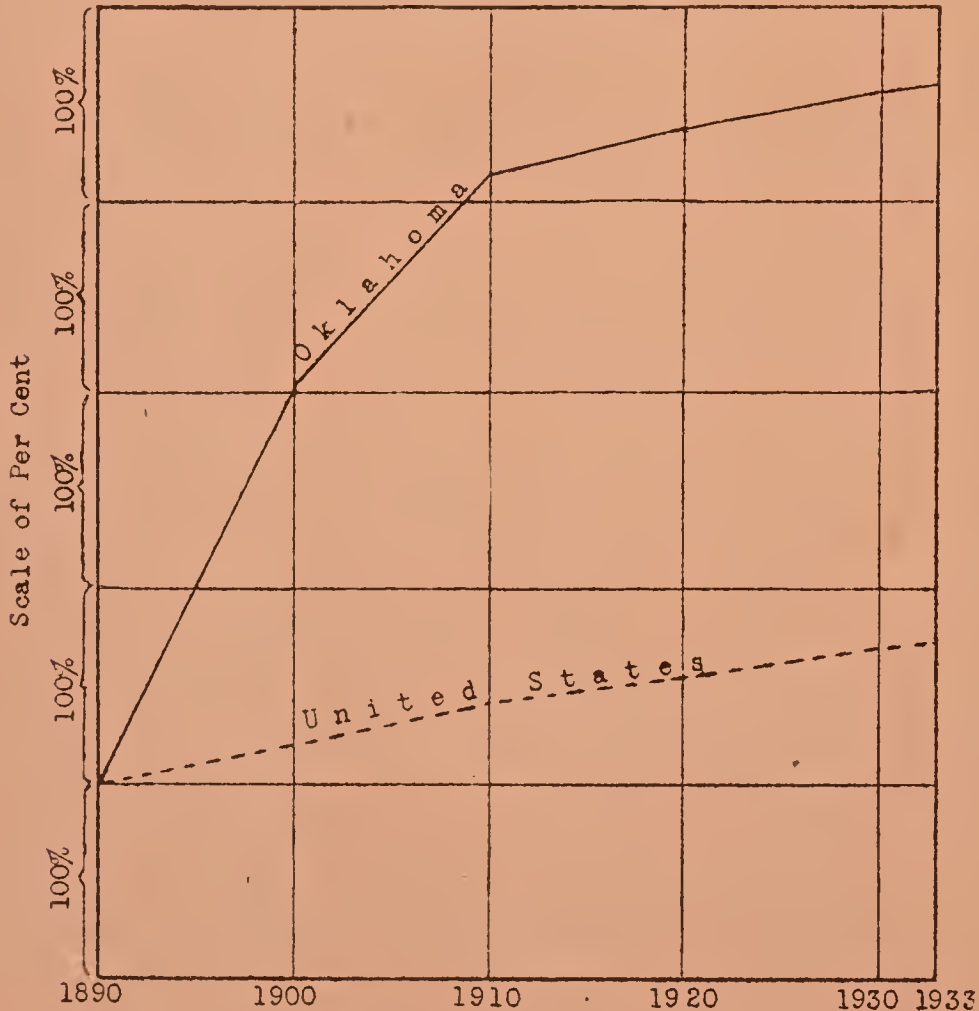
These curves suggest two things of considerable significance. The first is that during the decade 1920-30 the population of Oklahoma was increasing very rapidly, not only absolutely but in relation to the increase for the United States as a whole. It was largely the governmental policies of this period that precipitated the present situation in state and local governments. In this decade the population of the state increased 18.1 per cent.

People coming to Oklahoma do not ordinarily bring money with them—however much they may take away with them when they leave. There is one thing, however, which they all bring with them, regardless of whether they land eventually in one of the state's numerous penal institutions or become governors or members of the legislature—that is, a demand for governmental services in the form of highways, schools, police protection, and many others. In short, a rapid growth of population brings a larger increase in governmental responsibilities and services than in tax paying capacity to

CHART II

**RATE OF INCREASE OF POPULATION—OKLAHOMA AND THE UNITED STATES
1890-1933**

(The curves indicate the population at each census as a percentage of population at the preceding census)



¹Thompson and Whelpton, *Population Trends in the United States*, forecast an increase at the rate of 8.4 per cent for the decade 1930-40.

support them. And this was pre-eminently the situation of state and local governments in Oklahoma throughout the decade 1920-30.

The second fact of significance is that the curves from 1930 on indicate not only a distinctly slower rate of increase but a rate that is approaching more closely that of the country as a whole. The estimated increase for the three year period 1930-33 is 2.6 per cent for Oklahoma and 2.03 for the entire United States. This, taken in consideration with the shape of the curve in preceding periods, suggests that the state may anticipate a much slower growth of population in the future, which should be conducive to more orderly economic development and more orderly government financing.

Urban Drift. The movement of population from country to city has had a profound influence on government financing throughout the United States. This is a factor which one might have been tempted to conjecture that Oklahoma had escaped. The fact is quite the reverse, as the following percentage figures of urban population will suggest.

	1910	1920	1930
Oklahoma -----	19.3	26.6	34.3
United States -----	45.8	51.4	56.2

The percentage of urban population in Oklahoma almost doubled in the twenty year period 1910-30. It increased 29 per cent in the single decade 1920-30. Urban populations demand and require more government than rural; a period of rapid urban growth imposes particularly onerous burdens upon government in the form of streets, schools, public buildings, fire protection, traffic regulation, and so forth.

Moreover the increased costs imposed by this drift of population to the cities are not offset by any appreciable reduction of costs in the rural areas from which they come, for the reason that highways cannot be shortened, county offices cannot be abolished, schools cannot be eliminated, and in general the framework of government can be shrunk only with the greatest difficulty. Therefore, the increased cost of urban government has not been compensated by any corresponding reduction in the cost of rural governments; and this simple fact has played a large part in the present condition of both types of local government. If one might imagine that during the past fifteen years urban populations in large numbers had been abandoning the cities and that city "limits" and subdivisions had been shrinking instead of expanding, he may easily visualize how different the course of local government finances would have been.

Structure of Population. Oklahoma had in 1930 only 26,753 foreign born inhabitants, only 48,500 of mixed parentage, and 7,354 Mexicans; or altogether only 3.4 per cent of its population had any element of foreign birth or parentage, compared with 21.8 per cent for the entire United States. It had a negro population of 172,200, or 7.2 per cent of its total population, which is less than the average for the United States, namely 9.7 per cent. It boasts an Indian population of 92,725—more than that of any other state and more than twice that of its nearest competitor, Arizona.

What all this means is that Oklahoma is pre-eminently an American state, inhabited by a native American population; and this has significant implications both for governmental costs and for problems of revenue. From the standpoint of the former it means a demand for higher standards of governmental services. Oklahoma, for example, has an illiteracy of only 2.8 per cent, compared with 4.3 per cent for the whole United States. But it requires liberal expenditures for common schools to reduce this figure from 12.1 per cent, where it stood in 1900, to 5.6 per cent in 1910, 3.8 per cent in 1920, and 2.8 per cent in 1930. In this respect Oklahoma occupies a somewhat unique position. It is true that on its northern boundary Kansas has an illiteracy of only 1.2 per cent; but otherwise Oklahoma is bounded on the east by an illiteracy of 6.8 per cent, on the south by 6.8 per cent, and on the west by illiteracies of 6.8 and 13.3 per cent. And common school education is only one of the forms of governmental service which native Americans demand in larger quantity and higher quality than sometimes suffice for other people.

From the standpoint of revenue, it suggests larger financial capacity and the possibility of more intelligent and equitable types of taxation than those that have

prevailed, more or less of necessity, among the peasant populations of Europe. Specifically it suggests the larger development of income and inheritance taxes and other taxes which imply the existence of measurable financial capacity. Mississippi, with a negro population of 50.2 per cent and an illiteracy of 13.1 per cent, Louisiana with a negro population of 37 per cent and an illiteracy of 13.5 per cent, and South Carolina with a negro population of 45.6 per cent and an illiteracy of 14 per cent are more or less sales tax states *per se*. Oklahoma, at least in its population structure, is an income tax type of state; and this is one reason for suggesting the type of income taxation that will be discussed in a subsequent chapter.

Age Distribution. One further aspect of population structure is significant from the standpoint of government finance. The age distribution of Oklahoma's population, compared with that for the whole United States, is indicated below.

TABLE II
AGE DISTRIBUTION OF POPULATION, 1930¹
(As Percentages of Total Population)

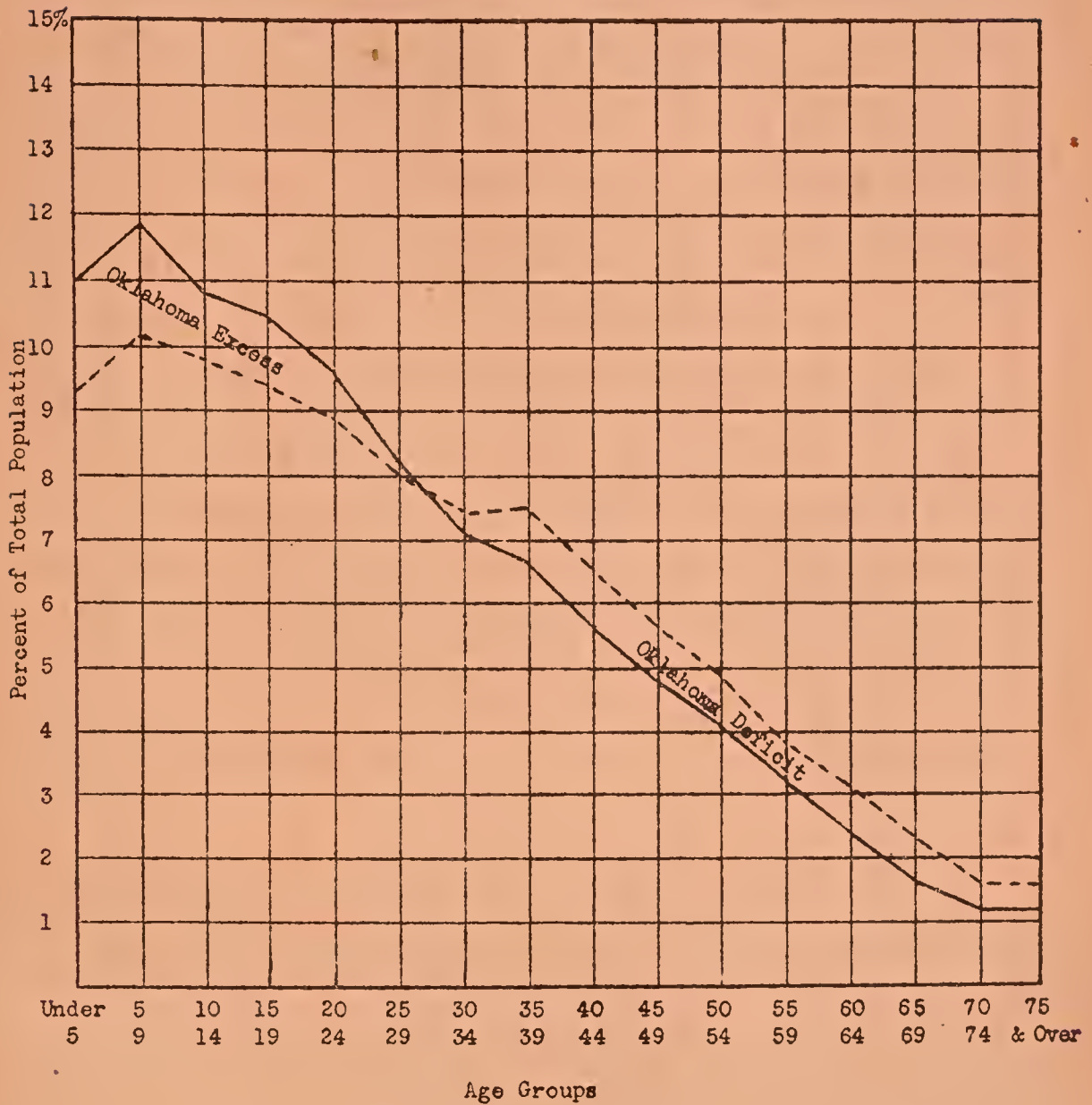
Age Groups	Oklahoma	United States
Under 5 years	11.0	9.3
5 to 9 years	11.9	10.2
10 to 14 years	10.8	9.8
15 to 19 years	10.5	9.4
20 to 24 years	9.6	8.9
25 to 29 years	8.2	8.0
30 to 34 years	7.1	7.4
35 to 39 years	6.7	7.5
40 to 44 years	5.6	6.5
45 to 49 years	4.8	5.7
50 to 54 years	4.1	4.9
55 to 59 years	3.2	3.8
60 to 64 years	2.4	3.1
65 to 69 years	1.7	2.3
70 to 74 years	1.2	1.6
75 and over	1.2	1.6
Total	100.0	100.0

It will be noted that Oklahoma exceeds the rest of the United States in the proportion of population found in all groups up to the age of 30. Two-thirds of Oklahoma's population is youthful, in William C. Whitney's celebrated definition of youth: "Thirty-two—and \$20 to take a chance on"; and the latter part of the definition applies as aptly as the first.

If these figures are thrown into the form of the graph below, their significance is easily visualized.

¹Fifteenth Census of the United States (1930).

CHART III
 AGE DISTRIBUTION OF POPULATION—OKLAHOMA AND
 THE UNITED STATES, 1930



Legend

Oklahoma —————
 United States - - - - -

Oklahoma has an excess proportion of people throughout the periods when they impose heavy costs upon government, particularly in the field of education—grade schools, high schools, and colleges; it has a “deficit” of people in the periods of greatest taxpaying ability. If we take the three age groups from 5 to 20 years as representing substantially the period of education, and ages 30 to 60 as representing the period of production and earning power, we find that in Oklahoma 31.4 people are paying taxes to educate 33.2 people; in the rest of the country 35.8 people are paying taxes to educate 29.5 people—and this has considerable to do with school taxes.

WEALTH AND INCOME

There are apparently no worthwhile data on the total wealth of Oklahoma; but if we start with the assessed valuation of property, we may make certain rough estimates. In the absence of specific studies of the relation of assessed valuations to actual value, the consensus of opinion is that real estate is probably assessed at around 45 per cent of actual value, public service property probably not far from that general level, and

personal property at anywhere from 10 to 30 per cent. If we apply a 45 per cent rate to real estate and public service property, and 20 per cent to personal property, we arrive at the aggregate indicated in Table III below.

TABLE III
ESTIMATED VALUE OF PROPERTY

	Assessed Valuation 1934	Estimated Actual Value
Real Estate:		
Farm Real Estate		
Land -----	\$ 358,885,474	\$ 797,523,275
Improvements -----	47,739,522	106,087,826
Total -----	406,624,996	903,611,101
Urban Real Estate		
Land -----	146,247,600	324,994,666
Improvements -----	210,706,845	468,237,433
Total -----	356,954,545	793,232,099
Total Real Estate -----	763,579,541	1,696,843,200
Personal Property -----	189,183,529	945,917,645
Public Service Corporations -----	305,923,403	679,829,784
Total -----	\$1,258,686,473	\$3,322,590,629

To this total we may add an estimate of the value of the banks and trust companies of the state. Only their real estate is assessed for property taxation and is included in the totals reported above. The Comptroller of the Currency reports their capital, surplus, and undivided profits, as of June 30, 1933, at \$42,482,000.¹ About the only other available item appears to be savings and other time deposits, which are reported for 1933 as totalling \$99,482,698.² If we add these items to our total above, we reach the following result:

Value of Property Assessed for Taxation -----	\$3,322,590,629
Banks and Trust Companies -----	42,482,000
Savings and Other Time Deposits -----	99,482,698
Total -----	\$3,464,555,327

To this we should still have to add the value of operating oil properties, which are taxed under the gross production tax and for which there is therefore no assessed or other form of valuation. This would bring our total to something over \$3,500,000,000.

There are, of course, considerable amounts of other categories of property that are not assessed or are subjected only to a nominal assessment; but our total here may serve as a preliminary inventory, upon which it is to be hoped the newly established Research Division of the Tax Commission will find means of improving from year to year.

Meanwhile it may be noted that this figure will serve to represent substantially **tangible property** and therefore is free from duplications. It is true, there are some intangibles in the item for "Personal Property," but they represent a trifling proportion and are much more than compensated by the amount of tangible personal property that escapes assessment. There might be some element of franchise value in the assessment of public service corporations, but the evidence indicates that there is little, if any. Similarly, savings accounts may be construed to be intangible; but if so, the amount of actual cash in circulation in the United States, if apportioned on a population basis, would imply an amount in excess of the item of savings deposits above.

Therefore we may construe our aggregate figure to represent only the **tangible wealth** of Oklahoma, without duplication, and presumably less than the actual total on account of numerous unavoidable omissions. This means a total physical wealth in the neighborhood of \$3,500,000,000, which would suggest a wealth of some \$1,400 per capita.

Volume of Production and Business. Here it is still more difficult to secure accurate information, but the data in Table IV below may serve as a suggestive inventory of the volume of production and business, which can be improved in accuracy and compre-

¹Report of Comptroller of the Currency, 1933.

²United States Statistical Abstract, 1934.

siveness from year to year. Here we have taken such information as is available for the most recent periods available.

TABLE IV
VOLUME OF PRODUCTION AND BUSINESS IN OKLAHOMA

Fields of Industry and Business	Value of Product or Amount of Business Done	Year to Which Figures Apply
Agriculture ¹ -----	\$ 193,000,000	1933
Mineral Products ² -----	185,121,000	1932
Lumber ² (Estimated) -----	982,800	1932
Manufactures ³		
Petroleum Refining -----	\$74,255,041	
Flour and Grain—Mill Products -----	21,251,015	
Meat Packing -----	17,713,141	
Butter -----	8,258,275	
Printing and Publishing -----	7,949,826	
Cottonseed Oil, Cake, and Meal -----	7,797,222	
Bread and Other Bakery Products -----	6,530,487	
Glass -----	4,850,460	
Zinc Smelting and Refining -----	4,730,696	
All Other -----	38,077,560	
Total Manufactures -----	\$ 191,413,723	1933
Wholesale Sales ² -----	304,469,000	1933
Retail Sales ⁴ -----	454,661,546	1934
Water Consumption ⁵ -----	7,454,000	1931
Hotel Rooms ⁵ -----	4,847,000	1932
Municipally owned gas ⁵ and Electric Consumption -----	1,223,433	1931
Real Estate and Securities Sale ⁵ -----	10,000,000	1932
Rents and Royalties ⁵ -----	20,000,000	1932
Transportation		
Gross Revenues of Railway Companies		
Allocated to Oklahoma ⁶ -----	45,358,396	1933
Construction ⁷ -----	5,629,800	1934
Banking and Financial Institutes		
Gross Earnings, National Banks ⁸ -----	7,080,000	1932-33
Gross Earnings, State Banks ⁹ -----	2,605,464	1934
Total -----	\$1,433,846,167	

In this tabulation, the figure for retail sales is that reported for the sales tax and presumably represents an understatement. The figure for gross revenues of the railroads is the allocation made by the railroads and apparently understates somewhat the railroad business of Oklahoma. In view of the presumption of understatement in these and some other items and in view of the number of miscellaneous lines of business not covered in this exhibit, it is apparent that the total volume of business must be well in excess of \$1,500,000,000.

Furthermore, the Census for 1930 reports 126,557 persons engaged in professional fields and domestic and personal service. An assignment of any reasonable return to these groups would add another \$100,000,000 or so to our total, making an aggregate of something over \$1,600,000,000.

Oklahoma is commonly thought of as an agricultural and an oil state: it will be noted that in value of product it is as much a manufacturing as an agricultural or oil state, the three great fields of industry—agriculture, oil and minerals, and manufacturing—contributing approximately equal aggregates. It may be observed that the tax system should in some degree reflect this distribution of resources.

In this connection, the occupational distribution of its population, in Table V below, affords another cross section of the same industrial structure.

¹Yearbook of Agriculture, 1934, United States Department of Agriculture

²Statistical Abstract of United States, 1934, United States Department of Commerce

³Census of Manufactures, 1933, United States Department of Commerce

⁴Oklahoma Tax Commission, Oklahoma City, Oklahoma

⁵Compilations of Oklahoma, 1933, State Chamber of Commerce, Oklahoma City

⁶State Corporation Commission, Oklahoma City, Oklahoma

⁷Estimated

⁸Report of Comptroller of the Currency, 1933

⁹State Banking Department, Oklahoma City, Oklahoma

TABLE V
 OCCUPATIONAL DISTRIBUTION OF GAINFUL WORKERS, 10 YEARS OF AGE AND
 OVER, 1930, OKLAHOMA
 (United States Census—1930)

Occupation	Number Engaged
Agriculture	306,091
Forestry and Fishing	2,211
Extraction of Minerals	41,286
Manufacturing and Mechanical Industries	139,923
Transportation and Communication	56,087
Trade	100,244
Public Service	12,519
Professional Service	53,087
Domestic and Personal Service	73,470
Clerical Occupations	43,086
Total	828,004

In terms of population Oklahoma is more pre-eminently agricultural than in terms of value of production; but manufacturing is second, employing approximately half as many people as are engaged in agriculture. The oil industry is distinctly less a factor in terms of employment than in value of product.

Income. There are no accurate data for net income available, particularly none for recent years. But the National Bureau of Economic Research estimated the aggregate net income of the people of Oklahoma in 1929 at \$1,195,000,000. This was 1.31 per cent of the estimated total income of the people of the United States.¹ The Division of Economic Research of the Department of Commerce² estimates the national income for 1933—the latest year for which such estimates are available—at \$46,800,000,000. If we may assume that Oklahoma has shared somewhat equally in the vicissitudes of recent years, 1.3 per cent of this reduced national income would suggest a net income of some \$608,000,000, which appears to correspond to an estimate of “spendable money income” for Oklahoma made by the Sales Management magazine, in April 1934, namely \$635,475,000.³

Summary. Economic capacity, and particularly tax-paying capacity, are commonly measured in terms of (a) wealth, (b) production and business, and (c) income. We have found that the people of Oklahoma are possessed of some \$3,500,000,000 of wealth; that they carry on a volume of production and business in excess of \$1,600,000,000; and that even in the midst of depression they enjoy a total income of some \$600,000,000.

Total taxes, state and local, levied in Oklahoma in 1933 may be estimated at \$78,130,000. It is apparent that this is an amount well within the means of the people of Oklahoma to afford—provided they are thereby enabled to secure a reasonably honest and competent government. It is a lot of money to pay for any other kind. But at best \$78,000,000 is a substantial burden upon the income and industry of the state. How much hardship it imposes and how much of an obstacle it becomes to industrial recovery will depend largely upon the way in which this burden is spread over the property, business, and income of the state.

The tax system is the mechanism that determines how this burden is spread; and this will be the object of our inquiry throughout the remainder of this study.

¹Maurice Leven, *Income in the Various States*.

²*Survey of Current Business*, January 1935.

³*Sales Management*, April 1934 p. 358.

CHAPTER XXVI

THE OKLAHOMA CONSTITUTION

Whatever criticism may be made upon the Oklahoma Constitution otherwise, it must be said that in the field of taxation the people of Oklahoma enjoy an unusual degree of "constitutional freedom"—which is more than can be said of many of the older states situated in the great "uniformity" basin of the Middle West and still bound by the rigid constitutional restrictions of a past century.

GENERAL POWERS

The Constitution confers general powers of taxation upon the legislature, subject to the broad provision that taxes must be levied by general laws and must be for "public purposes" only.¹ The legislature may confer similarly broad taxing authority upon local governments.²

EXEMPTIONS

The Constitution provides for the usual exemptions of public property, and property used exclusively for religious, charitable, and educational purposes. It provides the somewhat unusual exemption of one hundred dollars' worth of household goods, tools, and livestock to "heads of families," and two hundred dollars' worth of personal property to both Union and Confederate soldiers and their widows. Property of Indians affected by treaty stipulations or federal laws is exempt. And the legislature may authorize municipalities, upon majority vote of the citizens thereof, to exempt manufacturing establishments and public utilities from municipal taxation for a period of not more than five years "as an inducement to their location."³

UNIFORMITY

Taxes must be uniform "upon the same class of subjects";⁴ but nothing in the Constitution is to be construed to prevent "the classification of property for purposes of taxation."⁵

KINDS OF TAXES

In order to leave no doubt about the broad powers of taxation conferred, the Constitution enumerates, as types of taxation which the legislature may impose: license, franchise, excise, gross revenue, income, inheritance and succession taxes, poll, stamp, registration, production, and "other specific taxes," specifically supplementing this list with "graduated" income taxes, "graduated" inheritance taxes, and "graduated" legacy and succession taxes. It would require a tax "expert" to devise a more cyclopedic enumeration of possible sources of income. The poll tax is limited to polls "under sixty years of age";⁶ so that if the proposed old age pension amendment is adopted, Oklahoma will be in a position to tax its polls up to the age of 60 and to pension them thereafter—which reminds one of Mark Twain's definition of old age.

One clause of the Constitution⁷ specifically permits separate sources of revenue for the state, on the one hand, and local governments, on the other—a reminder of the movement for "separation of sources," which had great vogue in this country at the time of the adoption of the Oklahoma Constitution in 1907.

SPECIAL ASSESSMENTS

Special assessments by county and municipal governments are authorized for local improvements, "without regard to a cash valuation."⁸

¹Art. X, Secs. 2, 3, 14.

²Art. X, Sec. 20.

³Art. X, Sec. 6.

⁴Art. X, Sec. 5.

⁵Art. X, Sec. 22.

⁶Art. X, Secs. 12, 18.

⁷Art. X, Sec. 13.

⁸Art. X, Sec. 7.

DEBT

The state is authorized to incur debt, "to meet casual deficits or failure in revenues," not to exceed \$400,000. It can contract debt to repel invasion or suppress insurrection. But otherwise no indebtedness can be incurred by the state without submitting specific legislative proposals for such indebtedness to popular vote at a general election and receiving a majority of all votes cast for or against the proposal. And any legislation authorizing such indebtedness must provide for a "direct annual tax" sufficient to pay the interest and to retire the principal within 25 years.¹ The constitutional amendment of 1933, prohibiting any property tax levy by the state government, leaves some doubt as to what would now constitute a "direct annual tax."

Local governments may incur temporary indebtedness, not to exceed in any year their contemplated revenue for that year. Additional indebtedness may be incurred only on favorable vote of three-fifths of the voters, voting at an election to be held for that purpose. Total indebtedness is limited to 5 per cent of the assessed valuation of property. Any indebtedness must be accompanied by legislation providing for "an annual tax" sufficient to pay the interest and retire the principal within 25 years.²

Municipalities may, however, exceed the debt limit specified above by majority vote of the "qualified property tax paying voters," for the purpose of purchasing or constructing municipal public utilities. This, like other indebtedness, is subject to the provision for levying an annual tax sufficient to retire the debt in 25 years.³

STATE BOARD OF EQUALIZATION

At one point in drafting the revenue article, the Constitutional Convention of 1907 fell down badly. When they reached Section 21, they set up a permanent Board of Equalization for the assessment of railroad and public service corporations and for the equalization of property assessments throughout the state. The Board was to consist of the Governor, State Auditor, Treasurer, Secretary of State, Attorney General, State Inspector and Examiner, and President of the Board of Agriculture. They could hardly have selected a worse aggregation for the performance of the highly specialized functions assigned to it. The results have been somewhat mitigated by the creation of a State Tax Commission in 1931, which is authorized to perform the work of the Board of Equalization and to "report its findings" to this Board for approval. This arrangement will be discussed more fully in another connection

TAX LIMITATION

The Constitution originally incorporated a tax limitation provision, but one so liberal that it appears to have had no material results. It imposed the following limits:

State -----	3½ mills
County -----	8 mills
Township -----	5 mills
City or Town -----	10 mills
School District -----	5 mills

Total -----	31½ mills

In addition to the above, counties were permitted to levy an additional 2 mills for schools: and school districts, by majority vote of their citizens, might levy an additional 10 mills, making a total possible levy of 43½ mills.⁴

More drastic tax limitation provisions were incorporated in a constitutional amendment adopted August 15, 1933. This prohibits any property tax levy by the state government. It limits total levies by local governments to 15 mills, "to be apportioned between county, city, town and school district, by the county excise board, until such times as the regular apportionment is otherwise provided for by the legislature."

In addition to this 15 mills, however, counties may levy an additional two mills

¹Art. X, Secs. 23, 24, 25.

²Art. X, Sec. 26.

³Art. X, Sec. 27.

⁴Art. X, Sec. 9.

for separate schools for white and negro children; and school districts may levy an additional 10 mills, on majority vote of the voters of any district.

This makes possible a total property tax levy of 27 mills. But under a policy of drastic reductions in assessed valuation carried out in the past few years, this tax limitation has constituted an effective restraint upon the expenditures of local governments. It may be of interest to note that the constitutional amendment imposing this limitation and abolishing entirely the state property tax levy was adopted by a vote of 183,623 to 20,739.¹

Such in brief, is the constitutional framework within which Oklahoma's tax system must be constructed; and on the whole, it is a very liberal framework.

¹Laws, 1933, Chap. 169, amending Art. 10, Sec. 9 of the Const.

CHAPTER XXVII

DEVELOPMENT OF THE OKLAHOMA TAX SYSTEM

It would seem that a new state, setting out in 1907 with a liberal Constitution and background, might have had an unusual opportunity to blaze some new trails in the development of more intelligent and equitable types of tax policy and tax administration. It was an opportunity for a "new deal" in taxation. But university professors and tax "experts" were few "upon the land" in those days, not to mention research institutions; and the practical politicians and business leaders of the time proceeded immediately to incorporate all the traditional errors of the Eastern states, from which most of them had come.

Their first step was the adoption of the general property tax as almost the sole source of revenue for both state and local governments; and in doing this they were careful to omit none of the errors commonly associated with property tax administration. They provided for the maximum number of assessors, one for each township, and for his election by the property owners he was to assess. They provided for three sets of equalizers: township, county, and state—and all of them *ex-officio*. It was, in short, the same system as that set up in Ohio one hundred years before, except for the *ex-officio* State Board of Equalization.¹

The "Square Deal" period in American politics was reflected in Oklahoma tax history in efforts to reach the corporations with more effective forms of taxation. The assessment of property of pipe line, water, gas, and electric light and power companies was transferred to the new State Board of Equalization. A gross revenue tax, in addition to property taxes, was imposed on mining and public service companies.¹ Provision was made for assessment of corporations, including banks, according to their "monied capital."² A general license tax was imposed on corporations, other than railroad, public utility, and financial corporations, at the rate of \$1.50 per \$1,000 of authorized capital stock.³

Other miscellaneous provisions for the taxation of corporations were adopted throughout this period. But all put together, the corporations were not greatly affected by them, and the bulk of government revenues continued to come from real estate and farm property.

The general "progressive" movement, associated first with the La Follette leadership in Wisconsin and later with the overturn of the national administration at Washington in 1912, left a distinct impress on taxation in Oklahoma. Herein Oklahoma consciously followed the leadership of Wisconsin.

Township assessors and boards of equalization were abolished in 1911, and the county was made the unit for purposes of assessment, with an elective county assessor.⁴ A mortgage registration tax was adopted in 1913, in lieu of property taxes on domestic real estate mortgages.⁵ An income tax was adopted in 1915,⁶ and an inheritance tax in the same year.⁷

All of this progressive legislation was largely nullified either by defective structure of the statutes or by ineffective administration—sometimes by both.

The motor age registered in Oklahoma in the adoption of a gasoline tax of 1 cent in 1923—six years after President Wilson's modest proposal of a one cent federal tax and after the **Horseless Age** had replied: "What gasoline is to automobiles, oats are to horses; so let's tax **oats**." The subsequent course of events has managed to distinguish in many ways between gasoline and oats.

The movement for "classification of property," which attained considerable vogue in the period following the war, is reflected in a statute of 1925, exempting money and

¹Laws, 1907-08, Chap. 71.

²Laws, 1909, Chap. 38.

³Laws, 1910, Chap. 57.

⁴Laws, 1910-11, Chap. 152.

⁵Laws, 1913, Chap. 246.

⁶Laws, 1915, Chap. 164.

⁷Laws, 1915, Chap. 162.

credits from the general property tax and applying a low mill-tax instead.¹ In order to avoid conflict with the federal statutes, the act did not apply to monied capital construed to be in competition with the national banks. In an effort to reach the banks it was provided that corporations other than those assessed by the State Board of Equalization were to be assessed on their "monied capital."² The history of bank taxation since that time has been a chequered one, in Oklahoma as elsewhere, and will be discussed more fully in another connection.

An important step was taken in 1931, which appears to be entirely out of connection with its natural historical setting. This was the creation of the present State Tax Commission. Historically, this **should** have fallen in the period from 1911 to the World War and would have been in consonance with the progressive legislation adopted at that time. It was retarded by political and other opposition and its belated enactment in 1931 appears to have been due to the accident of a vigorous administration in the state government at that time.

Its functions were limited by the existence of the State Board of Equalization, created by the Constitution. But it was provided that most of the functions of the latter board should actually be performed by the Tax Commission, through the procedure of having the Tax Commission "report its findings" to the Board of Equalization for authoritative approval.³

A further step toward improved administration was taken in the same year through the creation of an appointive county board of equalization, composed of three members, one to be appointed by the State Tax Commission, one by the district judge or judges, and one by the board of county commissioners.⁴

The last factor to register its effects on the tax system was the depression itself. It was reflected in Oklahoma, as elsewhere, in acute distress on the part of taxpayers, an enormous tax delinquency, and widespread conditions of insolvency on the part of local governments. It gave impetus to the movement among farmers and real estate owners for more drastic tax limitation provisions and resulted in the adoption, in 1933, of the constitutional amendment abolishing the state property tax levy and imposing the so-called 15-mill limitation on the levies of local governments.

Meanwhile both state and local governments found their revenues shrinking faster than their expenditures, partly on account of extravagant indebtedness assumed by local governments during the period of prosperity, and the state turned to the sales tax "for relief." Oklahoma succumbed—along with nine other states—in 1933, adopting a 1 per cent retail sales tax, intended to serve purely as an emergency measure, and endowed with the virtue of automatic expiration on July 1, 1935.

With the adoption of the sales tax Oklahoma could boast quite a miscellaneous assortment of taxes, embracing as its major elements and in rough historical order: property, corporation, gross production, income, inheritance, motor vehicle, gasoline, and sales taxes. In a sense this series of tax legislation constitutes a record of the movements that characterized American political history throughout the past quarter century—the "Square Deal," the "progressive" movement, the motor age, the conflict between federal and state jurisdiction, and the depression.

The impress left by these different periods is pretty much the same in Oklahoma as in the rest of the states—much as the geologists find remnants of the same forms of life in a given rock stratum, regardless of whether they happen to turn up the stratum in an outcrop in West Virginia or in the Grand Canyon of the Colorado. When future geologists in the field of taxation dig down into the depression of the 1930's, they will find the word "emergency" written all over this economic stratum, from Maine to California—by way of Oklahoma.

On the whole, it is a rather drab and stereotyped record, shaped mostly by the conflict among political and business groups for preferred positions with reference to the expenditure of public funds and the distribution of public burdens. One who

¹Laws, 1925, Chap. 120.

²Laws, 1925, Chap. 135.

³Laws, 1931, Chap. 66, Art. I.

⁴Laws, 1931, Chap. 66, Art. II.

goes back over the tax literature of this period will find many illuminating studies of Oklahoma's tax problems and many able reports of commissions and committees, such as that of the Tax Code Revision Commission of 1924. But in one way or another governors and legislatures managed to escape them all, as it is conceivable that they may manage to hurdle this one.

In any case, if Oklahoma should aspire to a position of distinction in the development of more intelligent and equitable forms of taxation and more efficient administration, it is apparent at the end of her first quarter of a century of statehood that the opportunity still existed.

CHAPTER XXVIII

A CROSS SECTION OF THE REVENUE SYSTEM

Before going into a somewhat detailed analysis of the elements of the tax system, it will be helpful to get a comprehensive picture of the entire system in operation, in the form of a statistical exhibit of its actual results for one year. Such an exhibit is presented in Tables I and II below, for the most recent year available for all units of government, namely, the fiscal year ending June 30, 1933.

Table I includes all revenues collected by the state government, from whatever source, and indicates the allocation of these revenues between the state and local governments. Table II includes taxes and revenues of all county and local governments in the state.

Such information as that contained in these tables ought to be available in the form of annual or periodic reports put out regularly by the Tax Commission or other appropriate state department, as a matter of providing the most rudimentary information with regard to the operations of government. It may be of some interest to the taxpayers of this state, therefore, to know that it has required months of arduous labor by a staff of workers to assemble this elementary information in a form that will be half-way intelligible and as nearly accurate as it is possible to make it.

TABLE I
REVENUES COLLECTED BY THE STATE GOVERNMENT OF OKLAHOMA
FISCAL YEAR ENDING JUNE 30, 1933

	Total	Allocated to State	Allocated to Local Governments
I. Taxes			
Ad Valorem ¹ -----	\$ 4,703,382.89	\$ 4,020,200.66	\$ 683,182.23
Income -----	1,900,601.01	1,248,802.11	651,798.90
Inheritance -----	627,762.42	627,762.42	-----
Corporation license -----	758,758.22	758,758.22	-----
Gross receipts -----	45,180.19	45,180.19	-----
Sales tax -----	1,092.10	1,092.10	-----
Gasoline -----	10,240,089.51	7,335,531.44	2,904,558.07
Motor vehicle license -----	3,295,818.62	1,983,689.68	1,312,128.94
Motor carrier -----	211,097.19	211,097.19	-----
Gross production -----	3,820,061.58	2,632,533.36	1,187,528.22
Petroleum excise -----	14,054.72	14,054.72	-----
Taxation of insurance companies -----	796,202.23	607,310.30	188,891.93
Feed tax -----	38,460.25	38,460.25	-----
Fertilizer tax -----	691.25	691.25	-----
Oleomargarine -----	3.20	3.20	-----
Total Taxes -----	\$26,453,255.38	\$19,525,167.09	\$6,928,088.29
II. Other Revenues			
Licenses and permits -----	\$ 348,707.55	\$ 348,707.55	-----
Fees -----	577,343.47	577,343.47	-----
Special assessments -----	33,598.51	33,598.51	-----
Fines, forfeits, escheats -----	44,624.37	44,624.37	-----
Subventions and grants—Federal -----	3,925,332.84	3,925,332.84	-----
Subventions and grants—local -----	339,838.40	339,838.40	-----
Donations and gifts—private persons and corp. -----	33,831.03	33,831.03	-----
Interest on deposits -----	246,259.89	246,259.89	-----
Rentals -----	748,327.24	748,327.24	-----
Sales of services: departments -----	2,806.00	2,806.00	-----
Sales of services and supplies:			
Educational institutions -----	1,114,531.43	1,114,531.43	-----
Sales of services: Board of Affairs' Institutions -----	402,573.09	402,573.09	-----
Miscellaneous -----	20,829.04	20,829.04	-----
Total other revenues -----	7,838,602.86	7,838,603.86	-----
Total revenues -----	\$34,291,858.24	\$27,363,769.95	\$6,928,008.29

¹Total ad valorem tax levied was \$4,933,822.

TABLE II
REVENUES OF COUNTY AND LOCAL GOVERNMENTS, STATE OF OKLAHOMA
FISCAL YEAR ENDING JUNE 30, 1933

	Levied		Ad Valorem		Delinquent	Penalties	Other Taxes	Total Taxes Collected	Miscellaneous Revenues	Public Utility Revenues	State Aid	Federal Aid	Total Revenues Collected
			Collected										
Counties	-----	\$12,607,638	\$ 6,452,646	\$ 6,154,992	\$ 207,324		\$ 6,659,970	\$ 6,416,616			\$4,664,803		\$17,741,389
Municipalities	-----	12,269,696	5,114,712	7,154,984	987	\$220,828	5,336,627	4,161,704		\$5,950,492	238,866		15,687,589
School Districts	-----	23,917,089	11,415,877	12,501,212			11,415,877	2,215,379			2,799,945	\$384,077	16,725,278
Townships	-----	2,453,780	1,171,469	1,282,311			1,171,469	84,588					1,256,057
Total	-----	\$51,248,203	\$24,154,704	\$27,093,499	\$208,311	\$220,828	\$24,583,843	\$12,788,287		\$5,950,492	\$7,703,614 ¹	\$384,077	\$51,410,313

¹This figure, which is \$775,526 greater than the amount shown in Table I, is the amount reported by local governments as having been received by them for the state. This difference is probably due to amounts being allocated by the state in one fiscal year and being taken up by the local government in the next fiscal year.

The following table will show the total tax burden of all governments in Oklahoma for 1933.

Ad Valorem Taxes Levied:	
State Government	\$ 4,933,822
Local Governments	51,248,203
Other Taxes Collected:	
State Government	\$21,749,872
Local Governments	208,311
Total Tax Burden	\$78,140,208

This amount differs from taxes collected because of a heavy delinquency in property taxes of \$27,323,938.

This represents a tax burden of \$31.77 per capita. If our estimates of wealth, business, and income in Chapter XXV may serve as a rough basis for visualizing the significance of governmental cost, we may estimate that this tax burden imposes a cost of something like \$22.00 per \$1,000 of wealth in the state, a cost equivalent to something less than 5 per cent of gross business done by the people of the state, and to slightly less than 13 per cent of their net income. In brief, it suggests that the people of Oklahoma, in financing their costs of government, may choose a property tax of 2.2 per cent on full value, a 5 per cent gross income tax, or a 13 per cent net income tax, or various combinations of all of them; and these, it must be remembered, are depression values, depression volumes of business, and depression incomes.

In the exhibit of state revenues, it may be noted that 1933 was the last year in which the state made any property tax levy, and that the sales tax had not yet become effective.

A striking feature is the large allocation of state taxes to the local governments, nearly seven million out of the total of 26½ million collected, or 26 per cent of the total. This is in addition to specific appropriations by the state for the benefit of local governments and to expenditures by the state for services of primary concern to local communities.

Another striking feature is the heavy proportion of motor transport taxation in the local taxes of the state—gasoline, motor vehicle license, and motor carrier taxes together representing \$13,747,005 out of a total of \$26,453,255, or exactly 52 per cent. Whether this is disproportionate or not depends, of course, on the magnitude of the highway and traffic problem on the expenditure side of the reckoning. The property tax ranks second in importance and the gross production taxes third.

In the exhibit of local revenue there are two striking features: One is the heavy proportion of the property tax, and the other is its heavy delinquency, the one to some extent explaining the other. The amount of property taxes, however, cannot be compared directly with the totals of taxes levied or collected by local governments, on account of the substantial amount of taxes collected by the state and allocated directly to local governments. If we take the latter item, \$6,928,088, add the ad valorem levy by local governments, \$51,248,203, and the "other taxes" assessed by local governments, \$220,828, we find a total of \$58,297,119 of taxes assessed by or for account of local governments. Of this total, property taxes levied (including the \$683,182 of ad valorem taxes collected by the state but allocated to local governments) represented 89 per cent.

The taxes and revenues of local governments are not available for the fiscal year 1934; but the revenues collected by the state government are presented in Table III, for purposes of comparison with the corresponding data for 1933, in Table I above.

TABLE III
REVENUES COLLECTED BY THE STATE GOVERNMENT OF OKLAHOMA
(Fiscal Year Ending June 30, 1934)

	Allocated to State Government			Allocated to County and Local Governments
	Total	General Fund	Other Funds	
Taxes:				
Ad Valorem	\$ 3,134,695.39	\$2,668,628.45		\$ 466,066.94
Income	3,729,916.42	421,177.34	406,670.26	827,847.60
Inheritance	144,511.60	130,122.06	14,389.54	144,511.60
Corporation License	677,246.37	615,335.59	61,910.78	677,246.37
Gross Receipts	10,085.97	10,085.97		10,085.97
Sales Tax	3,824,835.01		1,089,793.14	2,735,061.87
Beverage	386,519.00		160,937.71	225,581.29
Gasoline	10,520,300.27		8,020,751.24	2,499,549.03
Motor Vehicle License	3,048,309.70		1,310,561.30	1,737,748.40
Motor Carrier	523,215.52		523,215.52	
Gross Production:				
Crude Oil	(4,620,153.44)	(2,332,921.65)	(743,886.41)	(1,543,345.38)
Gas	(181,925.64)	(89,143.56)	(33,353.04)	(59,429.04)
Minerals	(35,799.11)		(715.98)	(35,083.13)
Asphalt	(833.76)		(16.68)	(817.08)
Total	4,838,711.95	2,422,065.21	777,972.11	3,200,037.32
Petroleum Excise	215,751.97		215,751.97	215,751.97
Taxation of Insurance Companies	743,224.44	547,288.04	15,816.66	563,104.70
Feed Tax	48,653.76		48,653.76	48,653.76
Fertilizer Tax	1,659.00	474.00	1,185.00	1,659.00
Undistributed	17,348.35		17,348.35	
Total Taxes	\$29,865,004.32	\$3,815,176.66	\$12,664,957.34	\$10,384,870.32
Total		\$19,480,134.00		

TABLE III—Continued

	Allocated to State Government			Allocated to County and Local Governments
	Total	General Fund	Other Funds	
11. Other Revenues:				
Licenses and Permits	747,913.86	\$ 189,411.38	\$ 245,201.98	\$ 434,613.36
Fees	678,793.52	166,821.86	511,971.66	678,793.52
Special Assessments	39,008.10	18,028.95	20,979.15	39,008.10
Fines, Forfeits, Escheats	61,451.40	52,672.02	7,828.75	60,500.77
Subventions and Grants—Federal	7,386,834.36	---	7,386,834.36	7,386,834.36
Subventions and Grants—Local	42,076.31	---	42,076.31	42,076.31
Donations and Gifts—Private Persons and Corporations	32,002.62	---	32,002.62	32,002.62
Interest, Premiums, Discounts	159,620.28	138,476.90	21,143.38	159,620.28
Rentals	537,745.53	210.00	537,535.53	537,745.53
Sales of Services (Departmental)	2,018.00	---	2,018.00	2,018.00
Sales of Services and Supplies: Educational Institutions	1,135,682.78	4,240.46	1,131,442.32	1,135,682.78
Sales of Services: Board of Affairs Institutions	496,692.24	---	496,692.24	496,692.24
Miscellaneous	63,420.18	27,934.68	35,485.50	63,420.18
Total Other Revenues	\$11,382,308.55	\$ 597,796.25	\$10,471,211.80	\$ 11,069,008.05
Total Revenues	\$41,247,312.87	\$7,412,972.91	\$23,136,169.14	\$30,549,142.05

It will be noted that the amount of taxes allocated to local governments has not only increased (from \$6,928,000 to \$10,385,000), but that it represents a substantially larger proportion of the total, namely, 34.8 per cent compared with 26.2 per cent in 1933. Motor transport taxes still represent the largest single field of taxation, though a slightly smaller proportion of the total than in 1923, namely 47¼ per cent compared with 52 per cent in 1933. The gross production taxes still rank second in importance; but the sales tax has replaced the property tax as the third in rank.

One of the most striking aspects of the whole exhibit is the small proportion of taxes going to the General Fund. Out of a total of \$29,865,004 of taxes collected by the state, only \$6,815,177 or 22.8 per cent goes into the general fund of the state government.

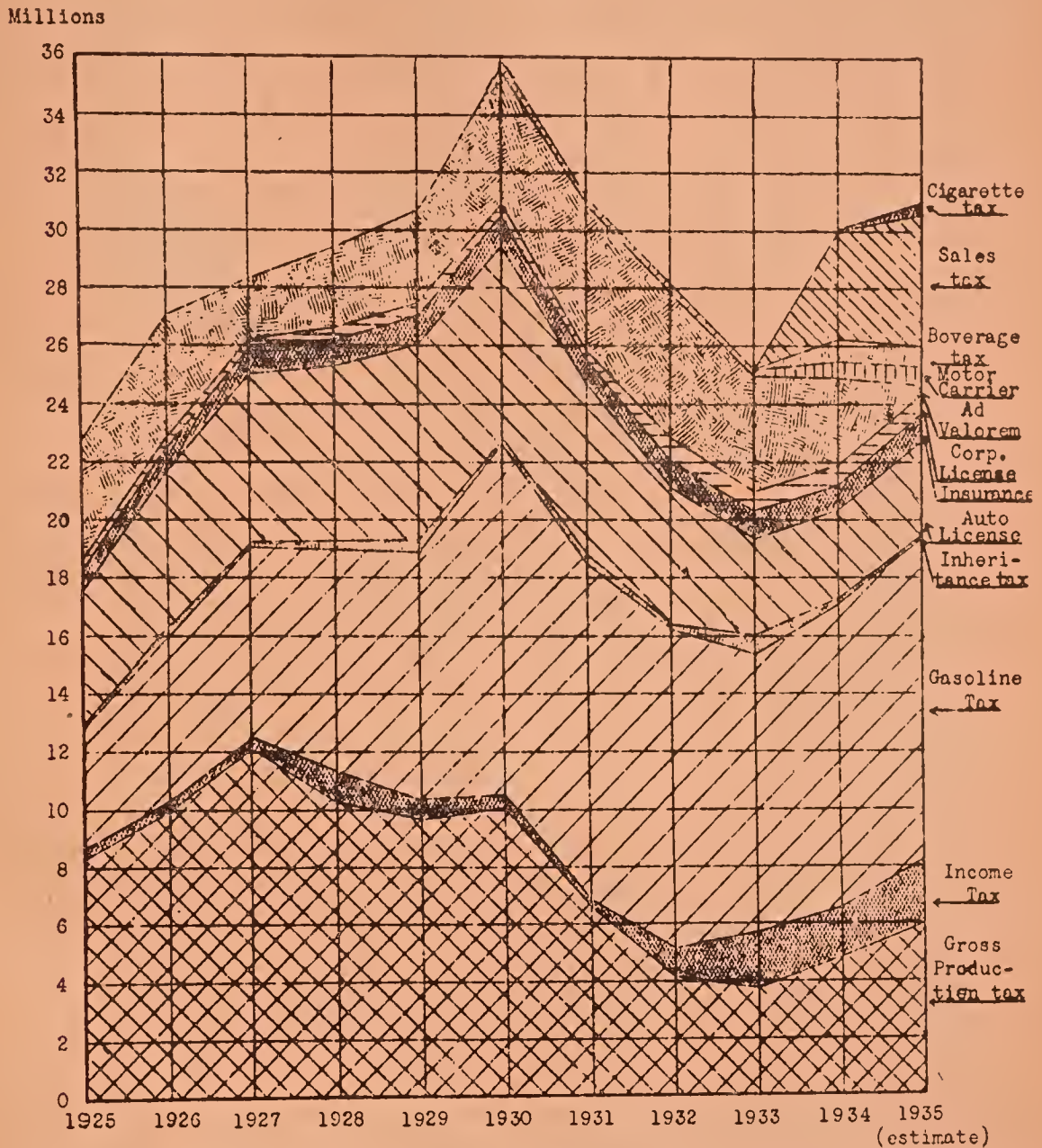
A TEN-YEAR PERSPECTIVE

These figures for current revenue, it is hoped, will afford a fairly comprehensive picture of the revenue system in operation; a picture, however, which will be greatly improved by the element of perspective afforded by Chart I below. This chart has been worked out by the new Research Division of the Tax Commission.

Here the one most striking feature is the extent to which the whole picture has been dominated in the past by three major forms of revenue, namely: Motor and gasoline, gross production, and property taxes, the latter in process of being replaced by the sales taxes. The income and inheritance taxes serve only to embroider the gasoline and gross production taxes.

The depression began to register in 1931; and so far as taxes may constitute a business barometer, it passed its bottom in 1933. The motor and gasoline taxes have demonstrated their remarkable stability in Oklahoma, as elsewhere. The chart illustrates clearly the fact, referred to in Chapter XXVII that the state's revenue difficulties have been due chiefly to the sharp decline in the gross production taxes. The sharp increase in income tax collections beginning in 1931 is a barometer neither of prosperity nor depression; it is a barometer of tax administration, reflecting the work of the new Tax Commission created in 1931.

CHART I
REVENUES COLLECTED FROM MAJOR SOURCES STATE OF OKLAHOMA
 Fiscal years 1925-1934, and Estimate for 1935*



*Source: Report of State Auditor, 1934, p. 43. Motor Carrier tax collections from Treasurer's records and Report of Oklahoma Tax Commission; Motor Carrier data before 1930 not available. Estimate for 1935 prepared by the Accounting Division, Oklahoma Tax Commission.

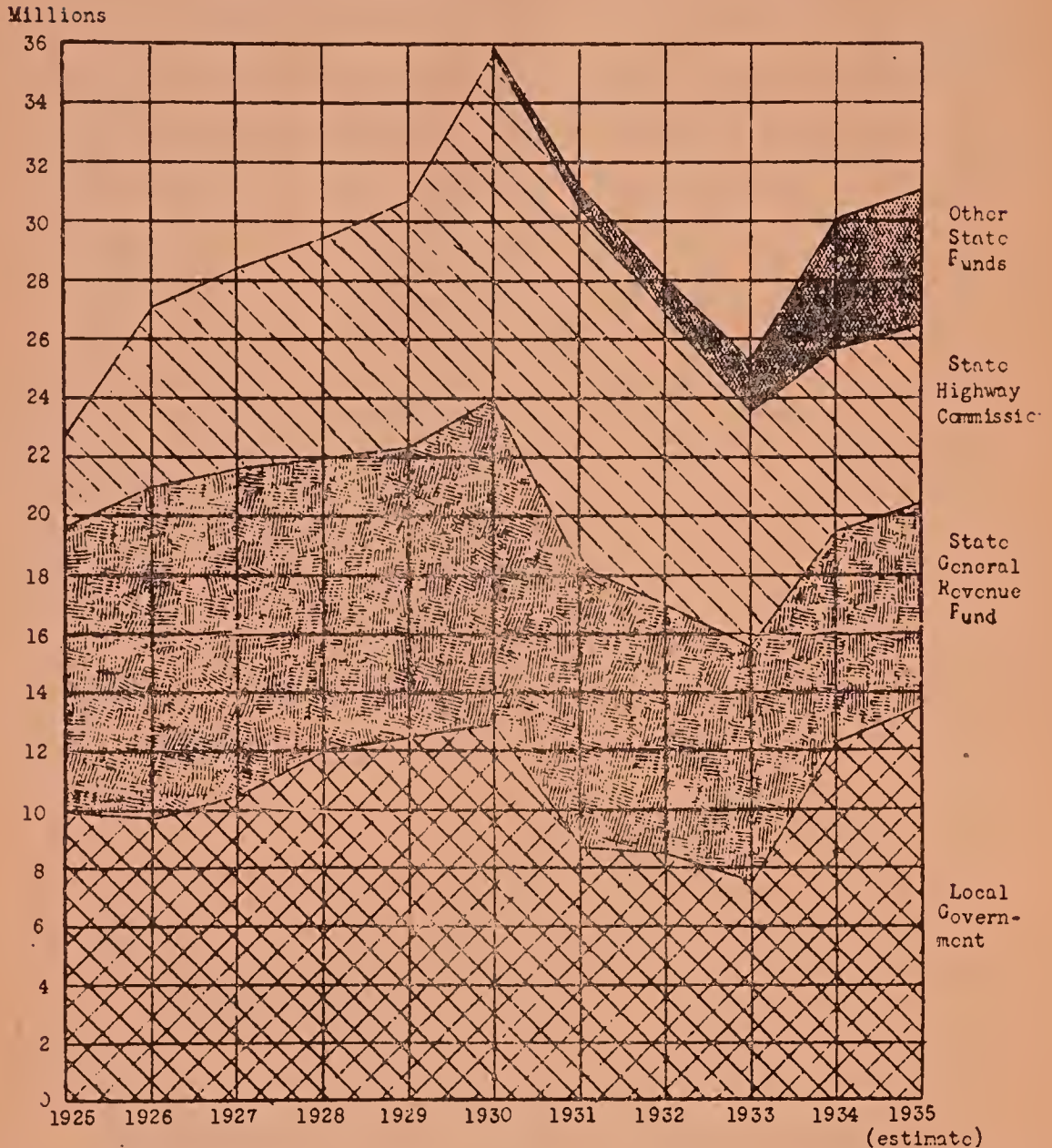
OKLAHOMA TAX COMMISSION, Research and Statistics Division

Chart II affords a perspective upon the problem of apportionment of revenues between state and local governments. It exhibits two striking trends: One is the expansion of the portion allocated to local governments, the other the striking shrinkage in the proportion of tax collections going into the General Fund of the state. Ten years ago the General Fund received, in round numbers, \$10,000,000 out of a total of \$23,000,000 collected; for the current year it is estimated that it will receive something less than \$7,000,000 from a total of \$31,000,000.

CHART II

APPORTIONMENT OF REVENUES FROM MAJOR SOURCES
STATE OF OKLAHOMA

Fiscal years 1925-1934, and Estimate for 1935*



*Source: Report of State Auditor, 1934, p. 43. Estimate for 1935 prepared by Accounting Division, Oklahoma Tax Commission.

OKLAHOMA TAX COMMISSION, Research and Statistics Division

INDEBTEDNESS

The previous exhibits have all had to do with taxes. But one reflection of a revenue system is the extent to which it engenders debt. The net state debt, under rigid constitutional restrictions, amounted on June 30, 1934 to approximately \$15,666,140.

The total indebtedness of county and local governments has been computed as of June 30, 1933, the latest date for which complete data could be secured, and is indicated in Table IV below.

TABLE IV
INDEBTEDNESS OF COUNTY AND LOCAL GOVERNMENTS IN OKLAHOMA
(As of June 30, 1933)

	Funded	Floating	Total
Counties -----	\$ 37,426,456.00	\$11,068,651.00	\$ 48,495,107.00
Municipalities -----	97,662,065.00	3,881,445.00	101,443,510.00
Townships -----	8,119,061.00	1,569,374.00	9,688,435.00
School Districts -----	53,898,567.00	19,299,149.00	73,197,716.00
Total -----	\$197,006,149.00	\$35,818,619.00	\$232,824,768.00

A local indebtedness of \$232,824,768, plus the small state debt at that time, means an indebtedness of almost exactly \$100 per capita, or \$500 per family of five, in addition to such amounts of private indebtedness as the people of Oklahoma may be carrying. Moreover, it will be noted that while the Constitution limits the debts of local governments to 5 per cent of the assessed valuation of property, various factors, including the depreciation of property values since portions of the debt were incurred, have pushed the total indebtedness far in excess of that limit. The assessed valuation of all the property in the state in 1933 was \$1,232,731,121. A debt of \$232,824,768 is 19 per cent of that property valuation.

CHAPTER XXIX

AN ANALYSIS OF OKLAHOMA'S TAX SYSTEM

In previous chapters we have outlined briefly the background and development of the tax system and have presented a statistical cross-section of the broad stream of revenue that flows through the channels of this system into the treasuries of state and local governments. Before undertaking any suggestions for new sources of revenue or changes in tax legislation, we should like to do three things.

The first is to make an analysis of the tax system—its essential elements, its administration, and operation—as it stood in January 1935.

The second is to undertake, on the basis of such principles as may be applicable, some appraisal of the merit, character, and effectiveness of the system as it stood at that time. If these sound like somewhat the same things, the similarity is in name only. They are two different things, and we should like to do the two jobs separately. The first is a draftsman's job, a matter of blue-printing the tax system—its organization, placement of its machinery, its operation, "routings," and so forth. The second is the more difficult engineering task of appraising the efficiency or inefficiency of the various elements and operations of the system and of the system as a whole.

The third thing is to appraise the extent to which the emergency legislation of 1935 remedied the defects and effected the necessary changes in the existing tax system; in short, to determine the areas in which the legislation of 1935 solved the revenue problems of the state and the areas which are left for further effort toward solution. It will be in the latter areas that our recommendations will be. And it is believed that if the groups who are now working on the problem will have the patience to work through some such preliminary analysis and appraisal—or to make their own—they will be in a position to develop a wiser solution in those areas which still call for further effort. These three things, therefore, will be the subject of this and the two succeeding chapters.

TAX BASES

In analyzing the tax system as it stood in January 1935, we have classified the various forms of taxation within four major groups, according to the underlying bases of taxation on which they rest, namely, property taxes, production taxes, consumption taxes, and taxes on distribution. It is obvious that any sharp distinction among these different groups is impossible—and probably unnecessary. Taxes on any one basis affect, directly or indirectly, the other bases. Property taxes affect production; consumption taxes react in some degree upon production, and so forth. Nevertheless these are the essential bases of taxation; all taxes rest substantially on the one basis or the other; and the character and effects of a state's tax system will be determined largely by the extent to which it emphasizes one or another of the underlying bases. An income tax is fundamentally different from a property tax, and a gasoline tax fundamentally different from both.

What is not so obvious and has not commonly been recognized is that while a tax on any one of these bases may shift its effects to another basis, this process operates almost uniformly in one direction, namely, in the order of our enumeration above. This is property, production, consumption, and distribution. Property taxes tend to be shifted to production; production taxes tend to be shifted to consumers; consumption taxes directly affect the distribution of incomes. So that in constructing a tax system a legislature will wisely keep in mind two things: The first, that any system it constructs must rest predominantly on one or another of these underlying bases; the second is that so far as these bases may tend to slip from under, they will "slide" almost uniformly downward in the direction enumerated.

One common idea about the shifting of taxes, however, is plainly fallacious. This is the frequent remark that "no matter what taxes may be placed on, they are all paid by the consumer eventually." There is probably no more completely erroneous notion in the whole field of taxation. There are taxes that never come within a mile of the consumer—there may be no consumer. Where is the tax on Canadian thistles shifted to? Sometimes a tax **reduces** the price of a thing, and the consumer **enjoys** the tax instead of paying it.

One of the largest fields of taxation in the United States has been in exactly this position for the past decade or longer. This is the field of farm taxes. It can be demonstrated that most of the farm taxes that have been levied—prior to the appearance of the processing taxes—have, like other farm costs, had the effect of forcing increased efforts for production on the part of farmers, with the result of **increased supply and lower prices** for farm products. There are some businesses where taxes will force people out of production; farming is not one of them. Every increase in costs, taxes, or what not, only forces farmers and their families to greater effort for saving and production. And it would be possible for urban populations, if they had the political leverage and were so minded, to load more and more of their tax burdens on the farm populations and at the same time lower the cost of food and farm products to themselves; and the only limit the process would be reached when farm populations were reduced to a starvation level and abandon the rural areas *en masse*. Ironically enough, the urban community which demonstrated this process—and its limits—is the same which now houses the International Institute of Agriculture.

On this basis we have set up the following outline of the tax system:

- I. The Property Tax
- II. Taxes on Production and Business
 1. Corporation License Tax
 2. Gross Production Taxes
 3. Motor Carrier Taxes
 4. Gross Receipts Tax
- III. Taxes on Consumption
 1. Motor Vehicle License Tax
 2. The Gasoline Tax
 3. The Retail Sales Tax
 4. The Beverage Taxes
- IV. Taxes on Distribution
 1. The Income Tax
 2. The Inheritance Tax

In this outline the assignment of particular taxes to any group rests on even less distinct grounds than the groups themselves. The gasoline tax on gasoline used in commercial cars is a tax on business; on gasoline used in family and pleasure cars, it becomes a tax on consumption. We have placed these various taxes in the groups which seem to represent their predominating characteristic. If any one can do his thinking more clearly by assigning them to more than one grouping, or by distributing them among various groupings, he can easily do so. The groupings here given will serve for purposes of discussion in the present chapter.

THE PROPERTY TAX

Proportion Represented by the Property Tax. In Chapter XXVIII it was computed that in 1933 property taxes represented 89 per cent of all taxes levied by or on account of local governments, 71.5 per cent of total taxes levied by all governments, and 53 per cent of **total revenues** of all governments. The abolition of the state levy and the development of increased revenues from other sources will substantially reduce the proportion derived from property taxes. Any statistical measurement of the amount of probable reduction is impossible. But on the basis of such rough calculations as can be made it may be estimated that at the present time property taxes represent not more than 64 per cent of total taxes of all governments, and probably not more than 46 per cent of total revenues.

There is, of course, no formula for determining what proportion of governmental burdens "ought" to rest on property and what on other bases of taxation. Some extremely ingenious studies have been made in an effort to develop such a formula through allocation of the proportions in which real estate shares in the benefits of governmental services. Their results afford no guidance, because, in the first place, they assume that property **ought** to be taxed in proportion to benefits received, which few students of taxation will concede; and because, in the second place, no statistical technique has yet been derived by which it is possible to allocate government benefits quantitatively to particular groups or particular classes of property.

What proportion of taxes **ought** to be levied on property depends upon one's general theory of taxation and upon conditions in each state. We do not find that the theory of property taxation—whatever it may be—differs greatly in Oklahoma from that of other states, or that conditions affecting property taxation are essentially different. And we conclude therefore that an assignment of 64 per cent of taxes, or 46 per cent of governmental revenues, to property represents, on the whole, progress toward a health distribution of tax burdens.

Tax Limitation. This result has been brought about in part by constitutional limitations upon the rates of property taxation, which have been described in previous chapters.

Since these limitations have been in operation ever since the adoption of the Constitution in 1907, they suggest the possibility of garnering some valuable experience with reference to the effectiveness of tax limitations in general in securing economy in governmental expenditures and reduction of tax burdens. If these limits may appear to have been so liberal (31.5 mills until 1935, and 27 thereafter, exclusive of debt requirements) as to deprive them of effectiveness, that result has been prevented by the low level of assessments in relation to full value of property. Unfortunately, resources have not been available for making even a limited study of the actual relation of assessed valuations to sales value. Such a study would greatly increase the precision with which a number of problems could be treated.

But the general testimony is to the effect that the average level of assessments throughout the state probably lies between 30 and 50 per cent of full value. The consensus of estimates would suggest that it probably averages 40 to 45 per cent. If we take the latter figure, then a maximum rate of 27 mills, applied to a 45 per cent valuation means an actual maximum of approximately 1.25 per cent upon the full value of property. So that the general pressure for lower assessments has done what the Constitution left undone in the way of defining an effective tax limit. Between these upper and nether millstones, the fact is that property taxes have actually been "reduced."

It is true that if we take the total property taxes levied by county and local governments for 1933, namely, \$51,248,203, and divide this by the total assessed valuation of property in the state for that year, as reported by the Tax Commission,¹ namely, \$1,232,731,121, we arrive at an average tax rate for the entire state of 4.16 per cent of assessed valuation. The difference between this rate of 41 mills and the constitutional maximum of 27 mills is presumably accounted for by debt requirements. If we assume an average assessment at 45 per cent of full value, this becomes an average rate of 1.87 per cent, or approximately 19 mills, on the full value of property in the state. In view of the fact that the debt service of county and local governments for that year amounted to \$17,370,000, while their total property tax levies amounted to the \$51,248,203 quoted above, it is apparent that debt requirements absorbed approximately one-third of their tax levies—which again brings the average levy throughout the state, for ordinary expenses, down to 12 and a fraction mills on the full value of property. So far as can be ascertained, this is materially lower than in most other states that would be properly comparable with Oklahoma.

Further evidence is available in the experience and testimony of local government officials. The 15 mills available under the constitutional limit is apportioned annually among county, municipal, and other local units by the county excise boards. During the past year tremendous pressure has been brought upon these boards by representatives of the various governmental units to secure larger shares of these 15 mills—a degree of pressure which, it seems apparent, would certainly have produced higher tax rates in these various units, if the constitutional limitation had not set up an insurmountable barrier. And on the whole it seems apparent that the high levels of public expenditures established during preceding years of prosperity, the shrinkage of other sources of revenue, the pressure of demands for public relief, and the embarrassment caused by heavy tax delinquency must inevitably have caused substantially heavier levies upon property, if the constitutional limit had not made this impossible.

Net Results. It would seem, therefore, that the net results of Oklahoma's exper-

¹Report, 1934, p. 150.

ience with constitutional tax limitation will be found to lie along the following lines:

1. It has established an effective limitation upon tax levies, perhaps particularly in times of financial stress and embarrassment on the part of local governments.

2. It has undoubtedly only shifted a part of the pressure of revenue needs from taxes to borrowing. How much pressure tax limitation has exerted in this direction there is no means of determining; but it has unquestionably been a factor in pushing local indebtedness in 1933 to the amount of \$232,284,768, which represents 19 per cent of the assessed valuation of property for that year.

3. In the third place, the limitation upon property levies appears to have contributed powerful pressure toward bringing about the adoption of other forms of taxation. This has necessarily taken the form of demands for income, sales, and other types of taxes that can best be administered by the state, with allocations of portions of the revenue back to local governments. One cannot generalize too readily here without more intensive study of the political history of recent tax legislation. It is recommended as a fruitful subject for a doctoral dissertation at one of the universities, in the field of political pressures. But meanwhile it appears that much of the propelling force back of recent state tax legislation has come not from groups primarily interested in state finances, but from those concerned with local expenditure, who have been driven to these cases of relief by the dearth of revenues remaining out on the great Sahara of property taxation.

From the standpoint of sound taxation, this is a wholesome result. Indeed, it is the one rational justification for rigid tax limitation provisions. Perhaps the only further comment necessary is that it is a pity that all this has to be secured at the cost of the otherwise disturbing and confusing results of constitutional tax limitations.

THE SYSTEM OF ASSESSMENT

Prior to 1911 assessments in Oklahoma were made by elective township, town, and city assessors. In that year the legislature abolished these local assessing officers and transferred all assessment duties to county assessors.¹

County Assessors. These county assessors are elected for two year terms. Their salaries are fixed by schedule under an Act of 1933,² and range from \$1,200, in counties having a population of 14,500 or less, to \$4,000 in counties having a population of 200,000 or over. Under this schedule it appears that 17 counties pay their assessors \$1,200. Of the 77 counties in the state, 64 pay their assessors from \$1,200 to \$1,800. Tulsa County, containing the city of Tulsa, pays \$3,600, and Oklahoma County, containing the capital city and metropolis, pays \$4,000. A limited allowance for deputies and assistants is provided, subject to rigid statutory limitations.³ These limitations are such that in the less populous counties, the assessor is permitted to spend only \$300; and in only three counties in the state may he spend more than \$2,000 for assistants, with provisions that under certain contingencies the county excise boards may appropriate a few hundred dollars additional.

The Constitution provides that property shall be assessed at "the price it would bring at a fair, voluntary sale."⁴ Personal property is assessed annually, real estate in alternate and odd-numbered years. Real estate is assessed as of January 1. "Stocks of goods, wares, and merchandise" are to be assessed at average value for the preceding year. Unmanufactured farm products, such as cotton and tobacco, are to be assessed at their value on the preceding May 31.

The assessment process begins in January with the posting of notices by the county assessor, "in three or more conspicuous places" in each city or voting precinct, that he will sit in a certain school house, garage or other convenient structure on certain specific dates, to receive the assessment "lists" which property holders are required to file. The statutes require the assessor to sit in these "conspicuous places" in each city or precinct for half-a-day for every 60 voters inhabiting the city or precinct.⁵

¹Laws, 1910-11, Chap. 152.

²Laws, 1933, Chap. 11.

³Laws, 1919, Chaps. 301 and 29.

⁴Art. X, Sec. 8

⁵Laws, 1933, Chap. 115, Sec. 3.

To these school houses or other selected points, property holders come with their own assessments of their various properties. If, however, any taxpayer shall "fail to meet the assessor" at the time and place advertised, he "may," in the language of the statute, "meet him in another city" and observe the formalities incident to such a meeting.¹

The assessor is required to hold these meetings from January 15 to February 15. From that date until March 1 he is required to be at his office in the county seat in order to receive lists from property holders who have not previously made the required returns. The statute provides that any property holder who has not listed his property by March 1 "shall be delinquent," and shall be subjected to a penalty in the form of \$1.00 to be "added to his tax."

If, notwithstanding all of the opportunities provided for "meeting" the assessor, any property holder actually refuses or, in any case, fails to list his property, the assessor is authorized himself to "list the property of such person" and, as a penalty, to add "fifty per cent to the actual value thereof." The severity of the methods to which the assessor may then resort in arriving at the actual value of such a property are indicated by the provision that he may examine on oath "any person whom he supposes to have knowledge in relation to the property," and by the further provision that "if any person refuses to testify when so required, he shall forfeit the sum of five dollars."²

In general, the statute appears to visualize the whole function of the assessor as that of examining people "whom he supposes" to know something about the properties rather than the properties themselves. There is one section, however, consisting of three lines, which provides that the assessor "may, when necessary . . . enter any dwelling house, building or structure, and view the same."³ In any case, on or before the fourth Monday in April, the county assessor completes his assessment roll and certifies it to the county board of equalization.⁴

The County Board of Equalization. The county board of equalization is composed of three resident householders and freeholders of the county, not less than 21 years old, one of whom is appointed by the State Tax Commission, one by the county commissioners, and one by the district judge or judges. Their terms of office are coterminous with that of the county commissioners. Their membership, incidentally, is identical with that of the county excise board, discussed in another connection.⁵

The county board of equalization meets on the fourth Monday in April, when, according to the statute, it is expected to receive the assessment roll of the county from the county assessor. It has authority "to equalize, correct, and adjust the assessed valuation of real and personal property of any taxpayer by raising or lowering the valuation of the property, real or personal, to conform to the fair cash value thereof, as defined by law, and to add omitted property." It is authorized to hear complaints, to order whatever adjustment it thinks fair, and to correct the assessment roll accordingly. In case any assessment it raised or any property added, five days' notice in writing must be given the owner of the property.

The taxpayer may appeal from the action of the county board of equalization by filing notice with the secretary of the board within ten days after adjournment of said board. Failure to do so bars such right of appeal. Appeal from decisions of the county board of equalization may be taken to the district court, from whose decisions there is an appeal to the Supreme Court.

After the county board of equalization has completed its work of adjusting the equalizing assessments within the county, which it is required to do before the first Monday in June, the county assessor corrects and revises his assessment roll accordingly and prepares an abstract of same. This he formally certifies to the State Board of Equalization. A more recent statute provides, however, that all lists of taxable

¹Laws, 1933, Chap. 115, Sec. 3.

²Stat. 1931, Sec. 12597.

³Stat. 1931, Chap. 66, Sec. 12588.

⁴Laws, 1933, Chap. 115, Sec. 5.

⁵Stat. 1931, Chap. 66, Art. 21; Laws, 1933, Chap. 115, Secs. 5-7.

property which county officials are required to file with any state official, are now required to be filed with the Oklahoma Tax Commission, not later than the third Monday in June of each year. The Tax Commission renders its findings to the State Board of Equalization.

The State Tax Commission. The present State Tax Commission was created by act of January 19, 1931.¹ It was created largely to perform the functions conferred by the Constitution upon the State Board of Equalization but which that Board is not adapted to perform. It illustrates the axiom that government bodies are more easily created than abolished.

The Tax Commission consists of three members who are appointed by the Governor and hold office subject to his approval. The Commission has certain vaguely defined supervision over local assessment and is assigned three specific functions of its own. The first is the assessment of railroad and public service property; the second, "the adjustment and equalization of the valuation of all real and personal property of the several counties of the state"; the third is the actual collection of an unusual variety of taxes. In fact, the statute creating the Commission imposes upon it the duty of collecting all states taxes, by quoting verbatim the clause of the Constitution² enumerating the various forms of taxes that the legislature may levy.³

The general status and activity of the Commission will be discussed more at length in other connections. Here we are concerned with its relation to the assessment of property, in which its duties include the assessment of public service property and the equalization of all property assessments among counties. But under the Constitution⁴ these duties are specifically assigned to the State Board of Equalization. Consequently the statute bridges the difficulty with a *pons asinorum* to the effect that the "findings" of the Tax Commission "shall, by said Commission, be laid before the State Board of Equalization as recommendations for its final action." We are informed that thus far the Board of Equalization has almost uniformly followed the "findings" of the State Tax Commission.

Under this arrangement, therefore, the county assessor now certifies his assessment roll to the State Tax Commission not later than the third Monday in June. The statutes apparently provide no specific period within which the equalization work of the Tax Commission must be performed; but the period available is obviously brief, since the State Board of Equalization is required to begin its sessions on the third Monday in June.

Meanwhile, prior to this date, the Tax Commission is presumed to have completed its valuations of public service corporations; and these valuations, along with the assessments of general property as made by the county assessors and county boards of equalization, now go to the State Board of Equalization.

The State Board of Equalization.⁵ The Constitution provides that the State Board of Equalization shall consist of the Governor, State Auditor, State Treasurer, Secretary of State, Attorney General, State Examiner and Inspector, and the President of the State Board of Agriculture.⁶

The duties of the State Board of Equalization are three-fold, namely, fixing the rate of taxation for state purposes, adjusting and equalizing assessments between counties and classes of property, and making the original assessment of all railroad and public service corporation property.

The legislature has subsequently prescribed the duties of this Board in greater detail.⁷ It is required to hold a session at the capital, beginning on the third Monday in June, to examine the various county assessments, to equalize, correct, and adjust the same as between the counties by increasing or decreasing the aggregate assessed value

¹Laws, 1931, Chap. 66, Art. 1.

²Art. X, Sec. 12.

³Stat. 1931, Chap. 66, Art. 1, Sec. 12297.

⁴Art. X, Sec. 21.

⁵This statement of the operations of the State Board of Equalization is from L. D. Melton, *A Study of the Centralized Control of Local Finances*, 1933.

⁶Const., Art. X, Sec. 21.

⁷Stat. 1931, Sec. 12656; also Laws, 1933, Chap. 115.

of the property or classes thereof, and to order the assessment rolls of any county in the state to be so corrected as to adjust and equalize the valuation of the real and personal property of the several counties. No change in the assessed valuation of any county is binding, however, until ten days' notice of such change has been given the board of county commissioners. This last is for the purpose of giving the county an opportunity to be heard, if it objects to the change.

In the case of **Wallace v. Bullen**,¹ and in numerous other decisions, the State Supreme Court has held that the State Board of Equalization cannot raise or lower individual assessments, but that it can raise and lower assessments of **classes** of property, notwithstanding such adjustments result in an increase in total county or state valuations.

Following the adjustment of the valuations of the several counties as outlined above, the State Board of Equalization causes the valuations, as corrected, to be returned to the county assessors, who must then revise their assessment rolls accordingly.

The Constitution provides that the State Board of Equalization shall assess the property of railroads and other public service corporation property. But in 1931 the legislature provided that all lists, schedules, reports, and returns of public service corporations and railroads relating to assessment of property shall be filed with the State Tax Commission, which shall lay its findings before the State Board of Equalization.

After having assessed all public service corporation property in the state, the State Board of Equalization directs the same to be certified by the State Auditor to the county clerks of the respective counties in which such property is located, to be spread upon the rolls.² But since the passage of the county assessor's act, in which that official is charged with the preparation of assessment and tax rolls, the State Auditor certifies all such valuations to the county assessor.³

Appeal may be taken to the Supreme Court from the rulings of the State Board of Equalization by any aggrieved person, or by a county, through its attorney.⁴

All property having thus been assessed and equalized by the assessor and the two boards of equalization, the county assessor, within five days of the receipt of public service corporation assessments and equalized valuations of real and personal property from the State Board of Equalization, prepares a report to the county excise board containing a list of the total valuations of the county and of all political subdivisions therein, for the use of that body in determining the rate of tax, or levy, to be charged against them.

This entire process of assessment and equalization is indicated graphically in Chart I.

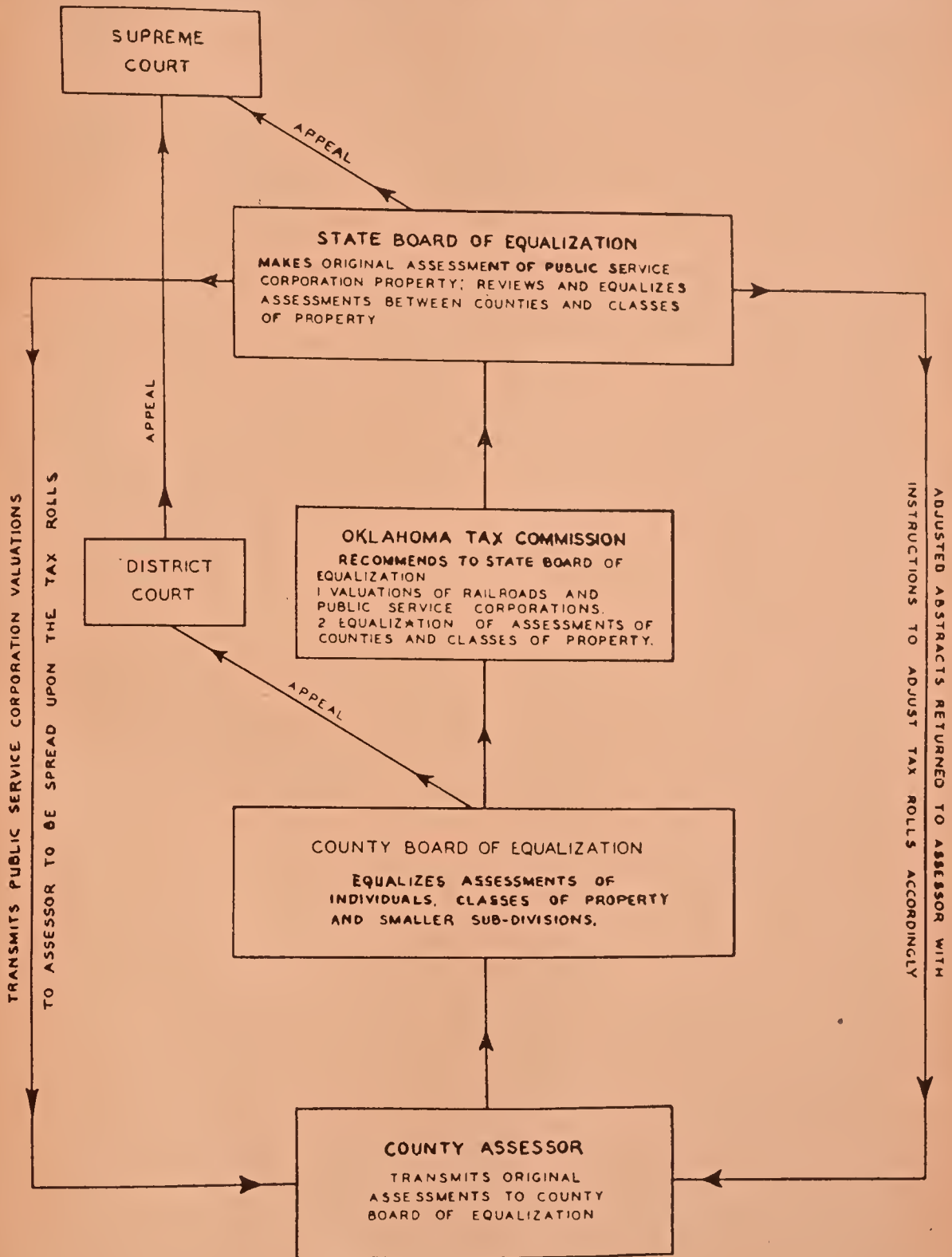
¹6 Okla. 757, 54 Pac. 974.

²Stat. 1931, Sec. 12410

³Laws, 1910-11, Chap. 152.

⁴Laws, 1933, Chap. 115.

CHART I THE PROCESS OF ASSESSMENT AND EQUALIZATION IN OKLAHOMA



Railroad and Public Service Property. Railroad and public service property are assessed by the State Board of Equalization on the "findings" of the State Tax Commission. One of the propelling forces that led to the creation of the new Tax Commission in 1931 was a popular demand for a higher assessment of the property of public service corporations; and the Commission, in its report for the period of 1931-34, expands at considerable length on the fulfillment of the popular demand in the form of an increase of \$64,272,766 in the total assessment of railroad and public service property for 1931 over that of the previous year.¹ For some reason the Commission proceeded to reverse this action in the following year and thereafter. The total assessments of these classes of property since 1931 have been as follows:

Year	Railroad Property	Other Public Service Property	All Public Service Property
1930			\$344,223,376
1931	\$193,803,857	\$214,692,285	408,496,142
1932	156,157,471	175,026,263	331,183,734
1933	139,616,196	159,576,403	299,192,599
1934	139,777,976	166,145,427	305,923,403

The sudden increase of \$64,272,766 in 1931 was wiped out by a decrease of \$77,312,408 in 1932 and a further decrease in 1933. The explanation offered is that the increase in 1931 only brought railroad and public service property into line with the prevailing levels of farm property and real estate; and that from that year the levels of assessment of all property have been reduced in recognition of the actual deflation of values subsequent to 1931.

The valuations of public service property are made annually, as of January 1, on the basis of full reports made by the companies. The usual factors of valuation are applied, including in the case of the railroads, for example, stock and bond values over a five-year or other period, earnings, and cost of reproduction. Apportionment of interstate valuations in the case of the railroads are based on composite averages of various bases, including mileage—main track and all-mileage—operating revenues, ton-miles, and other traffic units, car and locomotive mileage, and reproduction cost.

There are no objective tests by which to judge the results of assessment in this field, but two comments may be offered. The first is that the methods applied and the general character of administration in this department would suggest a much more competent assessment of railroad and public service property than that of real estate and general property. The second is that, so far as can be ascertained, there appears to be no systematic equalization of the valuations of public service properties and that of general property. There cannot well be any such equalization without more accurate knowledge of what the general level of assessment is throughout the state and there is some ground for conjecturing that there is no such thing as any "general level" of assessment by which to equalize anything.

One would be tempted to conjecture that the superior assessment of public service property and the absence of any equalization with the real estate and general property might account in some degree for the comparatively high proportion of public service property in the total property valuation of the state. By reference to Table III (Chap. XXV) it will be seen that the public service property valuation is 24.3 per cent, or approximately one-fourth of the total property valuation for the state. On the face of it, it seems scarcely possible that public service property can actually constitute such a fraction of the total wealth of the state.

It is explained in part by the substantial categories of property that are not embraced in ad valorem taxation. This includes operating oil and gas properties and lead, zinc, and asphalt mining properties which are subject to the 3 per cent (since April 1, 1935, 5 per cent) gross production tax *in lieu* of property taxes; automobiles, trucks, busses, and motor vehicles of all kinds, which are subject only to the motor vehicle license and motor carrier taxes; the property of banks and financial institutions (other than real estate and physical property) which are subject only to the income tax; the property of insurance companies, other than real estate and taxable personal property; and to this perhaps should be added the household furniture exemption of \$100 to heads of families and \$200 exemption for war veterans.

¹Report of the Oklahoma Tax Commission, 1934, pp. 22-25.

Altogether these categories of property outside the pale of property taxation must reduce substantially the total property valuation against which the public service valuations are compared. Whether this is adequate to explain the unusually high proportions of public service valuations in the aggregate for the state, there is no means of determining.

Personal Property. Personal property in general is assessed by the county assessors in the course of the regular assessment. General testimony is to the effect that there are wide variations in the valuation of personal property and in the proportions of personal property that get on the assessment rolls at all. These conditions of course are common to most of the states. But reference again to Table III (Chap. XXV) will indicate that in 1934, personal property represented only 15 per cent of the total property valuation, which is lower than the proportion found in most states.

Chronology of Assessment. We will conclude our analysis with a chart of outline which, it is hoped, will afford a comprehensive picture of the whole process of assessment, levy, and collection of property taxes.

THE PROPERTY TAX CALENDAR
Schedule of Assessment, Levy and Collection of Property Taxes

Chronology	County Assessor	County Board of Equalization and Excise Board	State Tax Commission	State Board of Equalization	Court of Tax Review	County Treasurer
January	Receives lists at appointed places till Feb. 15					
February	Receives lists at office till Mar. 1					
March	Assesses property not voluntarily declared		Receives, on or before Mar. 1 reports from public service corporations and finds assessed value			
April	Prepares assessment roll, before fourth Monday in April					
May						
June	Prepares abstract before third Monday in June	Equalizes and corrects assessment roll, before first Monday in June				
July	Prepares corrected abstract, including centrally assessed public service property			Finds equalized value of locally assessed and centrally assessed property	Approves or alters findings on equalized value of Tax Commission	
August	Extends taxes and certifies roll to county clerk and county treasurer	Adjusts appropriations				
September		And levies on what it considers excessive or illegal, on own initiative or on order Court of Tax Review or of Supreme Court				
October					Meets first Monday in October and thereafter to hear protests, appeal to Supreme Court	Oct. 1 taxes due Nov. 1 quarter delinquent
November						
December						Jan. 1 second quarter delinquent
January						
February						
March						March 1 third quarter delinquent
April						
May						May 1 fourth quarter delinquent

TAXES ON PRODUCTION AND BUSINESS

Corporation License Tax. Corporations organized in Oklahoma or doing business in Oklahoma are subject to an annual license fee of \$1.00 per \$1,000 of the value of capital stock employed in the state, with a minimum fee of \$10.00 and a maximum of \$10,000.¹

The tax is administered and the fees collected by the State Tax Commission. It yielded in 1934, \$677,373.

Gross Production Taxes. The following gross production taxes are levied *in lieu* of taxes upon any property rights attached to or inherent in the right to ores, minerals, oil, or gas. But no property is exempt from ad valorem taxation unless actually necessary and being used for the production of oil, gas, or minerals. The rates here given are those in effect prior to the legislation of 1935.

	Production Taxes ²
Oil -----	3 per cent of gross value of production
Gas -----	3 per cent of gross value of production
Asphalt and lead, zinc, "jack," gold, silver, or copper bearing ores	½ of 1 per cent of gross value of production
On salvaged oil -----	12½ per cent in addition to the regular gross production tax
On any oil of which the actual source is not disclosed -----	12½ per cent in addition to the regular gross production tax

These taxes are payable monthly. They are administered and collected by the State Tax Commission. They yielded in 1934, \$4,790,604.

Motor Carrier Tax. All persons engaged in the transportation of persons or goods by "motor vehicle," are doing an inter-city business, in addition to the motor vehicle registration license fees and to a filing or permit fee of \$25.00, are subject to mileage taxes, graduated according to the seating capacity of passenger vehicles or according to the "unladen weight" of trucks and property carrying vehicles. The rates per mile for passenger vehicles range from 3 to 15 mills; for trucks and similar vehicles, 4 to 10 mills.³

The tax is payable monthly, is administered by the Tax Commission, and yielded in 1934, \$523,385. The general testimony of tax officials is that the tax is extremely difficult to administer and there is much understatement and evasion.

Gross Receipts Tax. A tax of 4 per cent is imposed on the gross earnings of freight cars owned by other than railroad companies.⁴ The tax is *in lieu* of ad valorem taxation, and is administered by the Tax Commission.

TAXES ON CONSUMPTION

There is no clear-cut distinction between taxes on production and taxes on consumption, since there are few taxes on production which are not shifted in substantial degree to consumers; but there is a large group of taxes which are levied so directly on process of consumption or on goods so close to the stage of final consumption that there is little opportunity for their incidence to rest on any but consumers. In this group we are classifying the motor license taxes, gasoline tax, the retail sales tax, and the beverage taxes. Even within this group, the motor and gasoline taxes represent both production and consumption taxes, in the proportion in which automobiles and gasoline are employed for business or for other purposes; and the retail sales and beverage taxes partake of the character of business taxes to the extent that differences in rates or applications of the tax affect competitive conditions in carrying on business. Nevertheless, all of them rest substantially on consumers—in proportion to their consumption—and may therefore properly be designated consumption taxes.

¹Laws, 1933, Chap. 650.

²Laws, 1933, Chap. 103.

³Laws, 1933, Chap. 156.

⁴Laws, 1933, Chap. 97.

Motor Vehicle License Tax.¹ In lieu of ad valorem taxes, motor vehicles are subject to an annual license fee. In the case of automobiles and motor vehicles the rates are based upon manufacturers' list price, being \$10.00 on a list price of \$500.00 or less and \$1.00 for each \$100 of price in excess of \$500.00. But for the second and for seven subsequent years of the life of a car this is reduced by 20 per cent of the previous year's rate, with a minimum rate of \$2.50.

In the case of trucks, trailers, etc., the rates are based on unladen weight, ranging from \$7.50 to \$300.00 with an annual reduction of 20 per cent, to a minimum of \$5.00. In the case of busses, the rates are based on seating capacity, ranging from \$5.00 to \$7.00 per seat, with provision for an annual reduction of 20 per cent, to a minimum of \$5.00. The fee for tractors and special motor equipment is based on horse power, ranging from 50 cents per horse power for the first year to 10 cents for the fifth year and each year thereafter.

License plates are issued by the State Tax Commission, through "tag agents" appointed by the Commission in various localities throughout the state. These agents are not permitted to charge for their services more than the legal rate for motor fees, which in the past is reported to have been 50 cents.

Since the services in connection with issuing a license plate are very meager and of a kind that can be performed by the most inexperienced clerical assistance, these have proved to be lucrative appointments and have consequently assumed the character of valuable political patronage. In recent years they have been a source of widespread popular irritation.

The revenue from license fees is distributed as follows:

5 per cent to the State Tax Commission for administration of the tax.

38 per cent to the state, to be credited to the Highway Construction and Maintenance Fund.

57 per cent to the counties from which derived, with the provision that of this 57 per cent, 14.25 per cent must go to the cities and towns from which derived, to be credited to the "Street and Alley Fund." Counties are required to place the remainder of their apportionment to the credit of the county highway construction and maintenance fund, with certain provisions relative to bond retirement and other obligations.

It will be noted that, although substantially the entire revenue from the motor license fees is devoted to construction and maintenance of highways, nevertheless the license fee is *in lieu* of all property taxes on motor vehicles. If it requires the entire proceeds, in addition to other sources of highway funds, to maintain the highways for motor traffic, the implication would be that motor vehicles are paying only for the specific costs they impose upon state and local governments, and contributing nothing to the general expenses of government.

Total collections from motor license fees for 1934 are reported by the Tax Commission² as \$3,032,975. Motor vehicle registrations for the year are reported as \$522,787, which would indicate an average payment per vehicle of \$5.80 toward construction and up-keep of highways and nothing for the up-keep of government otherwise.

The Gasoline Tax.³ Oklahoma imposes a gasoline tax of 4 cents per gallon. Gasoline used for agricultural purposes is exempt, simply on declaration of the purchasers that it is to be used for this purpose. General testimony is to the effect that this form of exemption has led to flagrant evasion and other abuses. It will be kept in mind that we are speaking here of the statute as it stood prior to the legislation of 1935.

The revenue derived is distributed on the following somewhat complicated schedule:

2 per cent to the Tax Commission for administration.

29.4 per cent to special fund for payment of state indebtedness in form of warrants issued prior to July 1, 1933.

44.1 per cent to State Highway Construction and Maintenance Fund.

¹Laws, 1933, Chap. 113.

²Report, 1934, p. 200.

³Stat. 1931, Sec. 12527.

24.5 per cent to State Highway Commission, to be apportioned among counties on basis of population and area.

The tax yielded in 1934, \$10,523,419.

The Retail Sales Tax.¹ A sales tax of 1 per cent was enacted in 1933, as an emergency tax, to expire on June 30, 1935. It embraces the following types of transactions:

- Retail sales of taxable personal property
- Amusement tickets and admissions
- Sales of electricity and gas to consumers, whether domestic or industrial
- Telephone service
- Radio service
- Sales of food, drinks, and confections by hotels, restaurants, etc.

Exemptions include:

- Livestock and farm products
- Oil, gas, and minerals, and other raw products—when sold for resale
- Wholesale sales for resale
- Sales of gasoline and “beer,” the latter as defined in the statutes

The tax is administered by the State Tax Commission, and is payable monthly. The revenue is distributed as follows:

3 per cent to the Tax Commission for administration

50 per cent to the counties for schools on a scholastic per capita enumeration basis, to be used for reduction of ad valorem taxes 17 per cent (but not to exceed \$1,000,000 annually) to be allocated to the School Equalization Fund

30 per cent to counties on a scholastic enumeration basis, “for common school relief”

The tax yielded in 1934, \$3,825,003.

The Beverage Taxes. A tax of \$2.50 per barrel is imposed on beverages containing in excess of one-half of 1 per cent alcohol by volume and not more than 3.2 per cent by weight. The tax is payable monthly by the wholesale vendor, or by the retailer when purchased from wholesalers outside of the state.

In addition to this tax, licenses are required at the following rates:

Manufacturers -----	\$1,000
Wholesalers -----	250
Retailers -----	100

The tax is administered by the Tax Commission and yielded, in 1934, \$716,309. The revenue is distributed:

5 per cent to the Tax Commission for administration

95 per cent to counties, on a scholastic enumeration basis, to be apportioned to the common school fund

TAXES ON DISTRIBUTION

In this group we include those taxes which are levied not on property in its ordinary uses or in process of production and consumption, but on wealth and income in the process of distribution among the members of society. Here it happens we have two forms of taxation, one resting on the distribution of income and one on the distribution of wealth.

The Income Tax. Oklahoma has had some perfunctory form of income tax since 1915. The present statute was adopted in 1933, as a part of Governor Murray’s “radical” tax program.² It applies to both individuals and corporations, embraces the usual categories of taxable income, and permits the usual deductions. The exemptions are: \$1,000 for a single person, \$2,000 for husband and wife, and \$500 for each dependent, permitting a total exemption, therefore, of \$3,000 for a typical family of parents and two children. Corporations have no exemptions.

The rates for both individuals and corporations are:

- 1 per cent on the first \$2,000 of taxable income
- 2 per cent on the second \$2,000 of taxable income
- 3 per cent on the next \$3,000 of taxable income

¹Laws, 1933, Chap. 196.

²Laws, 1933, Chap. 195, Sec. 6.

- 4 per cent on the next \$3,000 of taxable income
- 5 per cent on the next \$4,000 of taxable income
- 6 per cent on "the remainder of such excess amount"

Banks and trust companies are taxed under this statute **in lieu** of all taxes on their property other than real estate and tangible personal property subject to local assessment and taxation.

The revenue is distributed as follows:

- 3 per cent to the State Tax Commission for administration
- 2 per cent to an Income Tax Adjustment Fund
- 23.75 per cent to the State's General Fund
- 71.25 per cent to the counties for support of the common schools, on a scholastic enumerative basis.

The auditing of returns and collections of income taxes have apparently lagged so far behind from year to year that it is difficult to report the actual revenue assignable to any one year. The total collections for the year ending June 30, 1934 are reported as \$1,775,107.¹ But of this total, \$872,893 represents collections of back taxes for previous years, leaving \$902,214 assignable to the fiscal year 1934. This latter sum will in turn be augmented by delayed collections of 1934 taxes in subsequent years.

The amount of income tax payable in 1934, on 1933 incomes, is reported as:

Individuals -----	\$ 416,304.31
Corporations -----	986,312.48
	\$1,402,616.79
Total -----	

The administration of the income tax, so far as internal office administration is concerned, has apparently been competent. But so far as can be learned, there has apparently been a negligible amount of field work, with little or no local checking and investigational work, and no effective auditing until within the past two years. Even this auditing began with remote years of the past and is still far from being caught up with current returns. The percentages of this and other taxes specifically allocated to the Tax Commission for costs of administration have provided not only ample but liberal funds for effective administration. But under the pressure for economy, large portions of those funds have been turned back to the State General Fund, and tax officers have boasted rather ostentatiously of the economies thus enforced. In the case of the income tax it has been costly economy, not only in terms of the actual revenue that could have been secured by more effective administration but in terms of lowered taxpayers' morale in consequence.

The Inheritance Tax.² If past income taxes have been perfunctory, the Oklahoma inheritance tax has been perfunctory to the point of being almost nominal. The total revenue derived therefrom in the fiscal year 1934 was \$144,511.60. The reasons therefor will appear in the terms of the statute and also in the methods of administration. The tax is imposed on the various shares in the estate, not on the estate as a whole. Exemptions are as follows:

Widow -----	\$15,000
Child -----	10,000
Husband, father, mother, grandchild -----	5,000
Brother, sister, son-in-law, daughter-in-law -----	1,000
Uncle, aunt, cousin, niece, nephew, and all other relatives -----	500

It will be noted that in case of a widow, two children, parent or grandparent, and a brother or sister, with no allowance for aunts, nieces, or "all others," this schedule would permit a total exemption of \$42,000 before application of even the 1 per cent rate on the excess. In addition to these exemptions, an examination of the probate court records indicates apparently a common practice of permitting exemptions of homestead, although we can find no statutory authorization for doing so. (A homestead exemption provision has been incorporated in the inheritance tax statute of 1935.)

¹Report of Oklahoma Tax Commission, 1934, p. 185.

²Stat., 1931, Sec. 12473, and Laws, 1933, Chap. 141.

The rates are graduated both according to degree of relationship and to amount of the shares of various beneficiaries. Each share is figured separately, and the rate bracket is determined by the size of the individual share, regardless of the size of the estate as a whole. The rates range from 1 per cent on the first \$25,000 of taxable value (in excess of exemptions) to 16 per cent on a value in excess of \$10,000,000. It will be noted that this 16 per cent rate is never reached unless more than \$10,000,000 falls to the share of a single beneficiary.

A special clause provides that in case the sum of the taxes imposed on any estate does not equal 80 per cent of the amount that would be due under the federal estate tax, a supplementary "estate tax," equal to the difference, shall be imposed, in order to enable the state to take full advantage of the 80 per cent credit permitted under the federal tax.

The administration of the inheritance tax is subject to the same criticism made upon the income tax administration above; namely, that it has apparently been almost entirely what we call "desk" administration, with little or no field or investigational work. The Tax Commission, under the pressure for economy and other factors, has relied almost entirely on the perfunctory reports of the probate courts, except in a few occasional cases of estates of conspicuous size.

Of the small revenue yielded, 3 per cent is allocated to the Tax Commission and 97 per cent to the state's general revenue.

CHAPTER XXX

AN APPRAISAL OF THE TAX SYSTEM¹

A state tax system in the United States is one of the most complicated pieces of political machinery in the world. Most of them were never designed by either God or man, and probably neither would recognize his handiwork in them. They have been "assembled" rather than built; assembled over long periods of time, from whatever parts and accessories happened to be "handy," and according to the random ideas of successive groups of mechanics who have worked upon them. If we built automobiles that way, no one could tell what a car would do next or which way to run from it. Consequently it is difficult to appraise any state tax system as a whole; and, so far as we have observed, it has seldom been attempted. The Oklahoma tax system is made up of heterogeneous elements, some of which represent the finest pieces of governmental machinery, and some of which will ruin any tax machinery.

GENERAL FEATURES

Constitutional Prohibition of State Levy on Property and Limitation of Local Rates.

The general position of students of taxation has always been that arbitrary constitutional limitations are unwise. The choice of sources of revenue for the state and even the amount of local taxation ought ordinarily to be matters of legislative determination in the light of existing conditions from time to time.

But with reference to the particular limitations under consideration here, it must be admitted that the assignment to the state of other sources of revenue than the property tax only embodies what has been an ideal of tax students for many years. The growing burdens of municipal and local government and the limited range of revenue sources available to them strongly suggest that the state may wisely leave the field of property taxation to them. Those states which have reached the place where they can withdraw from the field of property taxation have commonly considered this an achievement of note, and in this achievement Oklahoma can take legitimate pride.

Likewise it may be said that a tax limitation that permits a maximum levy of 27 mills is not something to worry greatly about. Both provisions, it is conceded, are matters of **policy** that ought not to be made matters of **constitutional law**; and they may plague taxpayers of another generation, if conditions should change fundamentally; but they are not subjects of concern at present.

Moreover, under the actual conditions prevailing in most states, both limitations have one very practical justification. This is their effectiveness in **compelling the development** of other forms of taxation than the property tax. In many states the opposition of interested groups to the development of these other types of taxation is so organized and powerful that "tax revolt" in the form of rigid limitations of property tax levies is about the only means of bringing them about. At bottom this is what tax limitation is—a revolt of farm and real estate owners against further exclusive dependence upon the property tax for the support of state and local governments. As such, we are inclined to feel that in the present stage of development of the tax system in Oklahoma, tax limitation is still an appropriate weapon of evolution.

The Constitutional State Board of Equalization. From the standpoint of every sound principle of administration, the State Board of Equalization is a vestigial remnant which no longer performs any useful function. Its ex officio composition is such as to make it ill adapted as an administrative agency in matters of taxation. Its essential functions are now being performed—extra-legally—by the State Tax Commission; but the round-about procedure by which this is accomplished is cumbersome and confusing and tends to impair the directness and effectiveness of the Tax Commission's performance of these functions. It is clear that the Board should be abolished, by a simple and direct constitutional amendment to that effect, and its function of assessment and equalization definitely transferred to the Tax Commission.

A Misfit System. The tax system does not adequately reflect the special natural resources of the state. A system that is based in any degree upon taxpaying capacity should reflect the various resources of a state and should reflect them somewhat in the

¹As of January 1935.

proportions in which these resources are represented in the economic structure of the state. This is true not merely in the interest of equitable distribution of tax burdens but of the maintenance of a sound and dependable revenue system. Chapter XXV of the present study included a rough inventory of the resources of Oklahoma for the purpose, in part, of indicating the background which should be reflected in the state's revenue system.

Unhappily, the history of taxation reveals two opposite ways in which the tax system may reflect the distribution of wealth and resources: One is by taxation and one by exemption of the dominant forms of wealth. The latter has been the case where the possessors of dominant forms of wealth have been able to dominate the tax system in their own interest. The elaborate system of license and occupation taxes characteristic of the Southern states grew up in consequence of the ability of the former landed aristocracy to shift tax burdens from their own form of wealth to other less strongly entrenched groups. The relative exemption of manufacturing industries in Pennsylvania "reflect" the position long held by manufacturing groups in the political as well as the economic life of that state. The relative exemption in years past of public utility property in some states and of mining property in others are further examples of tax systems which have reflected **inversely** the dominant forms of wealth in these various states.

Oklahoma will have to choose whether the tax system is to reflect directly or inversely the special oil, gas, and mineral resources of the state. We need only point out here that in the past the 3 per cent gross production tax on oil and the special taxes on other mineral resources enumerated in the preceding chapter have not adequately reflected the special position which these resources occupy in the economic structure of the state.

Exploitation of State Government by Local Governments. In its government finances Oklahoma is preeminently a "local government" state. It has home rule and local autonomy **ad libitum**. It has local assessment, local equalization, local school districts—many of them still further localized with reference to the situation of oil tank farms and other profitable sources of local revenue. And not only is there virtually no supervision or control over local finances, but the local government groups have in a sense inverted the form of government and are now subsisting largely on the state government. We have indicated in Table III, Chapter XXVIII that of a total of \$29,865,004 taxes collected by the state in 1934, \$10,384,870, or 35 per cent, were allocated directly to counties and other local units, in addition to those direct expenditures by the state which are themselves largely in the interest of local communities. And since no corresponding degree of responsibility or control has been vested in the state, the state government has now become largely only a "collection agency" for the local units. Local units are evolving into spending agencies for the state. It is an effective arrangement to facilitate the expenditure of revenues.

Three somewhat striking features characterize the distribution of these revenues. (a) In the first place, most of these allocations take the form of fixed percentages of the various taxes concerned. 71¼ per cent of the income tax, 49 per cent of the gross production taxes, 97 per cent of the sales tax, and so forth. (b) In the second place, the allocation from the income tax, through a rigidly prescribed procedure, must be applied to the direct reduction of property tax levies by the respective local jurisdictions. (c) In the third place, these liberal allocations are made with practically no control by the state government over the expenditure of these funds, the policies associated with them, or standards of service rendered.

It is true there are some special considerations in support of each of these arrangements. In support of the first, it is urged that a definite percentage allocation out of specific taxes avoids the recurrent consideration of appropriations to local governments by every legislative session, accompanied by the log-rolling politics which prevail in other states and which, we gather, are not unknown in Oklahoma. In support of the second, it was urged when the 1933 income tax was under consideration, that it should carry assurance of relief from property taxes and of not becoming merely "an additional tax." This was accomplished by making the allocation to local governments applicable directly against property tax levies. And finally, the general absence of state control is a reflection of a strong home rule sentiment and of an unusually intense sectionalism.

These considerations afford some explanation of this feature of the tax system, but

they do not remove certain fundamental objections to it. In the first place, the allocation of a specific percentage, from a specific tax, for a specific purpose, even when that may be as broad a purpose as common school education, may eliminate a certain amount of political manipulation, but it also largely eliminates the possibility of any efficient management of financial resources and wise adjustment of expenditures. It is much as if a lawyer should budget a certain percentage of all fees from railroad cases for medical service for his family. It would give a certain precision to matters of the family budget and perhaps avoid a certain amount of domestic consideration and argument; but after all there is no necessary connection between the amount of railroad litigation carried on in any one year and the need of medical service for one's family. In the same way the variations in the yield of the gross production tax on oil correspond more closely to changes in the price of crude oil than to any changes in the needs of the common schools.

In the second place, the reduction of local property taxes is a desirable objective; but any conception of the income tax which limits its usefulness to that of a "reducing machine" for property taxes is an inadequate conception of the scope of income taxation.

In the third place, the general trend in the field of local government at the present time is toward more definite placing of responsibility and commonly toward some degree of centralizing responsibility and control. The provision by the state of funds for local spending bodies necessarily diminishes in some degree the responsibility of these bodies to their own communities, by relieving them to that extent of the unpleasant task of levying taxes, with the accountability to taxpayers which that imposes. For that matter, when this relief takes the form of fixed percentages of state taxes, it more or less relieves the legislature of responsibility likewise, since once these taxes and percentages are adopted, the revenues thereafter flow more or less automatically, without apparent responsibility on anybody's part. When such revenues are applied directly to the reduction of locally levied taxes, the accountability for tax burdens and tax policies is still further diminished. If such policies were carried far enough, local governing bodies would become entirely spending bodies—with all the political power which that confers and none of the political accountability which responsibility for tax policies commonly imposes.

The net result is an actual lessening of accountability on the part of officials and a lessening of effective control on the part of citizens and taxpayers. And it is this which creates the specific need for a larger degree of some form of control, supervision, or specification on the part of the state government which provides this increasing portion of the funds for the expenditures of local governments. A continuation of the present policy of large subventions from the state to local governments with no corresponding increase in responsibility and control by the state government will be found to be an unwise and dangerous policy.

General Failure of Tax Administration. The one most impressive characteristic of the whole tax system in Oklahoma is the conspicuous weakness and failure of its administrative organization and procedure. This applies in varying degrees, but it applies more or less throughout the entire tax system.

Perhaps its most conspicuous failure is found in the field which represents the one largest source of revenue, namely the property tax. Here it is scarcely necessary to do more than refer to the system of assessment described in the preceding chapter. The virtual abolition of the townships and adoption of the county as the unit for assessment purposes could have provided the initial basis for an efficient assessment organization. But the office of county assessor is elective, the assessor has a term of only two years, which under a system of biennial assessment of real estate means that he is elected to make only **one assessment**, and the salary is not sufficient to compensate him for making any. The statute does not contemplate that he should make any, since it provides that his duty is practically limited to sitting in some "conspicuous" place to receive the valuations reported to him by property holders.

The result of the whole thing is a system of virtual self-assessment, which has never worked anywhere else and holds no promise of ever working equitably in Oklahoma. That it has been possible to get along with it at all is a tribute to the good sense of both assessors and taxpayers. But the general testimony is that assessments vary greatly between counties and between classes of property, and common report suggests almost fantastic variations in the assessments of individual properties. Unfortunately re-

sources were not made available for a concrete field study of the actual conditions of assessment—and this is part of the story; there is apparently no one in Oklahoma who **knows** what the general level of assessment is, among counties or classes of property, or knows what or where the variations from uniformity are, or in what direction they lie.

Under these conditions no intelligent equalization can be made and apparently none is attempted. The county boards of equalization would afford adequate machinery for local equalization, if they were provided with adequate information—and with some effective supervision by a state authority.

The State Tax Commission, which should provide state-wide equalization, will be discussed more fully below. But here it may be said that its usefulness as an agency for equalization of assessments has been hampered by inadequate authority in the supervision of the original assessments and in the equalization of them afterwards, by the necessity under the Constitution of having to function through the cumbersome procedure of reporting "its findings" to the State Board of Equalization, and by the fact that it has not seen fit in the past to equip itself with information necessary for intelligent equalization.

In the areas of state taxation the routine clerical processes of administration by the Tax Commission have apparently been highly efficient. But the income, inheritance, gasoline, and sales taxes are not taxes that can be successfully administered by clerical administration. They require a large amount of field work, auditing, systematic checking and follow-up, and broader types of investigational work. Out of motives of economy or other considerations this type of administration has been almost entirely neglected.

The result has been that in these fields again, Oklahoma has had virtually a system of voluntary tax payment, as it has had voluntary assessment in the field of property taxation. There are few other states which have depended so largely on voluntary tax assessments and tax payment. In a sense, it is substituting "drive" and semi-voluntary contributions in place of orderly and equitable processes of taxation. That it has worked no worse than it has may again be a tribute to the general good sense, characteristic of the people of Oklahoma. But it has meant substantial losses of revenue and has penalized unduly the more honest and public spirited classes of taxpayers. If long continued, it cannot but have a demoralizing effect upon general tax-paying morale.

Place of the State Tax Commission. A state tax commission ordinarily performs four more or less specific functions, namely: (a) Original assessment of certain types of property such as that of the railroads and public service corporations, (b) supervision over local assessment and general tax administration, (c) equalization of assessments throughout the state, and (d) collection of certain special taxes. Of these the Oklahoma Tax Commission has in the past performed the first in its assessment of public service corporations, subject to the approval of the State Board of Equalization. So far as can be learned, it has done nothing toward the performance of the second or third of these functions, largely through lack of adequate authority. It has in a sense hurdled these to reach the fourth, the tax collection, a task which the state has concentrated in the Commission to a degree that few, if any, other states have done.

It may almost be said that the Oklahoma Tax Commission has been a **tax collecting** agency rather than an administrative or equalizing body. Of the total taxes collected by the state government in 1934 (\$29,865,004), the Tax Commission actually collected \$26,401,930, or 89 per cent. Inquiry of a dozen other states discloses that the Wisconsin Commission, which has to some extent served as a model in the evolution of state tax commissions, collected no taxes whatever prior to 1933. In that year the collection of income taxes was turned over to the Tax Commission, on account of unsatisfactory collection by the State Treasurer's office. The Illinois commission collects no taxes. The Indiana commission collects only the intangibles tax; the Michigan commission only the severance tax on oil and gas; the Minnesota Tax Commission only the income tax; the Kansas commission the income tax; the California State Board collects the sales tax. On the other hand, the South Carolina commission collects the income, inheritance, corporation excise, gasoline, beverage, and some miscellaneous taxes; and the Mississippi commission, in 1934, collected 45½ per cent of all the receipts paid in to the state general fund.

We have thus far found no state in which the tax commission performs the function of a collection agency to the extent that it does in Oklahoma. We find, however, that there is a pronounced trend toward transferring a larger share of tax collection to the state tax commissions. One commissioner asserts that in his state "the Tax Commission is **not only a tax collecting** but a tax assessing body as well." This is certainly putting the cart before the horse from the standpoint of the original purposes for which the state tax commissions were established.

The reasons for the trend are sufficiently clear. The state treasurer in all states, so far as we know, is an elective officer with a limited tenure. He likewise, so far as we know, is generally more familiar with politics than with business administration and more concerned with party affiliations and strategy than with the collection of taxes. The process of tax collection tends, therefore, to become extremely perfunctory if not actually remiss, particularly in times of depression, when voluntary tax payments tend to lag. The consequence is that here, as in many other fields, we are compelled to remedy the incompetence of elective officers, not by abolishing or reconstituting them on some rational basis, but by continuing them as perfunctory berths for political incumbents and setting up some other agency to do their work.

These conditions have been particularly prevalent in recent years; and we gather that the unique development of the Oklahoma Tax Commission as a collecting agency is only a polite acknowledgment of their prevalence in Oklahoma. There is a strong presumption that in this respect the Oklahoma Commission is only in line with a general trend, perhaps somewhat in advance of it, and we are inclined to think it a desirable trend.

Other aspects of the status of the Tax Commission in the past are not so easily extenuated. It has apparently been considered in the past to be a political office and a legitimate part of the spoils system, its personnel and more or less its staff changing with every changing administration. It remains to be seen whether the new administration will be able to incorporate a more elevated conception of the place of the State Tax Commissioner in a framework of honest government.

Furthermore, in past years the Commission has apparently functioned as a "one man" Commission, in the sense that its policies and administration have been determined entirely by its chairman, with apparent backing and intent of the state administration. However capable and conscientious the chairman may be, this is a fundamental misfortune. To some extent it accounts for the particular minor virtues and major defects in the past work of the Commission. The purpose of a commission of three rather than a single commissioner is to secure that element of discussion and deliberation that is essential in the formulation of the broad policies that devolve upon the commission. In past years this discussion and deliberation has taken the form largely of typewritten "minutes" which has been passed around for the signatures of members of the Commission without the formality of any meetings. Here again it remains to be seen whether the newly appointed Commission will have the foresight to grasp this distinction.

APPRAISAL OF PARTICULAR ELEMENTS OF THE TAX SYSTEM

The Property Tax. Three features of the ad valorem tax in Oklahoma call for some comment. The first is the content of the ad valorem tax, the second its administration, and the third the problem of synchronizing property tax payments with the fiscal necessities of local governments.

With reference to the first, it need only be said that the **content** of the ad valorem system is impaired by the continued efforts to tax money, household goods (above exemptions), personal belongings and some other forms of personal property, which are incapable of equitable assessment and ought not longer to be included within the scope of ad valorem taxation. The same characteristic applies to the continuation of the mill taxes on intangibles. The total yield of these intangibles taxes in 1934 as computed from county treasurers' reports, amounted to \$134,119.75. This is 5½ cents per capita. Twenty-five counties in the state report no collections from intangibles whatever. The total assessed valuation of securities for 1934 is reported at \$4,619,000; professional libraries were assessed at \$248,000; "abstract books and equipment" at \$168,875; jewelry was assessed at an aggregate equivalent to 15¾ cents per person. It would seem that the experience of Oklahoma and other states had amply demonstrated the futility of attempting to assess these forms of property on an ad valorem basis. Such

attempts seem to result uniformly in discrimination on the part of assessors, evasion on the part of the holders of these forms of property, and in penalizing the few honest and public spirited taxpayers who do declare their property. There are other ways of reaching these forms of tax-paying ability, and the property tax ought not to be vitiated by their continued inclusion.

The second feature, administration, has reference to the inadequate assessment and equalization of property taxes, which have been discussed sufficiently above.

The third feature, the time of payment of property taxes, is a more difficult problem. Perhaps its fuller discussion should be deferred to the chapters dealing with our specific recommendations. But here, from the standpoint of appraising the present system, it should be pointed out that at present the first quarterly payment of property taxes for a given year is not made payable until October 1st. The "penalty date," which tends to become the effective date for this payment, is November 1st. But the fiscal year of the municipalities and local governments, for purposes of budgets, appropriations, and disbursements, begins on July 1. The interim of four months between the beginning of disbursements for a given year and the receipt of ad valorem taxes for meeting these disbursements imposes a considerable amount of hardship and some additional costs. Both are needless, since the situation can be prevented either by moving the assessment period backward, moving the fiscal year forward, or by the development of regular methods of short-term, anticipatory financing for the intervening period. All of these arrangements are matters of governmental control and are capable of being adjusted without any additional hardship to the taxpayers.

The Income Tax. In view of the thorough-going revision of the income tax recommended and the substantial adoption of these recommendations in the emergency legislation of 1935, there is no need now for extended appraisal of the income tax as it stood at the beginning of 1935. From the outline of this tax in Chapter XXIX above, it will be apparent that the exemptions were too high, the rates too low, and other portions of the statute ineffectively drawn. In short, as an income tax, it was weak, thin and porous—weak in the administration provided, thin in the fact that in 1933, for example, the personal income tax applied to only slightly more than $\frac{1}{2}$ of 1 per cent of the population of the state, and porous in the large number of loopholes afforded for the escape of income or for evasion or understatement of actual income. These included particularly the provisions for application of depletion and capital losses, the provisions applying to banks, the treatment of interstate income, and the exemption of dividends.

The result has been that the combined corporate and personal income tax yielded in 1934 only \$1,729,916, or approximately 2 per cent of total taxes levied—on the part of a tax which should constitute one of the major sources of revenue.

The Inheritance Tax. What has been said about the income tax applies still more forcibly to the inheritance tax. The high exemptions, low rate schedules, inheritance type of structure, with no element of estate taxation except a supplementary provision to make it possible to apply the federal credit, and the ineffective administration provided nullified completely the effectiveness of the tax. The consequence was that while the statute carried all the paraphernalia of an inheritance tax, the state has had only a nominal tax, yielding in 1934 \$144,511.

Motor Vehicle License Tax. Two comments may be made on the motor vehicle license tax. The first is that the license fee is in lieu of any ad valorem taxes on motor vehicles; and yet the rate charged is too low to represent even the equivalent of an ordinary tax, to say nothing of a charge to represent any share of the special benefit derived from use of the highways. Total license fees collected in 1934 amounted to \$3,048,310; the number of vehicles registered is reported as 522,787;¹ making the average fee per vehicle \$5.83. This obviously could not represent, at the outside, more than the equivalent of an ad valorem tax of one per cent on full value, compared with an average rate of close to two per cent on the full value of other property.

The second feature is what appears to be an excessive cost and certainly an excessive amount of irritation in the administration of the motor vehicle licenses. The license plates are issued by "tag agents," appointed by the Tax Commission, located in

¹Oklahoma Tax Commission, *Report*, 1934, p. 200.

various communities throughout the state, and authorized to charge 50 cents per license for their service. It is true, this is little more, if any, than the ordinary notary fees in states which still require the "notarizing" of application for motor licenses. But it is obvious that the services rendered in either case, whether by notaries or official "tag agents," are purely clerical. The notarizing of motor license applications, in the wholesale and perfunctory manner in which it is performed, is meaningless except for the small amount of clerical help that may be incidentally afforded in explaining the meaning of terms and specifications. Any garage can do it as well—or better; and the payment of 50 cents for it seems to be a superfluous formality from the standpoint of the taxpayer and an excessive administration cost from the standpoint of the state. Fifty cents per vehicle, out of an average tax payment of \$5.80 per vehicle, is equivalent to a cost of 8½ per cent for administration of a tax which involves no appraisal, field work, or accounting, and is only a little more complicated than a poll tax!

There are 136 "tag agents"—nearly twice as many tag agents as assessors—paid an average of over \$1,800 each per year, which is more than the average payment per assessor for the entire assessment of property for property taxes. Indeed, it is not far short of the total amount paid for the assessment of all property throughout the state, including the salaries of the assessors and all their expenses for assistance and operation of their offices. If we assume an average fee of 50 cents per automobile tag for the 522,787 motor vehicles registered for the year 1934, this amounts to \$261,383. The total expenses for the county assessors' offices of the 77 counties, as reported by the county treasurers for the year ending June 30, 1934, amounted only to \$356,193.26. Between the labor and intelligence required to issue the automobile tags for the state, on the one hand, and to assess all the real estate and general property of the state, on the other, there is of course no comparison. Yet for every dollar the people of the state pay for the valuation of property, they pay 73 cents for someone to hand out automobile tags. There is obviously something wrong with the administration of one tax or the other, or both. It is scarcely necessary to add that the appointment of these tag agents has become a political emolument of considerable rivalry in local communities throughout the state.

The Gasoline Tax. The gasoline tax in Oklahoma, as elsewhere, has been not only a productive but an extremely stable source of revenue throughout the depression. The present rate of 4 cents a gallon was established in 1929. The revenue for the past three fiscal years has run as follows:

1932	-----	\$11,039,859
1933	-----	10,240,090
1934	-----	10,520,300

There appear to be two serious defects in the operation of the tax. The first is the want of adequate inspection and sufficient field work to make the administration effective, particularly against the menace of a heavy boot-legging importation and distribution. The second is the wide-open exemption of gasoline used for agricultural purposes, at the time of purchase. Universal testimony is to the effect that this has been a source of flagrant abuse on the part both of purchasers and dealers. Sales for agricultural purposes in 1934 were in round numbers 25,000,000 gallons out of a total reported of almost 300,000,000—an amount obviously impossible on the basis of the extent and type of farming operations in Oklahoma. Fortunately this defect in the tax has been remedied by the legislation of 1935.

An issue of some importance in Oklahoma has been raised by the provision that 40 per cent of the proceeds of the gasoline tax are to be devoted to payment of the state indebtedness in the form of warrants issued to cover temporary deficits incurred prior to July 1, 1933. This provision likewise has been revised in the emergency legislation of 1935. But the justifiability of "diversion" of gasoline taxes to other than highway purposes is an acute one throughout the country and likely to be a recurring one in Oklahoma. It may be fitting therefore to offer this comment. In normal times the essential justification for the gasoline tax is the fact that it represents a payment for a very special type of benefit enjoyed by the owners of motor cars. Highways are no longer the means of ordinary neighborhood travel and communication. They represent almost as specialized a form of transportation as the railroads or street railways and one that can as properly be asked to pay its own

costs of construction and maintenance. This is the basis for the evolution of the gasoline taxes in the country since 1919.

But this does not necessarily limit the tax relationships of gasoline consumption to highway expenditures. That is a payment for a special benefit. But if consumers in general are asked to contribute on the basis of consumption for the general activities of government, gasoline consumers can reasonably be asked to contribute to the same purposes, in addition to their payment for the maintenance of highways for their own particular use, just as those who travel or ship goods on the railways pay their own costs of railway transportation and make their various contributions to government besides.

And not only should gasoline consumers be made subject to the same general obligations as other consumers, but there is a large amount of gasoline consumption which, if it could be segregated from commercial use, is as distinctly a "luxury" as any category of consumption can well be. If the gasoline that is used on trips to Florida and California, on the rounds to roadhouses night clubs, and so forth, could be segregated for tax purposes, we would have for once a perfect category of luxury. We have no means of doing this; but in times of depression, the ability to own and drive an automobile for any other than business purposes is substantially a luxury and can properly be taxed as such—particularly in comparison with the levying of general sales taxes upon all articles of consumption, representing every degree of necessity.

Consequently it may be said that there are two "gasoline" taxes: One scarcely a tax at all but a payment for the cost of a specialized benefit; the other a tax for general governmental activities, levied on the basis of a form of consumption that represents distinct elements of tax paying ability, if not luxury. It would greatly clarify the issue if the two taxes, when it is believed desirable to levy them, were levied separately and levied frankly for their respective purposes, without resort to the ambiguous processes of "diversion."

The Sales Tax. With a tax that has become involved in as bitter controversy as the sales tax, it is probably difficult to make an impartial appraisal—and certainly difficult to get an impartial hearing for it. A fuller consideration of this subject will therefore be reserved for discussion in connection with the recommendations in our concluding chapters.

Here it will be sufficient to say that in Oklahoma, as in other states the sales tax has demonstrated its merit as a prompt and prolific revenue producer. The one cent retail sales tax went into operation July 10, 1933. In the midst of depression and under the handicaps necessarily involved in developing the administration of a new tax, it yielded, to the end of the fiscal year on June 30, 1934, \$3,824,855. For the first ten months of its second fiscal year, that ending June 30, 1935, it has yielded \$3,922,684, an increase of 29 per cent over the corresponding period of the previous year.

Moreover, in its present form it has apparently encountered comparatively little antagonism. This is presumably due in part to the low rate and to the fact that it was commonly understood to be a temporary emergency tax. Indeed, for quite some time after our entrance upon this study, we were inclined to infer that everybody in Oklahoma was "crazy" to pay a sales tax, so general was its commendation. It developed subsequently that there was considerable opposition, but from humbler and less audible sources than those from which its support came. In any case the present one per cent sales tax has afforded prompt and substantial relief to the state in the financial emergency of the past two years.

SUMMARY

In summary, we may say then that the outstanding characteristics of the Oklahoma tax system appear to be somewhat as follows:

1. An effective reduction—through tax limitation and other policies—of the proportion represented by property taxes in the entire revenue system.
2. Its failure to reflect adequately the special natural resources of the state.
3. The exploitation of the state as a collecting agency for local units.
4. The anomalous position and functions of the State Tax Commission and the political character of its tenure.

5. The general and conspicuous failure of its administration throughout pretty much the entire system.

6. But an increasing effectiveness in the collection of state taxes, by placing this function largely with the State Tax Commission.

With regard to its particular forms of taxation we may summarize our comments somewhat as follows:

1. The property tax, aside from its haphazard administration, is impaired by the continued inclusion of various classes of personal property that can not be subjected to effective ad valorem taxation, and by the unfortunate timing of tax payments in relation to the fiscal year of the local governments.

2. The income tax has been rendered ineffective by its high exemptions, low rate schedule, and by the loopholes liberally afforded for escape, evasion, and understatement of actual income.

3. The inheritance tax has been almost completely nullified by its inheritance tax structure instead of an estate tax structure, by its high exemptions and low rate schedule, and by the loose provisions for its administration.

4. The motor vehicle license tax is entirely too low to serve in lieu of all ad valorem taxes, to say nothing of any special tax obligation of motor vehicles as such; and its administration through the present system of "tag agents" is needlessly expensive and irritating.

5. The gasoline tax has been impaired by inadequate provision for inspection and field work, and by the unregulated exemption of gasoline for agricultural use at the time of purchase. It has produced an unnecessary amount of irrigation through apparent diversion of a portion of the revenue rather than frank taxation of gasoline consumption for specific purposes.

6. The present one per cent sales tax has served a useful emergency purpose with apparently a minimum amount of antagonism.

If our analysis of this tax system in the preceding chapter and our appraisal in the present are sound, it means that on the whole the revenue problem of Oklahoma, at the opening of 1935 was not an extremely difficult one. In comparison with the situation in many other states it was in many respects, if not a pleasant or easy situation, at least what the physicians call a perfectly "normal" case of appendicitis or whatever it may be, in the sense of displaying perfectly known and familiar symptoms responding to standard diagnosis, and amenable to established treatment. This does not mean that there was not urgent necessity for many things to be done. But the particular needs of the state, the character of its resources, and its ample experience with the various elements of its present tax system all combined to indicate with more than usual clearness the general lines along which progress and improvement could be made.

Such improvement was made easier by the fact that Oklahoma, if not blessed with superabundant wealth, nevertheless has certain definite resources in its wealth and industry, whose capacity can at least be fairly estimated, by its freedom under the state Constitution to develop whatever forms of revenue may best serve its needs, and by the variety of forms of taxation already in use, which makes its problem largely one of amending and improving existing taxes rather than the more difficult one of introducing new taxes. We may add the further asset that apparently the state is not dominated by any one economic interest or group of interests, such as mining, public utility, or financial groups, who are able either to dictate or to obstruct the development of broad tax policies. We say apparently, with the caution that behooves any generalization in this field. There are undoubtedly groups that would not be averse to occupying such a position. We infer that they have not attained it.

In all of these factors—the presence of some and the absence of others—the state, at the opening of 1935, had an unusually promising opportunity for solving its tax and revenue problems. We will endeavor in the following chapter to appraise its efforts in working out this solution.

CHAPTER XXXI

THE EMERGENCY LEGISLATION OF 1935

In January 1935, the following memorandum was prepared for Governor-elect Marland and the Advisory Committee on Revenue and Taxation, prior to its meeting in Ponca City on January 8. Since this memorandum necessarily anticipated the general lines along which our final recommendations are shaped, it is included here to serve the double purpose of a perspective for appraising the tax legislation of 1935 and a background from which to project our concluding recommendations.

Your Executive Committee suggests that in attacking the complicated revenue problems of the State it will be highly advisable to lay out some systematic program of procedure—in order to clarify our problems, to avoid confusion, and to insure consideration of major problems before becoming entangled in conflicting details. For this purpose, we would suggest the following conception of our problem.

I

In the first place, there are certain established types of taxation, which are recognized as essential elements in any sound revenue system, regardless of depressions, emergencies, and particular revenue needs. These are:

Property Taxation,
Income Taxation,
Inheritance Taxation,
and, in states having valuable mineral resources,
Gross Production or Severance Taxes.

We take it to be a matter of elementary common sense that before proposing new taxes and additional revenues, it should be the object of any revenue committee to see that in these fields of taxation the state is provided with intelligent, adequate, and equitable forms of taxes.

Since property taxation is not now a source of state revenue, its consideration may well be postponed for the time being, to be included among the topics enumerated below for subsequent consideration. This leaves for immediate consideration:

The Income Tax,
The Inheritance Tax,
The Severance or Gross Production Taxes.

The Income Tax. In 1933, 15,687 persons paid income taxes in Oklahoma. If these taxpayers might be supposed to represent, with their families, some 70,000 population, this means that only 70 thousand out of a population of 2,459,000, or 2.8 per cent of the population of Oklahoma, ever came in contact with even the minimum provisions of the state income tax. But this whole population more or less is paying heavy taxation in the form of property taxes, gasoline taxes, sales tax, and miscellaneous taxes. The equitableness of this tax burden will be greatly improved if a larger portion of it is paid out of net income and paid in relation to that net income. This will involve changes in rates and exemptions and provision for a vastly more effective administration of the income tax. It should be possible to double or treble the present yield of the personal income tax; and it will provide the state with one of the essential elements of a sound and equitable revenue system for years to come.

The Inheritance Tax. In the year ending June 30, 1934, only 327 estates paid any inheritance tax in Oklahoma. They paid a total of \$140,877 equal to a tax of 1½ per cent upon the total value of these estates. So that those estates which paid any tax only paid the equivalent of one year's property tax, and other estates paid nothing. Obviously, there is an opportunity here to improve the equitableness of tax burdens and to provide the state with another essential element of a sound revenue system.

Severance or Production Taxes. In the field of oil and mineral resources there appears to be a well-defined conviction that present methods are not satisfactory, and that present taxes do not adequately represent the position which these resources occupy in the economic wealth of the State. The field of severance and gross production taxes is one of fundamental importance in all the states endowed with large mineral wealth. These resources have peculiar social significance on account of the large private wealth derived therefrom, on account of the fact that the products of these resources are largely consumed outside of the state and that the income derived from them goes largely to residents of other states, and on account of the prospect of eventual exhaustion of these resources themselves. For all of these reasons it is important to determine at the earliest moment possible the position which this group of resources should occupy in the revenue system of the State and the methods of taxation which will most adequately represent this position.

We believe that these three fields of taxation—income, inheritance, and production or severance taxes—should receive the immediate attention of the Revenue Committee, with a view to early submission of proposed legislation. The **increase** in revenue that can be anticipated from these sources (while we cannot as yet offer anything in the nature of an actual estimate) might reasonably be:

Income Tax -----	\$1,000,000.00
Inheritance Tax -----	500,000.00
Gross Production Taxes -----	4,500,000.00
	<hr/>
Total Increase -----	\$6,000,000.00

II

In the second place, there are a variety of taxes already established and operating more or less effectively, in which it may be that fundamental changes are not contemplated at the moment, but in which administrative experience has shown the need for specific amendment at one point or another. We are not prepared at the moment to enumerate all the fields in which such amendment may be found necessary, but they will presumably include the fields of:

Bank Taxation
 Corporation Taxes
 Insurance Taxes
 Motor Vehicle Taxes
 Beverage Taxes
 The Gasoline Tax

We believe that the Revenue Committee should carefully examine the operation of these and other tax statutes, in consultation with the administrative heads of the divisions engaged in the administration of these taxes, with a view to ascertaining where specific amendments may be needed to increase the equitableness or effectiveness of these statutes. This probably will not involve any attempt to rewrite these statutes or to remove all the defects that may exist. There will presumably be room for improvement even after the work of this Revenue Committee has been done. But a conscientious effort should be made to appropriate the benefit of administrative experience with these statutes; and wherever it is found that specific amendment in the terms of the statute or in administrative procedure will definitely improve the operation of the tax, these amendments should be made promptly.

It is scarcely necessary to add that in practically all of the cases of this character that have come to the attention of the Committee, the effect of needed amendments will be to increase substantially the amount of revenue derived.

III

In the third place, after Income, Inheritance, and Production taxes have been set up and the most urgent amendments have been made in other tax statutes, a careful estimate should be made of the total increase in revenue that may be anticipated from all these sources. If this proves to be inadequate for budget needs, then the Committee should turn frankly to the consideration of sources of immediate revenue—as emergency measures, not as permanent elements of the State's revenue system. This revenue will presumably be found in the areas of cigarette taxes, in increases in the sales and gasoline taxes, and possibly in other special taxes. These are dependable revenue producers and an administration can fall back upon them with assurance of revenue. But they should be used frankly as "revenue producers," to supplement the regular revenue until the period of emergency is past. In the case of the gasoline tax, we are speaking here of course only of any **increase** in rates over the present rates. A reasonable level of gasoline rates, such as 3-5 cents, is recognized now as a necessary element in every state revenue system for highway purposes. But we believe the committee will contribute greatly to the clarity of its own thought and that of the people of the State, if it will distinguish clearly between those measures which it designs as more or less permanent elements of the tax system and those which it utilizes for the purpose of emergency revenues.

IV

In the fourth place, after the necessary tax legislation has been worked out and necessary revenues provided, we suggest that this Committee should concentrate its effort upon providing the state with an effective tax administration throughout the whole field of taxation. This is a field in which definite principles, procedures, and technique have been developed through long and painful experience. It is a field that is just as capable of competent and efficient administration as factory management or any other field of business administration.

The value of a high level of tax administration lies not only in the fact that the revenues of the state and local governments can be greatly increased thereby, but still more in the

fact that the level of taxpayers' morale is itself determined chiefly by the level of tax administration. A high level of administration and of taxpaying morale means the difference between a condition of constant irritation and resentment, on the one hand, and freedom from it, on the other. From the standpoint of its value to the people of Oklahoma, this Committee will leave its most important task undone, if, at a time when it is levying new taxes and increasing old ones, it does not provide the State with an administrative system that will carry the load with a minimum amount of waste and friction.

In offering these suggestions we realize that after all this is a Citizens' Committee and that its function is purely advisory. But nevertheless it is just as necessary for us to follow some orderly development in formulating our advice as it is for the legislature to follow some orderly development in formulating legislation. The outline of the problem above is suggested with the thought that it may offer some such orderly development in the process of formulating our advice.

It will be noted that the force of circumstances guided the legislature more or less along the lines indicated in this Memorandum, in the enactment of the cigarette tax as an immediate revenue producer, in the thoroughgoing revision of the income, inheritance and gross production taxes, and in the deferment of any increases in the sales tax pending more exact knowledge of further revenue necessities.

This legislation will be summarized briefly.

THE CIGARETTE TAX¹

A cigarette tax is imposed at the rate of three cents per package of 20 cigarettes, or at the rate of \$1.50 per 1,000. It is levied on "the person making the first sale thereof within this State," intended to be ordinarily the jobber or wholesaler. Payment is made through the purchase of stamps from the Tax Commission, to be affixed to the individual packages. The tax is to be effective only to June 30, 1936.

Of the revenue yielded, 5 per cent is to go to the Tax Commission for the cost of administration and the remainder to the state's General Fund.

THE INCOME TAX

On January 25, 1935, the research staff of the Advisory Committee sent to the Committee of the House on Revenue and Taxation the draft of a suggested income tax bill, embodying the following features:

Exemptions of \$500 for single persons, \$1,000 for husband and wife, \$250 for each dependent.

A rate schedule on individual incomes graduated from one per cent to 12 per cent, the maximum applying to taxable income in excess of \$100,000. A flat corporation tax rate of 6 per cent.

Capital losses to be applied as deductions only to the amount of capital gains reported.

Depletion allowances to be subject to a provision that total accumulated depletion on any property shall not be allowed in excess of the original cost of the property.

No exemption of dividends to stockholders.

A specific method of apportionment of the income of interstate corporations.

The exclusion of insurance companies from the income tax, and substitution of a 3 per cent gross premium tax.

The exclusion of banks from the income tax, on account of the apparent impossibility, under the limitations of the Federal Statutes, of taxing any substantial portion of their real income, and return of the banks to ad valorem taxation of their entire assets, until some more satisfactory adjustment could be made.²

The statute as adopted (H. B. No. 192, approved April 23, 1935), embodied the following features:

Exemptions of \$850 for single persons, \$1,700 for husband and wife, and \$300 for each dependent.

No exemption for corporations.

The rates for individuals are graduated from one per cent on the first \$1,000 of taxable income to 9 per cent on taxable income in excess of \$8,000.

On corporate income a flat rate of 6 per cent.

Capital losses are "deductible only from the income of the year in which such losses are incurred or from the income of the next succeeding year, and only to an amount not exceeding the amount of capital gains reported for taxation for the same year."

¹H. B. No. 361, approved March 20, 1935.

²Memorandum of Jan. 25, 1935, to the Committee of the House on Revenue and Taxation.

"Reasonable" allowance for depreciation, depletion, obsolescence, with the provision that in the case of oil and mineral properties acquired prior to January 1, 1931, "no more than an amount representing the difference between the original cost of such properties and the depletion on such cost sustained up to that date, shall be the basis for computing depletion to be allowed during subsequent taxable years."

This provision is then nullified by a provision that in the case of oil and gas properties the owner "may at his option," in lieu of the method above, deduct for depletion an amount not exceeding 20 per cent of the gross income from the net income for a given year. Similar options, of varying specific amounts, are allowed to owners of other mineral properties. In applying this tax, with its corporate rate of 6 per cent, to the banks, the statute specifically states that it is adopting "method numbered (4)" of the Federal Statutes, Section 5219; and income is defined as income "from all sources," including income from federal and other tax-exempt securities.

In case this method should be held invalid, the statute provides that banks shall thereupon be subject to taxation "according to method numbered (1)," in the Federal Statute.¹

Contrary to recommendation of the research group, insurance companies are still included in the income tax. Their gross income is defined as including all income "from interest, dividends, and rents." Net income is gross income minus a variety of complicated accounting categories, including the provision that "investment expenses" may be deducted, but that "if any general expenses are in part assigned to or included in the investment expenses, the total deduction under this paragraph shall not exceed one-fourth of one per centum ($\frac{1}{4}$ of 1%) of the book value of the mean of the invested assets held at the beginning and end of the taxable year."

The statute is to be administered and the taxes collected by the Tax Commission, which is given broad authority "to prescribe, promulgate, and enforce such rules and regulations as may be necessary to ascertain and compute the tax payable by any taxpayer."

It was estimated that the income tax as recommended by the research staff would yield something more than \$3,000,000 of revenue, even on the basis of current depression incomes. How materially the revenue will be decreased in consequence of raising the proposed exemptions, lowering the proposed rates on the upper brackets, and eliminating the "cost" depletion clause, it would be difficult to estimate.

Of the revenue from the income tax, 3 per cent is to go to the Tax Commission for costs of administration, 2 per cent to a Tax Adjustment Fund for payment of refunds and claims and the remainder to the General Fund.

THE INHERITANCE TAX

At the time of submitting our Income Tax Memorandum above, the research staff of the Advisory Committee also submitted for consideration by the Committee of the House on Revenue and Taxation a Memorandum on the Inheritance Tax. In this it was suggested that a statute be drawn, somewhat different from any existing statutes, in its combination of inheritance and estate tax features.

All beneficiaries were to be divided into two groups. One representing a certain degree of intimacy of relationship, which the Committee suggested should be limited to husband or wife, parents, and children; the second group including **all others** without regard to direct or collateral classification. The inheritance tax principle of special consideration for immediate members of the family was to be recognized in the provision that on that portion of an estate going to the first group of beneficiaries a flat exemption of \$10,000 should be allowed. On any portion of the estate going to the second group, "all others," no exemption was to be allowed. The merits of the estate tax principle were to be secured by the provision that this \$10,000 exemption should constitute one flat exemption to the estate as a whole; and that on the entire excess of any estate above this exemption, a single schedule of rates should apply, before distribution of the estate among the various beneficiaries. The Committee recommended rates ranging from one per cent on the first \$10,000 of taxable estate, above exemption and deductions to a maximum of 20 per cent on that portion of any estate in excess of \$1,000,000.

The statute enacted by the legislature (H. B. No. 511, approved April 23, 1935) embodied the following features:

¹Method number 4 in the Federal Statute is taxation "according to or measured by their net income"; method number 1 is taxation of the "shares of national banking associations."

All beneficiaries were divided into two groups, as recommended, but the group entitled to exemption was enlarged to include "any lineal descendant."

The single flat exemption was raised to \$15,000.

Specific exemptions are allowed as follows:

The homestead to a value not in excess of \$5,000.

Insurance payable directly to the beneficiary not in excess of \$20,000.

War Risk Insurance, Veterans' Adjusted Compensation, and all Federal War Veterans' benefits.

Gifts and bequests to religious, charitable, and educational institutions. (The Committee had risked an unsuccessful pioneering effort here in recommending against exemption of such bequests.)

A rate schedule graduated from 1 per cent on the first \$10,000 of taxable estate to a maximum of 10 per cent, but reaching this maximum at \$10,000,000, whereas the Committee had recommended making the maximum rate applicable to the value of the estate in excess of \$1,000,000.

A special clause makes the usual provision for application of "an additional" tax to whatever amount is necessary to enable the state to appropriate the federal credit of 80 per cent of the federal tax.

General jurisdiction for determination of the tax is placed with the county courts. But a requirement of prompt and full report to the Tax Commission is imposed upon the court; and the Tax Commission itself is given broad powers for participation in probate proceedings and for general administration and enforcement of the tax.

Of the revenue received, 5 per cent is allocated to the Tax Commission for costs of administration (certainly a liberal allowance), and the remaining 95 per cent goes to the state's General Fund.

GROSS PRODUCTION OR SEVERANCE TAXES¹

The gross production taxes were increased to 5 per cent on gross value of oil and gas produced; three-fourths of one per cent on gross value of asphalt, ores bearing lead, zinc, jack, gold, silver, and copper. These taxes are, as previously, in lieu of all ad valorem taxes on land, property, "rights and privileges for the minerals aforesaid belonging or appertaining to land," and upon machinery, equipment, and appliances used in the production of oil and minerals.

The statute is to be administered and taxes collected by the Tax Commission. Of the revenue derived, 2 per cent is to go to the Tax Commission for costs of administration, 78 per cent to the state General Fund, 20 per cent to the counties from which derived, of which half is to go to a county highway construction and maintenance fund and half to school districts on the basis of "per capita student attendance."

These constitute the major fields of the 1935 tax legislation: The cigarette tax as a temporary revenue producer, and the income, inheritance, and severance taxes as presumably permanent elements in the state tax system. But in addition to these major pieces of legislation, the legislature enacted quite a substantial group of miscellaneous tax statutes, which will be briefly summarized.

MISCELLANEOUS TAX LEGISLATION

Remission of Penalties. Chronologically, the first specific piece of tax legislation² was an attempt to meet the widespread desire to clear up the delinquent tax situation. This provides in substance that all penalties, interest, and cost on delinquent property taxes and special assessments are cancelled, provided that delinquent taxes and special assessments for 1932 and prior years are paid by December 1, 1935; taxes and assessments for 1933 by August 1, 1935; taxes for 1934 by May 1, 1935. All penalties, interest, and costs on delinquent income, inheritance, and gross production taxes for any time prior to July 1, 1931 are remitted, provided that such taxes are paid in full by July 1, 1935. Certain validating clauses and other provisions are included to cover adjustments necessitated by cancellation of the above obligations. However objectionable this type of legislation is in principle, in view of the almost hopeless conditions of delinquency that had developed during the depression, it was about the only way to clear up the situation. It is to be hoped that the state will take more constructive measures in the future to forestall the recurrence of similar conditions.

¹H. B. No. 87, approved April 1, 1935.

²S. B. No. 11, approved February 8, 1935.

The Gasoline Tax: Agricultural Exemption. House Bill 38 aims to correct the abuses associated with the exemption of gasoline used for agricultural purposes. It provides that farm purchasers shall pay the gasoline tax at the time of purchase and, within 90 days thereafter, make claim upon the Tax Commission for refund in the form of full statements and records, supported "by the oath of the claimant." Any one making false statement or report is subject to jail sentence and fine.

The Sales Tax. After prolonged consideration the legislature refused to increase the one per cent retail sales tax enacted in 1933. In the process of re-enacting the existing tax, however, some significant revisions were made.

House Bill 440 re-enacts the tax, extending its life to July 1, 1937, broadens the list of services subject to the tax, and broadens the powers of the Tax Commission in the administration of the tax. It also revises the apportionment of revenue from the tax, discussed in previous chapters, allocating 5 per cent of the proceeds to the Tax Commission for the costs of administration and the remaining 95 per cent to the state general fund.

House Bill 441 provides, in place of the sales tax, for the levy of an excise tax of one per cent on the value of automobiles to be "levied and collected only at the time a motor vehicle is first licensed in this state." Of the revenue yielded, 2 per cent is to go to the Tax Commission for costs of administration, the remaining 98 per cent to go to the state's general fund.

Ports of Entry. House Bill 355 authorizes the Tax Commission to establish "ports of entry," not less than 25 nor more than 50 in number, to be policed by a force of inspectors, for the better enforcement of the motor vehicle license and motor carrier mileage taxes.

Slot Machines. House Bill 410 imposes "an occupational license tax" upon operators of slot machines, at the rate of \$250 for each county in which any operator operates machines and an additional \$250 for each additional 25 machines or fraction thereof operated in any county. For purposes of a further specific tax, slot machines are classified as (a) vending machines and (b) pin or marble machines. An annual tax of \$20 per machine is imposed on vending machines and \$12 on pin or marble machines, in addition to the initial license fee.

Proposed Homestead Exemption Amendment. House Joint Resolution No. 4 authorizes the submission of a proposed constitutional amendment, to be voted upon at a special election to be held September 24, 1935.

In substance the amendment would authorize the legislature to exempt from ad valorem taxation homesteads "actually domiciled by the owner" to an amount of assessed valuation not to exceed \$1,500. But this exemption is not to apply to indebtedness "heretofore incurred"; or to special assessments for "improvements under the then or future existing laws"; to any ad valorem taxes for the common schools.

GENERAL CHARACTER OF RESULTS

If we may refer to our previous appraisal of the Oklahoma tax system as it stood in January 1935 it will be recalled that attention was called to the following defects:

The extremely regressive character of the system as a whole.

The failure of the system to adequately reflect the special natural resources of the state.

The exploitation of the state government as a collection agency for local governments.

The general administrative weakness and failure. In all of these respects the legislation of 1935 has effected substantial improvement.

The cigarette tax, of course, is distinctly regressive in its burden. People do not smoke cigarettes in proportion to their wealth. So far as wealth is a factor, it is reflected in differences in the price of cigarettes, and this the tax takes no account of. But the cigarette tax is intended to be a temporary revenue producer; even if it is retained for some length of time, the increased proportion of income and inheritance taxation will have the effect of distinctly diminishing the regressive character of the tax system.

The increase in the severance taxes will more adequately reflect the natural resources of the state.

The changes in apportionment of revenues from the income, inheritance, gross production, and sales taxes, reducing the specific allocations to local governments and

allocating the bulk of these revenues to the state's general fund will at least moderate the character of the state's obligation to local governments and make possible more adequate consideration of the needs of the state. It does not, of course, touch the problem of correlating state subventions to local governments with some corresponding degree of supervision and control.

The strengthening of the powers of the Tax Commission and the broadening of its administrative activities should go a long way toward remedying past administrative defects—so far as the administration of state taxes is concerned.

All of these are substantial steps and all of them are distinctly in the direction of improvement. But the major achievements of the 1935 legislation lie in its substantial revision of the three major forms of taxation, namely, the income, inheritance, and gross production taxes. In these fields we believe, in accordance with our previous memoranda on these subjects, that the revision should have gone further than it did. In the case of the income tax the exemptions should have been further lowered, the rates in the upper brackets further increased, the depletion allowance put on a "cost" basis, and the exemption of dividends abolished. In the case of the inheritance tax, the maximum rates should be higher, and the inheritance tax should be buttressed by a gift tax. But after all, these things are somewhat matters of opinion and everything cannot be done at once. In any case, the revision of these three fields of taxation represents a legislative accomplishment of major significance.

In addition to these major accomplishments, the gasoline tax has been improved by the provision for refunds instead of initial exemption of gasoline purchased for agricultural purposes; the sales tax has been improved by the inclusion of a wider range of application to sales of services and by broader powers of enforcement; and the motor carrier taxes have been improved by provision for better enforcement through the policing of ports of entry. Whatever one may think of the wisdom of this type of motor taxation, if the taxes are levied, they should be impartially enforced.

And finally, the legislature accomplished something toward clearing up the depression debris, through the remission of penalties and costs of accumulated tax delinquency in return for the prompt payment of these delinquent taxes.

It is apparent therefore that in the breadth and variety of subjects covered the legislation of 1935 constitutes a remarkably comprehensive record of legislation. It means that the state is now provided with at least four permanent major types of taxation, all of them drawn in accordance with good modern practice in these fields. These are, in order of their revenue proportions, the motor and gasoline taxes, the gross production taxes, the income tax, and the inheritance tax. We are omitting for the moment the sales and cigarette taxes on account of some question of their permanence. But the four major sources enumerated should represent some \$25,000,000 of revenue, even under current conditions, and a substantially larger aggregate in periods of normal prosperity. One aspect of some significance in all this legislation is that the state has apparently provided adequately for its own immediate revenue needs, has put itself in position to assume its share of relief and recovery expenditure in cooperation with the federal government, and has projected a considerable amount of relief and reemployment expenditure on its own account—and all without recourse either to bonded debt or to any increase in its one per cent sales tax. In view of the difficulties that many of the wealthier states of the union are having in meeting these necessities and in view of the general stampede of state legislatures to heavy sales taxation, Oklahoma has in this respect a somewhat conspicuous distinction.

On the whole, the tax legislation of 1935 represents one of the most constructive tax programs that has been enacted in the United States and we have no hesitation in saying that it will be recognized as such by students of taxation throughout the country.

CHAPTER XXXII

RECOMMENDATIONS ON TAX ADMINISTRATION

The first essential in the formation of any broad legislative program is to have a reasonably clear conception of the objectives to be attained. In the general discussion of tax problems in Oklahoma we find two objectives commonly assumed for proposed tax legislation. One is "additional revenue" and one "relief." We are inclined to suggest that the fundamental objective should be neither.

Tax progress does not consist exclusively in finding "new sources of revenue"; and tax reform does not consist in continually running with a bucket of water for the relief of incipient conflagrations in one quarter or another. Both things may become necessary from time to time; but a tax system based too exclusively on either is likely to be continually in need of both.

In particular, a tax system ought not to be subjected to abrupt changes for every temporary revenue need that arises. Purely temporary or emergency needs should be financed by orderly processes of borrowing at the low interest rates which the sound condition of the state's finances will enable it to secure and which it should insist upon securing. Borrowing for purely temporary or emergency needs not only means lower cost to the government and less disturbance to taxpayers and to industry, but it involves less likelihood of saddling the state with an additional stratum of permanent expenditure than is the case when every expansion of expenditure takes the form of new or increased taxation. It is easier to pay a debt than to get taxes down after they are up.

All this means that a tax system should be geared to the economic resources of the state in such a way that its revenues will expand with expanding resources—and if they should contract somewhat with shrinking resources and prosperity, that is likely to be a wholesome result. It is one of the few effective means for compelling both government and citizens to re-examine occasionally the whole range of governmental activities and to make some choice of emphasis among essentials and non-essentials.

But it is fundamentally necessary that the tax system be geared as closely as possible to the economic resources of the state, in the selection of sources and methods of raising revenue and in the total amount of revenue appropriated. A state will retrogress if it permits its governmental structure to lag too far behind its economic and social development; but on the other hand, it cannot maintain a governmental structure that is top heavy in relation to its resources for supporting it. We would not build a six-cylinder engine on a buckboard. In the buckboard, plank-road days a one-cylinder mule, with adequate transmission and an accelerator in the whip socket, afforded reasonable equilibrium between the power and the load. A tax system will be doing well if it maintains as close equilibrium between governmental structure and the economic resources for supporting it.

There are—or should be—other agencies for gearing the government to the intellectual resources of the state, to its moral and spiritual resources, even to its scientific, artistic, and cultural resources. The tax system will perform a humble but fundamental service if it gears the government smoothly to the economic resources of the state.

The one most obvious most pressing and most fundamental need in Oklahoma at the present time is an honest and efficient administration of the taxes it already has; and we believe that the people of the state will be wise if they levy no more taxes of any kind until they are assured of having a tax administration of this type.

THE STATE TAX COMMISSION

We have discussed in previous connections, the futility of continuing the State Board of Equalization.

A simple, direct, constitutional amendment abolishing the State Board of Equalization should be submitted at the earliest opportunity, and its functions should be transferred to the Tax Commission.

Before this action is taken, however, a few things should be done to the Tax Commission.

Tenure of Members. The spectacle of an entire Commission and more or less its staff and personnel changing completely with every gubernatorial campaign is a spectacle of confusion and disgrace. Taxation is an extremely complicated and technical field and becoming more so every day. Four years is long enough to learn something about it, if one is naturally bright. But if one brand of commissioners, division heads, clerks, and stenographers goes out every four years, and another brand of commissioners, clerks, and stenographers comes in, the probability of any of them learning much about tax administration is greatly reduced.

Now there is no way of taking government "out of politics," but there are types of administrative organization that will in some degree prevent subordinating the business of government to party and political interests. One such device has been found helpful in the experience of other states and is strongly recommended for adoption by Oklahoma. This is a provision for six-year terms for members of the Tax Commission and for appointment of one member every two years, instead of appointment and exodus of the whole Commission every four years. This assures to every governor the appointment of a majority of the members of the Commission during his term of office; and the schedule of appointments can be so arranged that one appointment will coincide with the Governor's entrance upon his term of office and one will fall two years from that time. This assures the administration entire control over the policies of the Commission during the latter half of its term.

But it also assures some continuity of personnel and policy, which is indispensable to sound tax administration. It means that there will not be more than one new man coming upon the Commission at any one time, and that he will have opportunity to learn something about tax administration before being called upon to assume a major responsibility for the policies of the Commission.

The members of the Tax Commission should be given six-year overlapping terms.

Perhaps it should be added that there is no reason why a member of the Tax Commission who has rendered distinguished service should necessarily go out of office even at the end of six years.

Tenure of Staff. With regard to division heads and members of the staff of the Tax Commission, there is no reason why they should "rotate" with politics at all and every reason why they should not.

The entire staff of the Tax Commission should be put upon an effective civil service basis and given the protection which such a system affords.

Research Division of the Tax Commission. In spite of the pressure and confusion incident to a reorganization of the Commission, the new Tax Commission has taken a highly commendable step, which should prove of increasing importance to the taxpayers of the state. This is the definite organization and equipment of a research division. And this new division in the few months of its existence has already put out materials that have been quoted throughout the country. Under modern conditions the impacts of taxation upon the industrial and economic development of a state are so numerous and vital that no tax administration can function intelligently without continual research in these problems. In modern warfare the aviation service is said to be the eye of the general staff. In the same way an active research division is the eye of an intelligent tax administration in developing its policies and in shaping its recommendations from time to time to the legislature. Without it, its activities will become mechanical and blind.

And when we say research we mean scientific research, not press releases or scraps of statistics in support of pending legislation or administrative policies. A certain amount of this is inevitable; but too much of it will impair the work of this division and destroy the confidence of the people of the state in it. There are enough vital tax problems, and economic problems upon which tax policies should be conditioned, to keep the research division of the Tax Commission and the research facilities of the University busy for some years to come. It will be wise economy on the part of the state if, under the auspices of the Tax Commission it will utilize the research capacities of its University in developing this type of economic research. Some of the most significant work of the New York and Wisconsin Commissions has been done through this type of cooperation with the universities of those states. It is

scarcely necessary to add that the work of those universities has been greatly enriched thereby.

AD VALOREM ASSESSMENT AND EQUALIZATION

Local property tax levies for 1933 amounted to \$51,000,000. We have estimated that even after the abolition of the state property levy and after the substantial reductions that have been made in assessed valuations, property taxes will probably represent something like 64 per cent of total taxes levied in Oklahoma. And with the exception of the sales and gasoline taxes, probably more people come in contact with the property tax or are directly affected by it than by any other major form of taxation. A tax that bulks so large in the revenues of government and in the tax burdens of its citizens is worth administering with some consideration of equitableness and efficiency. Yet the fact is that this \$50,000,000 property tax is operated on the basis of a system of virtual self-assessment or a system of assessment that might have been appropriate for the simple conditions of the frontier times in which it originated. The statute does not provide for any actual appraisal of property by anybody. The assessor is not provided with the means for making actual appraisals; and to the extent that he does attempt appraisal of any particular type of property, there appears to be no process whatever of relating his valuation of this property to the valuations of other types of property or to the valuation of property in other districts or other counties.

The result, according to general testimony, is extreme variation in the rate of assessment among classes of property and among individual properties. Unfortunately, conditions of inequality of assessment always result in throwing disproportionate burdens upon the weaker groups and upon the standardized, familiar types of property such as farms, houses, and smaller properties in general. The larger properties and the more technical and complex types of property are ordinarily beyond the scope of the "judgment" of the assessor.

And aside from the mere technical difficulties, it isn't common sense to expect a lone county assessor, elected for two years, and with a staff consisting of himself and an old typewriter, to be able to stand up against the influence and legal and technical skill of a corporation that may represent millions of dollars. A research report is not the place for relating neighborhood anecdotes; if it were our report could be made amusing by relating the numerous occasions on which assessors have indicated frankly that a certain oil refinery or industrial or other large property was greatly under-assessed, and that they "couldn't do anything about it," but wished that the State Board of Equalization or somebody else would. We gather that pretty much everybody in the state is familiar with these conditions.

And we do not know that either the property holder or the assessor is particularly to blame. We can hardly blame a corporation management for trying to keep its assessments down—it would not be doing its duty to its stockholders if it did not; and we can scarcely blame an assessor for trying to avoid the ranks of the unemployed. What it means is that if we expect to have a half-way competent and equitable valuation of the three billions of real estate and general property throughout the state,¹ some agency must be provided which not only will afford some degree of trained and technical guidance, but will also occupy a position of sufficient independence to enable it to enforce equitable valuations among large and small properties alike and regardless of sectional interests.

Obviously the only agency in position to do this must be one representing the authority and the point of view of the whole state. Ordinarily this agency would be the State Tax Commission; and the general trend of opinion among tax students for years has been toward the centralization of control over assessment in the Tax Commission or other state agency. With this general trend we are fully in accord; but nevertheless "centralization" is not the whole answer to the problem. If tax administration, for example, is going to be dominated by politics, it may as well be county politics as state politics. And under present conditions in Oklahoma we would be

¹Compare estimate in Table III, Chap. I, of \$2,643,000,000 of real estate and personal property subject to local assessment. Under any other than depression conditions, this aggregate will substantially exceed three billions.

inclined to defer comprehensive steps in the direction of centralization of assessment control until it can be seen more clearly whether the state will be able to develop the type of state tax administration which will insure a high level of technical competence and of political independence. Meanwhile we would suggest, as tentative steps, the following measures of reorganization. After the changes suggested above in relation to the Tax Commission have been made—or other changes to effect substantially the same results—two functions should be definitely assigned to the Commission.

Supervision over Local Assessment. While continuing the present system of elective county assessors, authority for the **supervision** of their work should be conferred upon the Commission. If this seems like mixing two different kinds of administration, it is only because we are thinking too much in terms of the abstract theory of governmental organization. Anyone familiar with practical tax administration knows the numerous conditions and the extra legal factors that make it entirely possible for a state agency to work effectively through locally elected officials, if it has the authority to do so. As a matter of fact, nine out of ten assessors are not only willing to cooperate, they are more than glad to avail themselves of the help and backing of a State Commission. It has been our observation in the past that any Commission that has been unable to secure such cooperation on the part of local assessors has itself been lacking in ability or in knowledge of its problem.

But this is conditioned on the possession of definite authority for supervision on the part of the Commission. And supervision means authority to prescribe forms, procedure, technique, and the whole process of assessment, in whatever degree of generality or detail may be found helpful.

This means likewise that the working out of these procedures and processes and the instructions embodying them ought not to be the perfunctory task of some subordinate member of the staff. It will be well worth the time of one of the three members of the Commission to specialize in the field of property taxation, to familiarize himself with the problems—local, technical, and otherwise—throughout the state, and more or less to represent the Commission in this field of tax administration. He will find plenty to occupy him even for the six-year term we are proposing. If in so doing he should incidentally become an authority in this field, we hazard the prediction that he will have little difficulty in securing the cooperation of 77 county assessors in Oklahoma—even if they are elected by their respective communities.

Authority to prescribe the forms, procedures, and processes of assessment and supervision over the county assessors should be assigned to the Tax Commission as one of its important functions.

Review and Equalization. Under intelligent supervision of the initial assessment by the county assessors it will be found that the task of review will be greatly lightened, no matter by whom it is performed. Furthermore, the more accurate information that will be available with regard to the general levels of valuation for different districts and classes of property will enable the county boards of equalization to perform their task much more intelligently.

But the entire process of equalization will be greatly improved by conferring on the Tax Commission not only the present powers of the State Board of Equalization but the further authority for direct revision of assessments, on complaint of taxpayers or on its own initiative. This should include revision by counties and districts, by classes of property, and revision of individual assessments. The exercise of this authority should not be limited to any prescribed formalities of procedure or hampered by "red tape" proceedings of any kind. It should be considered as a part of the administrative function of the Tax Commission in the process of maintaining uniform property valuations throughout the state. Uniformity means nothing if it does not include uniformity among individual assessments and if any individual property owner, large or small, does not have the right to avail himself of the services of the State Tax Commission in securing it.

It is scarcely necessary to add that the fundamental importance of uniform and equitable assessment of property is in no way diminished by the fact that the state government no longer derives revenue from this source. The measures outlined above are suggested as a means for attaining this type of assessment, regardless of the

varying apportionment of the revenue therefrom among the different governmental units.

The State Tax Commission should have powers of direct revision of assessments, either on petition of taxpayers or on its own initiative.

Our recommendation here is in line with the recommendation made by the former State Tax Commission under the chairmanship of Mr. Melven Cornish; and the grounds for it are ably stated in the **Report of the Oklahoma Tax Commission for 1934.**¹ With the general statement therein we are fully in agreement. The usefulness of the State Tax Commission to the taxpayers of the state will be greatly impeded until this authority is specifically conferred upon it.

As a matter of fact, this authority will be exercised largely through the informal advisory relationships of the Tax Commission with the county assessors and the county boards of equalization. It does not mean that every time a complaint comes in the Tax Commission is going to rush out to some outlying county, hold a formal "hearing," and issue some peremptory "order." It means that complaints from various sections and various classes of property holders will ordinarily be made the basis for quiet investigation, for reference to previous assessment and valuation data already in the files of the Commission, and for recommendations to county assessors and boards of equalization for correction or adjustment in the next assessment. But any one familiar with any field of administration knows the difference between recommendations with authority and recommendations without; and in that difference very largely lies the story of effective tax administration.

¹pp. 27-31; 88-89.

CHAPTER XXXIII

RECOMMENDATIONS ON THE TAX POLICY

We have grouped our suggestions here under the term tax policy in the hope that the state will find it possible to adopt **policies** rather than merely enacting tax legislation. Most of the current tax legislation in the United States represents only a haphazard effort to secure immediate revenue, with no element of orderly policy underlying it; and frequently the more legislation, the less there is of any policy. Oklahoma, after the tax revision of the past legislative session and the increased revenues which that will provide, is in a position where it will not be obliged to snatch at haphazard possibilities of additional revenue and where it can develop more deliberate policies in the field of taxation.

THE PROPERTY TAX

We find considerable discussion to the effect that the property tax ought to be abolished entirely and replaced by a single gross income tax or gross production tax or other universal form of tax. The yearning for some universal, simplified form of taxation is a perfectly normal one and arises largely from the unnecessary confusion and the incompetent administration of the heterogeneous taxes we now have. Most of the simplified universal forms of taxation are simple in name only. The gross income and gross production taxes, if we tried to apply them universally, would involve more complications than the property tax, and while they would lighten certain forms of inequality in property taxation, they would inject additional inequalities as great or greater. Why should enormous quantities of wealth in the form of mineral lands and other natural resources, vacant land in urban locations of almost fantastic front foot values, luxurious residences and extravagant country estates be exempt from taxation merely because for the time being they have no "gross production" and are yielding no "gross income"?

There are simplified taxes, such as the poll tax and the salt and match monopolies of European countries and many others; but most of them have vices more simple than their virtues. Unfortunately it is true in general that the most valuable things in life are not found growing on bushes, and it seems to hold particularly true in taxation.

It is apparent that for a long time to come local governments are going to continue to depend on the property tax for a substantial portion of their revenues. And there is no reason, in principle or theory why they should not. The two most universally recognized indexes of financial capacity and taxpaying ability are property and income. Neither one is a perfect measure, and either one alone will produce discriminatory results. Indeed, this is the specific reason for holding that the most equitable tax system will rest on both bases; and there is no apparent reason for holding that it should rest any more on the one basis than the other. In the past our systems of local taxation have rested too exclusively on the property basis. This affords reason for still further reducing the proportion of total tax burdens represented by property taxes but not for any effort for the time being to abandon the property tax.

Homestead Exemption. We are obliged to call attention to the unwisdom of further narrowing the property tax base by the exemption of homesteads or by any other general exemptions. We refer to it, because there has been a considerable movement in Oklahoma and other states in recent years for partial or complete exemption of homesteads. The history of property taxation in this country has largely been the history of the escape of one type of property after another from carrying its share of property taxes. The first exodus was that of the railroads and canals in the early days of the railroads, when railroad construction was subsidized by general exemption on the part of both state and local governments. The abuse of this period led to the adoption of the celebrated "uniformity" clauses in the constitutions of most of the mid-western states. The second exodus was that of stocks, bonds, and intangible property, coincident with the development of corporations and the growth of securities and new types of intangible wealth. Subsequently there developed more or less wholesale evasion of taxes on the part of the railroads, public utilities, and other large corporations in consequence of the failure to provide admin-

istrative machinery adequate to assess these types of property or to cope with the powerful corporations that owned them. And finally there has been a tendency for personal property in general to escape adequate assessment on account of the growing complexity of these forms of property and the ineffectiveness of assessment methods.

The result is that a tax which at the outset rested firmly on the broad base of universal property ownership has had its base narrowed more and more by this process of constant erosion until now it more nearly resembles one of those "pivot rocks" that tourists admire, not for its massiveness and strength but for its ability to "teeter" indefinitely without tumbling.

But we cannot continue this process of erosion forever without courting disaster. As a matter of fact, we have for some time been working to remedy the ravages of past errors. The early railroad exemptions were abolished in the course of a long struggle beginning in the middle of the last century. The assessment of the railroads, public utilities, and some other specialized types of property has been greatly improved by transferring this function to the State Tax Commissions. And if we have not discovered any means of effectively assessing intangibles, the development of income, inheritance, and other taxes has at least made it possible to reach more adequately the taxpaying capacity represented by intangible wealth. All of these are efforts in the right direction; and we have no hesitation in saying that improvement in the character of the property tax lies in the direction of further reducing the exemptions we have rather than in devising new ones.

Many of the customary exemptions of educational, fraternal, and other types of property grew up in the midst of conditions that no longer exist. Most of the early colleges in this country were founded primarily for the purpose of training young men for the ministry; at that time athletics, dramatics, and aesthetic dancing were secondary. The early college fraternities founded by Jefferson, Madison, and others of their time were established for the purpose of discussing political philosophy; no provision was made for "proms," dances, and rushing parties. Many of the early fraternal orders were founded for the purpose of providing decent burial for their members—when they could no longer attend the national conventions. All these things have changed. Why luxurious fraternity and sorority houses should be exempt, while the cheap "rooming houses" and boarding houses occupied by the poorer students carry a full burden of property taxation, can not be explained on any known principle of taxation. We will concede without argument that there is more reason for the exemption of homes to a modest amount than for the exemption of many of these forms of property that are now exempt.

But this is not the way to remedy the situation. If homes are taxed too high, it means that other small properties are taxed too high likewise. This means farms, shops, stores, and small business and industrial establishments whose owners often are having a harder struggle than many comfortable homeowners. Sound remedy lies in working to secure lower property taxes, not in exempting some particular class and thereby shifting still heavier taxes to those who are left to carry the burden.

In an effort to ascertain the extent to which exemptions of various amounts would reduce the total volume of property subject to taxation, the Advisory Committee on Revenue and Taxation projected a survey of home ownership and assessed valuations of property in a number of typical communities. Limited resources made it possible to complete only one such survey. This was a survey of the city of Stillwater, made under the direction of Dean Raymond D. Thomas, now a member of the State Tax Commission. The ownership and assessed valuation of every home in the city of Stillwater was secured, and the effects of exemptions of \$1,000, \$2,000 and \$3,000 computed. The total assessed valuation of taxable property in the city, for 1933, was as follows:

Real Estate	\$2,675,797
Public Service Property	210,828
Personal Property	367,207
Total	\$3,253,832

It was found that 49.5 per cent of the homes in Stillwater were occupied by the owners, and 50.5 per cent were occupied by tenants. The total assessed valuation of the owner-occupied homes was \$973,582. The effect of various degrees of exemp-

tion upon the total tax duplicate, that is, the total amount of property subject to taxation, is indicated in Table I below.

TABLE I
EFFECT OF HOMESTEAD EXEMPTION IN STILLWATER

Exemption	Total Valuation Exempt	Per Cent of Total Assessed Valuation of Property in Stillwater Wiped Out by Exemption
\$1,000 -----	\$675,488	20.8
2,000 -----	895,047	27.5
3,000 -----	942,617	29.0
Entire Homestead -----	973,582	30.0

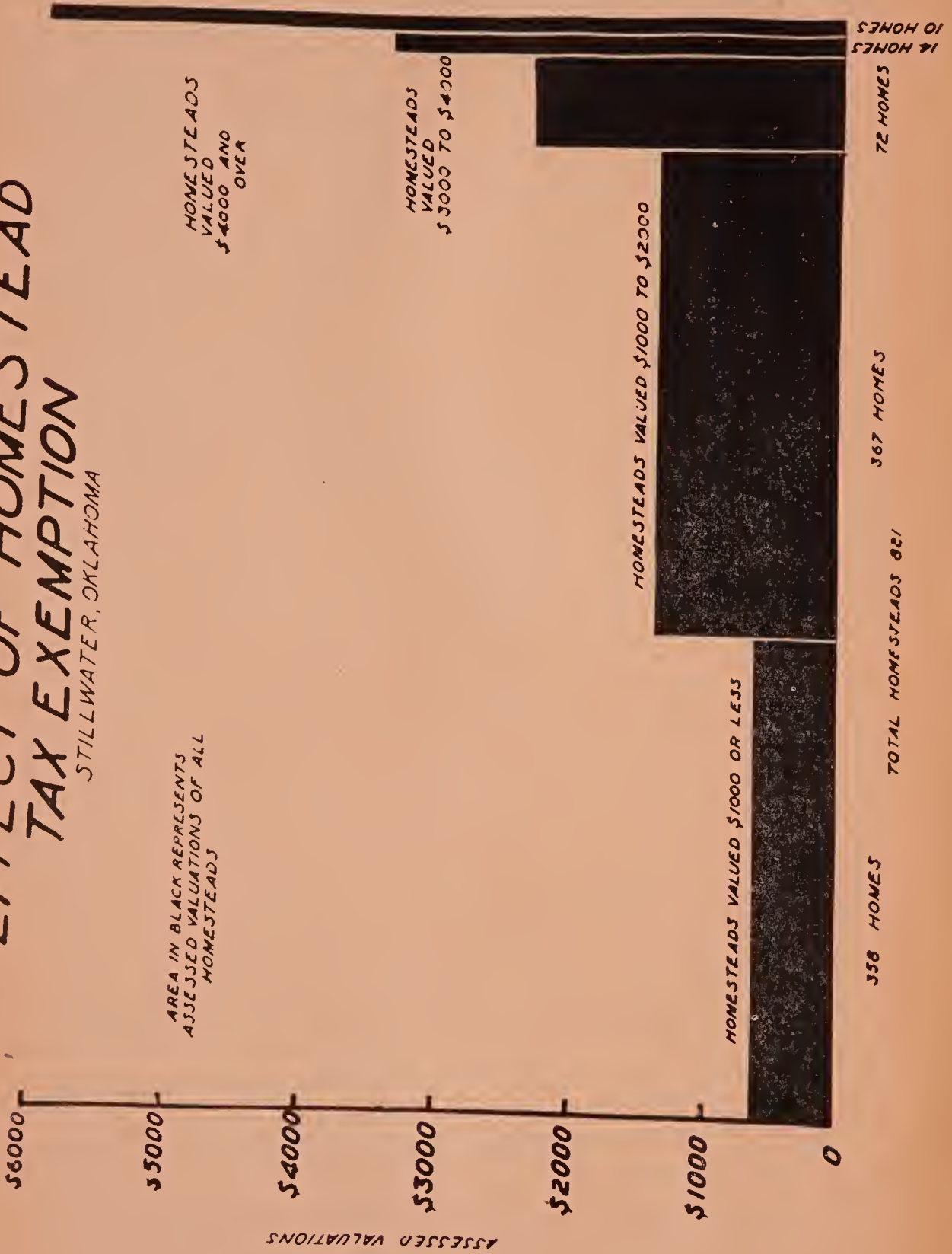
It will be noted that the low level of assessment in relation to actual value greatly magnifies the actual exemption; but this is one of the problems of exemption. A \$3,000 exemption on property assessed at 45 per cent of actual value means an actual exemption of \$6,670.

The extent to which varying exemptions would wipe out successive strata of the total valuation of homesteads is graphically represented in the series of charts below. In Chart I the base line represents the number of homesteads, grouped by value classes, from the lowest-price class to the highest. The vertical dimension of the chart measures assessed valuation in dollars. The solid black areas, therefore, represent the **number of homes in each class multiplied by the average value of homes in the class**, or the aggregate valuation of all homes in a given class.

The first area at the left, for example, represents the aggregate assessed valuation of all homesteads (owner-occupied homes) assessed at \$1,000 or less. This happens to be 358 homes with an aggregate valuation of \$212,768. The last area or bar at the right represents the aggregate assessed valuation of the ten highest-priced homes, namely, \$55,640.

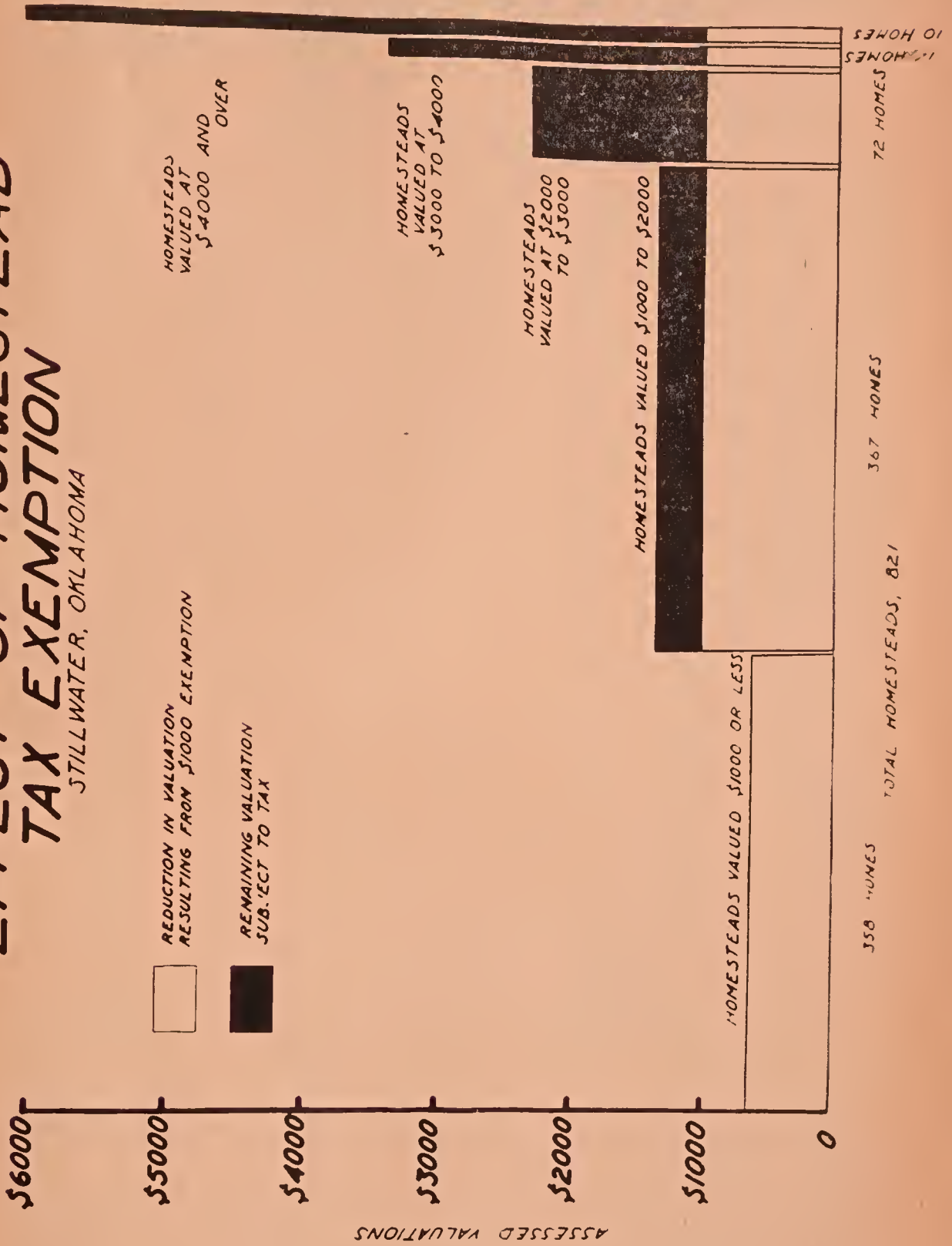
In this chart no exemption is assumed and the solid areas represent the extent to which the owner-occupied homes of Stillwater afford a basis for property taxation.

Chart I
**EFFECT OF HOMESTEAD
 TAX EXEMPTION**
 STILLWATER, OKLAHOMA



In Chart II the whitened area across the bottom of the chart represents the stratum of valuation wiped out by a \$1,000 exemption.

Chart II
**EFFECT OF HOMESTEAD
 TAX EXEMPTION**
 STILLWATER, OKLAHOMA



Charts III and IV represent the effects of exemptions of \$2,000 and \$3,000 respectively.

Chart III
**EFFECT OF HOMESTEAD
 TAX EXEMPTION**
 STILLWATER, OKLAHOMA

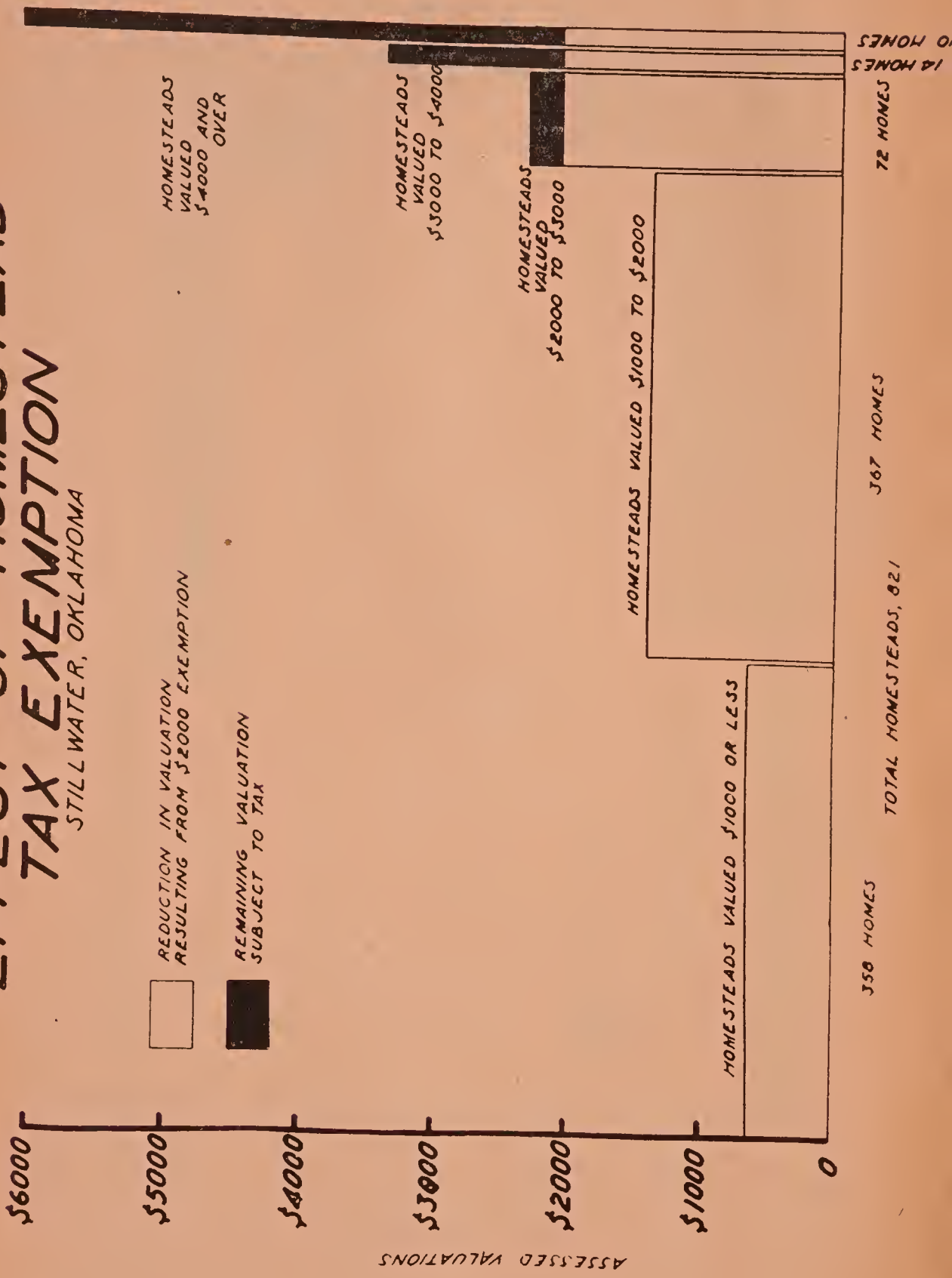
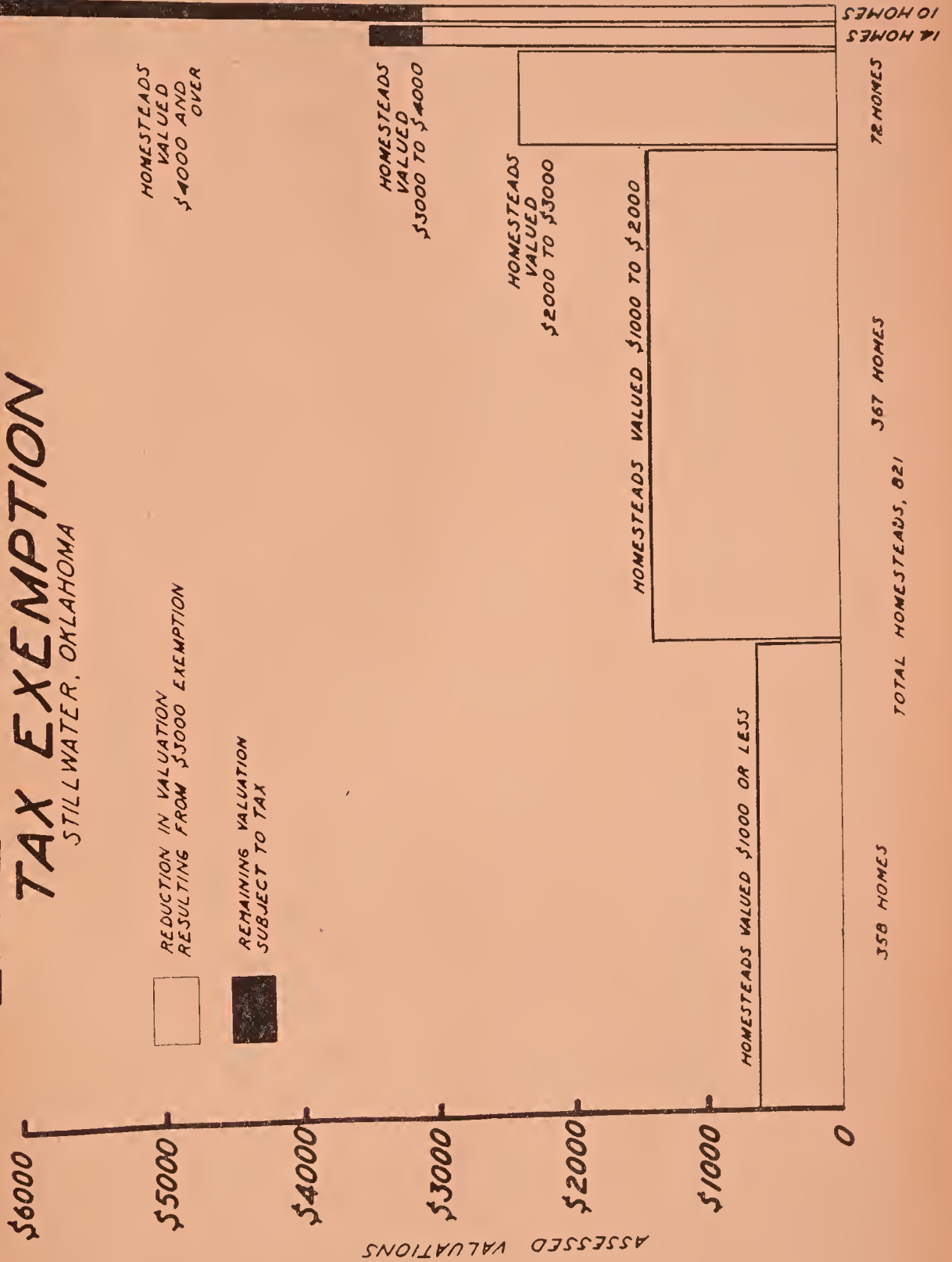


Chart IV
**EFFECT OF HOMESTEAD
 TAX EXEMPTION**
 STILLWATER, OKLAHOMA



Stillwater may not be typical of other communities, and it is suggested that the Tax Commission or other agency may well make similar studies in a half dozen or more other communities throughout the state in order to ascertain what the actual effects of various types of exemption would be. The people of the state will then have an opportunity at least to be governed, in whatever action they take, by a knowledge of the actual facts rather than by the hasty legislation of Florida and other states. As a matter of fact, the past history of tax legislation in Florida and the present condition of its government finances are not such as to commend its policies for the emulation of other commonwealths.

Timing of Property Tax Payments. It will be recalled that in our analysis of the operation of the property tax in Chapter XXIX, attention was called to the interval of three to four months between the beginning of the fiscal year of local governments and the payment of the first installment of property taxes for that year. The fiscal year begins on July 1. The first tax payment is due on October 1, becoming subject to penalty on November 1. In conferences on this subject the general opinion appears to be that the farmers' dependence upon the sale of crops for cash with which to meet tax and other obligations would make it inadvisable to advance the date for payment by any considerable interval. The opinion has been expressed that these dates might be advanced one month, making the first payment due on September 1, subject to penalty on October 1; and that if a small discount were allowed for cash payment on September 1, as is now done in a number of states, sufficient payments could be anticipated to meet the requirements of local governments from that date.

We gather further that the greater difficulties have arisen not from the statutory interval of three to four months from July 1 to October 1 or November 1, but from the fact that frequently the processes of assessment, review, and equalization by the various official bodies concerned therewith have not been completed in time to assure payments even on the legal dates for the first installment. By reference to the property tax calendar in Chapter XXIX, it will be seen that the successive dates in the process of assessment, review, and so forth actually do not allow time for the orderly completion of these various processes in time for the county assessor to certify the tax roll promptly to the county clerk and county treasurer. The whole schedule from January 1, when the assessment is begun until August or September when it is assumed that the tax roll is completed, is seriously "jammed."

Any change of the fiscal year appears to be impracticable and perhaps undesirable. Consequently the only quarter in which there appear to be any leeway lies in the direction of moving the date for beginning the assessment back into the period preceding January 1, and thereby securing more time both for the assessment itself and for the processes of review, equalization, and so forth subsequent to the assessment.

This can be done without changing the date, January 1, as of which the valuations legally apply. No matter what the date "as of" which any assessment applies, everyone knows that the actual process of assessment—if there is one—must be carried on in the period preceding or following the legal date, or both. If an assessment of a whole county is to be made as of January 1, good assessment administration would demand that the assessor begin his work three months or six months prior to that date. And we suggest that steps be taken to bring about this practice.

But this cannot be done under the present system of biennial assessment of real estate and under the present system of two-year terms for the assessor. The assessor is elected in November of even-numbered years and is required to make this assessment as of January 1 of odd numbered years, which means the January 1 immediately following his election. The biennial assessment could be set for even-numbered years, but this, if the two-year tenure is continued, would throw the assessment at the end of the assessor's term of office and immediately preceding the election of himself or his successor for the next term, which would be an undesirable juxtaposition.

Consequently we appear to be driven to the necessity of taking the bull by the horns, providing the assessor with a four-year term (which is desirable on many grounds anyhow), and permitting him to make two assessments as of **January 1 in even-numbered years**. This would permit an assessor to be elected in November 1934, take office January 1, 1935, get acquainted with his work during the next six months, and start his assessment July 1, to apply as of January 1, 1936, and be completed at some early subsequent date, such as February 1. His next assessment would then be begun on July 1, 1937, to apply as of January 1, 1938, and be completed February 1.

The gist of this arrangement would be to secure an additional six months for the whole process of assessment, review, equalization, and extension of taxes. This is not too much time for the orderly performance of these various processes, and it should be enough to insure their completion promptly on the dates set for them. Of this six-months leeway, we would suggest that three months be allotted as additional time for making the assessment, which would allow a total of seven months (July 1 to February 1) instead of the present period of practically four months (January 1 to

fourth Monday in April); that two months be allotted as additional time for all the processes of review, equalization, and extension of taxes, which would allow a total of six months (February 1 to August 1) in place of the present period of practically four months; and that the remaining surplus of one month be utilized to bring the first tax payment date forward one month to September 1, with a small discount for cash payment on that date.

It would be superfluous here to undertake to suggest specific dates for the various steps subsequent to assessment or to incorporate further details. But we believe that some such general step will be found necessary in order to relieve the present jammed condition of the property tax calendar. Some such plan as the one outlined would afford the county assessor time to make a real assessment; would open up wider spaces between the successive steps in the processes of review, equalization, and extension; and should insure completion of the entire process in time to permit prompt payment of the first installment of ad valorem taxes.

Perhaps we should add that any legislation providing for changes in assessment procedure should embody a provision requiring the assessor or his deputies to actually view and place a valuation upon all real estate in his jurisdiction. In all of our discussion of local assessment we are assuming that actual assessment, in the sense of viewing and valuing properties, is contemplated. Our suggestions above are shaped with a view to making this possible and to reducing as far as possible the friction and confusion that have sometimes accompanied the levying and payment of property taxes.

GENERAL DIRECTION OF STATE TAX POLICY

In the previous discussion we have expressed the view that, under the force of circumstances and for other reasons, the local governments should anticipate continued dependence on property taxes as a major source of revenue for some time to come; that progress will consist in improving the assessment and the general administration and operation of the property tax; and that the long-term objective should be a gradual reduction of the amount and proportion of property taxes. The latter objective will depend, of course, upon the further development of taxes collected by the state, with a portion of the revenues allocated back to the local governments, subject to certain general conditions which will be discussed later.

When we come to the field of state taxation, our problem is quite different because of the wide range of revenue sources and forms of taxation available to the state. And here we would suggest that Oklahoma adopt, as its general tax policy, a policy of moving gradually away from the cruder forms of production and consumption taxes or types of taxation that rest upon some basis of financial capacity or some principle of ability to pay. This does not mean abandoning other legitimate bases of taxation; it does mean limiting them to the fields to which they properly apply.

The "Benefit" principle, for example, the principle of paying taxes in proportion to benefits received by the taxpayer, is represented in the field of special assessments and in the gasoline tax, in so far as the tax is applied to highway purposes. In these fields the Benefit principle properly applies and should be continued. There are some other minor fields to which it might well be extended. Professional education, for example, is a type of benefit which only a small proportion of the population can afford even when the educational institutions are provided by the state. Certain students in the higher educational institutions, as recommended in another part of this report, should pay more nearly the cost which their education imposes on the state, with some provision for a restricted number of scholarships for those of limited means, to be awarded on a rigid scholarship basis.

But aside from such fields where the Benefit or other principle specifically applies, the general trend of modern taxation is away from regressive consumption taxes and burdensome business and production taxes toward types of taxation that rest more distinctly upon some measure of economic capacity. And we suggest in the further development of its tax system, both for purposes of state revenues and for apportionment to local governments, that the state shape its tax policy gradually but definitely in accordance with this trend.

FORMS OF TAXATION

This policy will imply the further development of income and inheritance taxes, taxation of natural resources, and perhaps certain fields of luxury taxation. We have already indicated, in our previous analysis of these taxes, the general line which such further development might well take and need only summarize our conclusions here.

The Income Tax. The income tax in Oklahoma is capable of substantial development, particularly for the purpose of further replacing property and other taxes. This development should embrace the following elements:

- (1) Lower exemptions
- (2) Higher rates in the upper brackets
- (3) No exemption of dividends
- (4) Depreciation and depletion allowances should be limited by specific provisions that the total accumulated depreciation or depletion on any property may not exceed the original cost of the property.
- (5) Insurance companies should be taken out of the income tax. It is worse than a sleight-of-hand performance to try to figure what the "net" income of an insurance company is. In this sleight-of-hand contest the insurance company attorneys and accountants can always be depended on to win over the Tax Commission, partly on account of the possession of fuller information with respect to their own companies. It is chiefly for this reason that the insurance companies and their representatives have always fought so strenuously for the privilege of paying an income tax.

If the state ever expects to levy a proportionate share of burdens upon them, it will be necessary to deprive them of this privilege and to place them on a gross receipts basis. This means a gross premiums tax at the rate of 2 to 3 per cent. We suggest the latter rate.

All this is only repeating the recommendations made in the **Memorandum** of January 25 in Chapter XXXI. Each of these suggested changes will not only be in the direction of more equitable distribution of income tax burdens, but all of them will substantially increase the revenue yielding capacity of the income tax. If the legislature in its past session felt that our recommended maximum of 12 per cent on the highest bracket was too high, they should be heartened by the fact that at the moment of writing California has just adopted an income tax, with a maximum rate of 15 per cent.

But raising rates and making other changes in the statutory structure of the income tax is only one way to increase its equitableness and effectiveness. The other way is a 100 per cent administration of the tax as it stands; and we would suggest that for the time being, effort be concentrated on this objective. Naturally there are no statistics of evasion, understatement, failure to make returns, and so forth; so that there is no basis on which to compute what the results of more effective administration might be. But from our observation of the operation of the income tax in Oklahoma over past years, we are of the opinion that the yield of the income tax could be doubled by a really effective administration.

Effective administration, however, will mean some increase in cost in order to provide for necessary increases in the income tax staff, particularly in the number of accountants, auditors, and field men. And we would conjecture that in anything like normal times some increases in salaries will be found necessary in order to secure and retain men of adequate training and ability for this type of work. Such expansion of costs as this may involve will be found to be wise economy, not only in increased revenues but in the increased equitableness of the tax itself. It is vastly better to secure increased revenue from part areas of evasion and dishonesty than merely through levying heavier rates on those citizens who are already paying their taxes honestly and conscientiously.

The Inheritance Tax. In order to secure some actual information about the size and distribution of estates to which any inheritance tax in Oklahoma would have to be adjusted, a proposed study of the records of the probate courts was outlined in December 1934. The resources available made it possible to complete only a limited analysis of the records of one year in the probate court of Oklahoma County. The

year 1931 was selected in order to secure a period which would not reflect the most aggravated depression conditions, and a period far enough back to afford probability that most of the probate proceedings in that year would have reached final settlement. The data were collected under the direction of Dr. Leonard Logan, now a member of the State Planning Board. The results are indicated in Tables II and III.

The net values here are the appraised valuation of assets as approved by the probate court. Examination of the records would suggest that these appraisals tend in general to understate the actual value of these estates.

TABLE II
DISTRIBUTION OF ESTATES
(As Indicated by Estates Probated in Oklahoma County During the Year 1931)

Classification of Net Value of Estates	Number of Estates in Class	Average Net Value	Aggregate Net Value	Taxes Paid Under Former Statute	Per Cent of Taxes Paid to Net Value
\$ —\$5,000	209	\$1,771	\$ 370,223	\$ 260.02	0.07
5,000—10,000	43	7,052	303,245	None	0.00
10,000—20,000	27	14,481	390,988	2,460.16	0.63
20,000—30,000	19	25,147	251,465	263.76	0.10
30,000—40,000	5	35,523	177,617	270.76	0.15
40,000 and over	2	57,874	115,748	1,774.25	1.53
Total	296		\$1,609,286	\$5,028.95	0.31

Limited as the sample is, it nevertheless suggests clearly the wide distribution of small estates.

Table III indicates the proportions of real estate, tangible personal property, and intangible property in the gross value of these estates, before deductions of debts and other liabilities, in order to indicate the proportions in which these different types of property appear to make up the wealth of the community.

TABLE III
STRUCTURE OF ESTATES
(As Indicated by Estates Probated in Oklahoma County During the Year 1931)

Classification by Net Value of Estates	Real Estate	Gross Value			Per Cent of Gross Value			
		Tangible Personal Property	Intangible Personal Property	Total	Real Estate	Tangible Personal Property	Intangible Personal Property	Total
\$ 0—\$5,000	\$ 334,126	\$103,345	\$ 167,241	\$ 604,712	55.2	17.1	27.7	100.0
5,000—10,000	229,528	21,495	88,191	339,214	67.7	6.3	26.0	100.0
10,000—20,000	236,733	28,278	156,207	421,218	56.2	6.7	37.1	100.0
20,000—30,000	132,881	3,325	168,234	304,440	43.6	1.1	55.3	100.0
30,000—40,000	156,845		512,938	669,783	23.4		76.6	100.0
40,000 and over	30,350	52,845	36,735	119,930	25.3	44.1	30.6	100.0
Total	\$1,120,463	\$209,288	\$1,129,546	\$2,459,297	45.6	8.5	45.9	100.0

Attention may be called to two significant features of these exhibits. The first is the fact that the total inheritance taxes paid by these estates was \$5,028.95, which is .3 of 1 per cent of their total net value and .2 of 1 per cent of their gross value—which is practically the value upon which ordinary property taxes are paid. This means that the total inheritance tax paid was about 1/10 of one year's ordinary property taxes. Obviously the two taxes are in inverse proportion to what sound principles of taxation would suggest. Wealth in process of passing from one generation to another can properly be asked to make a somewhat larger contribution to public needs than the burden that is imposed annually on the same wealth in process of actual production or accumulation in the hands of its original owner. It can be expected to make a larger contribution once in 40 years than once in every 12 months. Yet Oklahoma is taxing property more heartlessly than inheritance; taxing the production of wealth more rigorously than its mere acquisition through the channels of inheritance.

The other most striking aspect of these estates is the large proportion of personal property, particularly of intangible property. It is commonplace to say that under prevailing methods of taxation in Oklahoma and most other states this personal property has presumably paid negligible taxes during the lifetime of its owner. With no intention whatever of penalizing the decedent or his heirs for a result that is more or less incidental to our present methods of taxation, nevertheless it would seem that

the least that could be asked would be a substantial tax upon this large proportion of intangible property at those long intervals when it passes from one generation to another.

Implication. These are very limited data, but so far as they go they present a striking picture of one type of distribution of wealth. General information is to the effect that fuller information concerning wider areas throughout the state would differ from this picture only in revealing greater extremes in both directions namely a wider distribution of small estates and a small proportion of much larger estates than any included in our tabulation above. This type of wealth distribution implies two things about the structure of any inheritance tax adjusted to it. These are (1) low exemptions and (2) relatively high rates in the upper brackets.

There are types of wealth distribution which have very different implications. In a state that happens to have large numbers of very large estates the exemptions can be high and the upper ranges of graduation high, the inheritance tax becoming then largely a tax on the recipients of large fortunes, which under these conditions can be justified on both revenue and social grounds. In a state with a wide distribution of small or moderate sized estates and few large accumulations of wealth, the exemptions must be low and the range of graduation may be moderate, the inheritance tax becoming then a means of deriving revenue from the general body of citizens on the basis of a form of taxation that imposes the least hardship. But in a state that has a wide distribution of small estates, along with a considerable number of very large estates, any rational adjustment of the inheritance tax must embrace both **low exemptions** and a **high range of graduation of rates**. In a state of this type, an inheritance tax that has only high rates in the upper brackets will yield no revenue; a tax that has both low exemptions and low rates of graduation is socially indefensible; and a tax which, like the former Oklahoma statute, combines both high exemptions and low rates is scarcely worth writing.

In the first place, under modern conditions and modern types of business practice, any inheritance or estate tax must be buttressed with an effective gift tax. Otherwise the inheritance tax will largely be nullified by the wealthier groups, to whom it should particularly apply. We need not go into detail—there are standard forms of gift taxes in operation in other states—except to say that such a tax should apply to all gifts above a specified minimum, and that the rates should run substantially higher than those of the regular inheritance or estate tax schedule on account of the possibility of splitting property up into numerous gifts of relatively small amounts.

In the structure of the inheritance tax itself the substance of our suggestion¹ is a device for securing some element of consideration for the heirs within a certain degree of intimacy, combined with the simplicity and effectiveness of a single exemption and single rate schedule on an estate tax basis. This feature was incorporated in the statute adopted by the legislature of 1935.

We would suggest that eventually the group of beneficiaries entitled to exemption should be narrowed to include only husband or wife, parents, and children, excluding other "lineal descendants"; that the single flat exemption be lowered from \$15,000 to \$10,000, and eventually to \$5,000; and that the rates be advanced to a maximum of 20 per cent on that portion of taxable estate in excess of \$1,000,000.

The Severance or Gross Production Taxes. By reference to our rough inventory of resources and production in Chapter XXV and the discussions of total tax burdens in Chapter XXVIII, it is apparent that the 5 per cent gross production taxes on oil and gas may be assumed to represent somewhere near the average burden of total taxes throughout the state. It is true that various classes of taxpayers are paying a larger proportion of their gross production. Investigations conducted by Professor J. T. Sanders, of the Oklahoma Agricultural and Mechanical College, indicate that farmers in Oklahoma, over the ten-year period 1924-33, paid property taxes equivalent to a gross production tax of 9.2 per cent. But it is obvious that farmers have for a long time been carrying disproportionate burdens, in terms of production and income. Progress lies not in bringing everybody else up to the level of farm taxes but in bringing farm

¹See Chap. XXXI.

taxes down to the level of everybody else. More exact information will have to be secured than is at present available before we can measure relative tax burdens with the precision which would be desirable and which it is entirely possible to do. But on such rough information as is available, it would appear that a 5 per cent gross production tax, if applied to full actual production, puts the oil and gas industries somewhere nearly on a level with that of general tax burdens throughout the state.

This does not, however, provide any element of amortization for the exhaustion of irreplaceable resources. Sound principles of public economy demand that some element of compensation for the loss of these natural resources should be included in tax policy. If our state governments were so organized as to be able to handle competently large reserves in the nature of trust funds for the future, a substantial severance tax upon exhaustible natural resources should be levied and devoted to building up public improvements or other permanent assets to replace these natural resources. But the handling of school land funds and other state funds in the past has not been such as to suggest the wisdom of expanding the state's responsibilities for permanent funds.

Consequently our suggestion here will be limited to pointing out that the present 5 per cent gross production taxes do not apparently include any element of amortization; and that the state will not have a sound policy in this field until it does recover a portion of its exhausted assets in the form of a somewhat higher tax upon these industries.

The Motor License Taxes. We have indicated in our previous appraisal of the Oklahoma tax system (Chapter XXX), that while the motor license fee is in lieu of all property taxes on automobiles, the average license fee per vehicle registered in 1934 was only \$5.80. This could scarcely by any conjecture represent more than the equivalent of a property tax of 1 per cent on full value, whereas general property throughout the states is paying property taxes at a rate of something like 2 per cent on full value.

There is no apparent reason why automobiles should not be construed to represent as much taxpaying ability per value as other kinds of property and why they should not pay a tax equivalent to the regular property taxes. There are very specific reasons why they should pay somewhat more than other property, not for highway purposes, which are assumed to be represented in the gasoline tax, but as a payment toward the special costs they impose for traffic regulation, policing, hospital, and emergency service. There is every reason why automobiles, including busses, trucks, and every form of motor vehicle, should pay a license fee equivalent to the full rate of ordinary property taxation plus some payment for the special costs they impose.

The present license fee in Oklahoma not only does not do this but appears to be distinctly lower than the license fees of neighboring states, in most of which the license fee is in addition to regular ad valorem taxes. In the course of correspondence with officials of these states, it appears that for the latest years available in each case the average amount of motor license fees per vehicle is approximately as follows:

Kansas	\$ 5.72
Missouri	8.87
Arkansas	10.61
Louisiana	13.51
Texas	10.56
New Mexico	9.70
Average	\$ 9.83

It is apparent, therefore, that there is sound reason for increasing the amount of the motor license fees, and we recommend that this source be utilized when there is need for additional revenue.

But while suggesting an increase in the amount of the motor license fees as a legitimate source of increased revenue, we believe it will be possible to reduce somewhat the cost and irritation in connection with the issuance of license plates. In our previous analysis and appraisal of the tax systems in Chapters XXIX and XXX we have discussed the present method of issuing license plates through the so-called "tag agents." It was pointed out that the 136 tag agents of the state are apparently paid something like \$261,000 for the simple process of handing out license plates, while only \$356,000 is paid for the expenses of the 77 county assessors' offices and their staffs in making the general property assessment for the entire state. Evidently these two fields of tax administration are badly out of proportion.

After extended conferences on this question we have thus far been unable to discover any reasons for the continuance of the "tag agents" at all. These are not horse-and-buggy licenses in horse-and-buggy days, when all the agencies of government had to be located within a 15 mile radius of everybody. These are days of mail-order houses, among other things; and we see no reason why the Tax Commission should not handle by mail the issuance of the annual motor license plates. We would dispense likewise with the "notarizing" of application, which, so far as we have been able to observe, adds nothing to their veracity or accuracy. Such help as anyone may need in filling out the specifications of the application form, he can get from the dealer who sells the car or from the service station that takes the bumps out of his fenders.

Insurance Company Taxation. We have discussed insurance taxation in connection with the income tax and will only repeat here that the insurance companies will contribute little to the fiscal needs of the state until they are all put on the basis of a gross premium tax, at a rate of 2 to 3 per cent. We would suggest the latter rate.

Repeal of Tax Legislation. In all of our previous discussion it happens that we have been recommending increases in various forms of taxation, not with a view to increasing the total burden of taxes, but with a view to developing a **tax policy** that will be characterized by dependence in the main upon types of taxation resting on economic capacity or other sound principles. But as rapidly as such a tax policy is developed, it carries with it the implication of reduction or abandonment of taxes that do not embody these principles. In this field we suggest that the state follow two lines of policy.

The first is the gradual further reduction of the proportions represented by property taxes in the total tax burden of state and local governments. The second is the repeal of any general consumption taxes, such as the cigarette tax and the sales tax.

If the cigarette tax were thought of as a form of sumptuary regulation, designed to reduce the amount of cigarette smoking, it might be looked upon with complacency by those of us who smoke pipes, cigars—and stogies. As a matter of fact, it has no such effects; and as a **tax**, particularly in the form of a flat tax per package, regardless of differences in price, it becomes a pure consumption tax, concentrating the bulk of its burden upon the poorer classes of consumers. It is an extremely effective emergency tax, and should be used for that purpose whenever the need arises. After the emergency is past, it should be promptly repealed.

What has been said of the cigarette and similar taxes applies likewise to the general sales tax, but applies with increased force because the sales tax rests on all commodities and rests with aggravated burden upon the necessities of life and upon all the purchases of the poorer classes throughout the state. As an emergency tax, it serves an admirable purpose and serves it promptly and effectively. For any other purpose it is difficult to defend it on any principle of fairness or justice.

As a matter of fact the sales tax represents a reversion to mediaeval forms of taxation. It was imported from Europe in the depression following the World War. Under the stress of the present depression it has had a wide development and one that can be justified if it is limited to the duration of the present emergency. It will be found difficult to limit it to this purpose on account of continuing revenue needs in most of the states and on account of the vigorous support of organized groups who find in the sales tax a convenient weapon against the further development of income, inheritance, and similar taxes. How long the present sales tax legislation will continue on the statute books of the state no one can predict. But of one thing we may be certain: How long it continues will be determined not by its merit but by the ability of wealthier groups to shift the burdens of taxation to the poor.

APPORTIONMENT OF REVENUES TO LOCAL GOVERNMENTS

We have suggested above the further reduction of the proportion of revenues represented by property taxes, which necessarily implies a larger allocation of state taxes to local governments. This in fact is a well-defined trend throughout the country at the present time. With this general trend most tax students are in accord, and we would anticipate the further development of this trend in Oklahoma.

But before any further development in this direction is contemplated, it will be found to be almost indispensable to devise some degree of control or supervision or specification on the part of the state with regard to the application of these apportionments. It will be extremely dangerous if the state government becomes merely an irresponsible collecting machine—a kind of “cash register” for local governments. The present spectacle of insolvency and confusion in local government finances, the expensive and yet inefficient type of public schools maintained in various sections of the state, the absence even of intelligible accounting information about the financial operations of local governments, with the state doing nothing about it except continuing to hand out millions of dollars of taxes to these local governments—all this does not bode well either for governmental economy or for a high level of governmental services.

The field of local government organization and of the relationships of state and local governments does not come within the scope of this study. Consequently we will limit our comment here to pointing out the fundamental relationship of this field to the development of the type of tax policy we have recommended. We have suggested the further reduction of property taxes, the further development of various forms of state taxes, and the development of a policy of securing a larger portion of the revenues of local governments through the channels of taxes administered and collected by the state. We wish to point out here in all clearness that the policy embodied in our third recommendation is conditioned on the parallel development of some degree of responsibility and control on the part of the state over the expenditures and financial operations supported by these state funds. Without this, the policy we have ventured to suggest will be both unwise and dangerous.



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