

**OFFICIAL PAPERS**  
**SPECIAL INTERIM MEETING**  
**NATIONAL GOVERNORS' CONFERENCE**

**DECEMBER 16-17, 1966**

**THE GREENBRIER**  
**WHITE SULPHUR SPRINGS, WEST VIRGINIA**

**National Governors' Conference**

**1313 EAST SIXTIETH STREET**  
**CHICAGO, ILLINOIS 60637**

FOREWORD

At the 58th Annual Meeting of the National Governors' Conference, held at Los Angeles in July of 1966, a motion was adopted in Executive Session calling for a review of the purposes, structure, staffing and financing of the Conference. This action was followed by a subsequent motion calling for an Interim Meeting of the National Governors' Conference before the end of the year, an unprecedented event in the history of the Conference.

The special Interim Meeting was held at the Greenbrier, White Sulphur Springs, West Virginia, on December 16 and 17, 1966. Much of the proceedings occurred in Executive Session, but all of the following official actions were taken in open session, with news media present: (1) presentation and adoption of committee reports; (2) consideration and adoption of resolutions; and (3) amendments to the Articles of Organization. These actions are encompassed by the official papers herein contained.

A few background comments may be helpful in putting the official papers in context. On the following pages will be found an attendance list which indicates those Governors and Governors-Elect who were present. This is followed by a copy of the program, revised to show the actual sequence of events (several transpositions of the program distributed at the meeting were made, and the final session on December 17 was telescoped to permit an earlier adjournment).

The next official paper is the report of the Critique Committee, as amended and adopted. This report contains the basic and essential action taken with respect to the purposes for which the Interim Meeting was called. The committee's recommendations concerning amendment of the Articles of Organization were all approved, and their text will be found in the final official paper -- the Articles of Organization as amended. The amendments consisted of new language added to Article IV and the insertion of a generally revised Article VIII.

No particular comments need be made relative to the reports of the Advisory Committee on the National Guard (with a supplementary report on military airlift) and the Advisory Committee on Federal-State-Local

Relations. However, some explanation of the report of the Special Study Committee on Revenue Sources of State and Local Governments may be helpful. A preliminary report by this committee was submitted at the 58th Annual Meeting in Los Angeles, text of which will be found in Appendix XVI (page 233) of the proceedings of that meeting. The same report was distributed at the Interim Meeting for background information, but the actual new recommendations of the committee consisted of three resolutions contained in these official papers: (I) "New Directions in Federal-Aid Policy"; (II) "Development of Tax Sharing Legislative Proposal"; (III) "Taxation of Multistate Businesses."

Final items on the program consisted of remarks presented by Governor Ralph M. Paiewonsky of the Virgin Islands, concerning preliminary Host State Plans for the 1967 Annual Meeting which will be held aboard the S.S. Independence in October, and a rising vote of thanks to Governor Hulett C. Smith of West Virginia for his kindness and gracious assistance in making the Interim Meeting possible.

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GOVERNORS AND GOVERNORS-ELECT IN ATTENDANCE

ALABAMA

Governor George C. Wallace

ARKANSAS

Governor-Elect Winthrop Rockefeller

COLORADO

Governor John A. Love

DELAWARE

Governor Charles L. Terry, Jr.

FLORIDA

Governor Haydon Burns

GEORGIA

Governor Carl E. Sanders

IDAHO

Governor Robert E. Smylie

ILLINOIS

Governor Otto Kerner

INDIANA

Governor Roger D. Branigin

IOWA

Governor Harold E. Hughes

KANSAS

Governor William H. Avery

MASSACHUSETTS

Governor John A. Volpe

MICHIGAN

Governor George Romney

MINNESOTA

Governor Karl F. Rolvaag

MISSISSIPPI

Governor Paul B. Johnson

MISSOURI

Governor Warren E. Hearnes

NEBRASKA

Governor Frank B. Morrison

NEW HAMPSHIRE

Governor John W. King

NEW JERSEY

Governor Richard J. Hughes

NEW MEXICO

Governor Jack M. Campbell  
Governor-Elect David F. Cargo

NEW YORK

Governor Nelson A. Rockefeller

NORTH CAROLINA

Governor Dan K. Moore

NORTH DAKOTA

Governor William L. Guy

OHIO

Governor James A. Rhodes

OKLAHOMA

Governor Henry Bellmon

PENNSYLVANIA

Governor William W. Scranton  
Governor-Elect Raymond P. Shafer

RHODE ISLAND

Governor John H. Chafee

SOUTH CAROLINA

Governor Robert E. McNair

SOUTH DAKOTA

Governor Nils A. Boe

TEXAS

Governor John B. Connally

UTAH

Governor Calvin L. Rampton

VERMONT

Governor Philip H. Hoff

VIRGINIA

Governor Mills E. Godwin, Jr.

VIRGIN ISLANDS

Governor Ralph M. Paiewonsky

WASHINGTON

Governor Daniel J. Evans

WEST VIRGINIA

Governor Hulett C. Smith

WISCONSIN

Governor Warren P. Knowles

P R O G R A M

FRIDAY, DECEMBER 16

- 9:00 A.M. First Session. Chesapeake Hall  
Presiding: Governor William L. Guy  
Remarks of Welcome: Governor Hulett C. Smith  
Adoption of Rules of Procedure  
Purpose and Scope of Interim Meeting:  
Governor Guy  
"Purpose, Structure, Staffing and Financing of the  
National Governors' Conference"  
Regional Discussion Leaders:  
Governor John A. Love  
Governor Harold E. Hughes  
Governor Carl E. Sanders  
Governor William W. Scranton  
Governor John A. Volpe  
Commentary: Brevard Crihfield, Secretary-Treasurer
- 12:00 M. Recess for Lunch
- 1:30 P.M. Second Session. Chesapeake Hall  
Report of Advisory Committee to Executive Committee  
on the National Guard: Governor Otto Kerner, Chairman  
Report of Advisory Committee to Executive Committee  
on Federal-State-Local Relations:  
Governor Robert E. Smylie, Chairman  
Report of Special Study Committee on Revenue Sources  
of State and Local Governments:  
Governor George Romney, Chairman
- 6:00 P.M. Reception for All Conference Participants. The Ballroom
- 7:00 P.M. Dinner Meeting of Chairmen and Vice Chairmen of New  
Standing Committees with Governor Guy to Discuss  
Program for 1967 Annual Meeting. Tyler Room
- 7:00 P.M. Dinner Meeting of Conference Critique Committee  
(Governor John A. Love, Chairman; Governors  
Harold E. Hughes, Carl E. Sanders, William W. Scranton,  
John A. Volpe) for Consideration of Recommendations  
and Preparation of Report to Full Conference.  
Pierce Room



SATURDAY, DECEMBER 17

- 8:30 A.M.     Third Session.   Chesapeake Hall  
Report of Critique Committee:  
    Governor John A. Love, Chairman  
Conference Review and Discussion of Report  
Report on Committee Structure for 1967 and Plans  
    for Program of 1967 Annual Meeting: Governor Guy  
Remarks by Host to 1967 Annual Meeting:  
    Governor Ralph M. Paiewonsky
- 10:30 A.M.     Closing Session.   Chesapeake Hall  
Consideration and Action of Policy Statements  
Other Business

ADJOURNMENT

REPORT OF CRITIQUE COMMITTEE

As its major recommendation on the basis of the discussion held at the Interim National Governors' Conference on December 16, the Critique Committee has concluded that a staff should be established in Washington, designed solely to serve the National Governors' Conference. This staff shall be under the administrative authority of the Council of State Governments, but it shall exist to serve the Governors only. Its purpose shall be to improve the effectiveness of the states, and particularly the Governors, in dealing with problems arising out of federal-state relations. In addition, this staff shall have a general responsibility to coordinate research for the Governors at the national level. To provide authority for this activity we recommend that the following new paragraph be added at the end of Article IV of the Articles of Organization:

"The Executive Committee is empowered to enter into agreements with the Council of State Governments for the administration and implementation of services to the Conference and its members in regard to state-federal relations and the coordination of research in that area. Any such agreement shall be subject to continuing oversight and supervision by the Executive Committee."

The Washington office will be responsible to the Executive Committee of the National Governors' Conference, but it shall be available at all times to serve all member Governors and committees of the Conference. It shall also coordinate its work with the activities of offices representing the states in Washington. We recommend that competent professional and clerical personnel be hired by the Secretary-Treasurer, under the supervision of the Executive Committee, to accomplish the foregoing purposes, functions and services--within such budgetary limitations as the Executive Committee may prescribe.

This expanded effort by the National Governors' Conference clearly will require increased financial effort by the states. Accordingly we recommend:

1). That a budget of not to exceed \$260,000.00 per year be developed to finance the Washington services previously described.

2). That this sum be raised by member contributions to the National Governors' Conference in accordance with a schedule substantially as follows :

4 non-state jurisdictions	\$1,000	\$ 4,000
7 smallest states	2,000	14,000
7 next size states	3,000	21,000
7 next size states	4,000	28,000
7 next size states	5,000	35,000
7 next size states	6,000	42,000
7 next size states	7,000	49,000
8 largest states	8,000	<u>64,000</u>
	Grand Total	\$257,000

\* - See Appendix

3). That these funds be allocated by the Executive Committee, under its supervision, to the Secretary-Treasurer of the National Governors' Conference for the staffing and necessary facilities to carry out our previous recommendations.

4). That a pro-rata amount should be made available to accommodate a temporary budget until June 30, 1967, looking forward to establishing the recommended services as quickly as possible.

5). That, to implement the above recommendations, Article VIII of the Articles of Organization of the National Governors' Conference be amended to read as follows:

#### "ARTICLE VIII

##### DUES

Each member shall contribute such amounts, not to exceed a maximum total aggregate of \$260,000 per year, as may be necessary to finance the programs and operations of the Conference. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Conference and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants."

We are satisfied with the functions of the National Governors' Conference as set forth at present in the Articles of Organization. We feel that the functions as now defined give the Conference ample authority to undertake the new responsibilities herein suggested and also to permit the Governors to take a leadership role in national affairs affecting the states.

We make the following additional recommendations:

1). Within their own administrations, the states should wherever feasible establish a designated agency for federal-state liaison to coordinate federal programs that affect the states.

2). The Executive Committee should seek means by which the annual National Governors' Conference might be financed entirely out of funds made available by the member states, and consider methods to de-emphasize the social aspects of these meetings.

3). The Executive Committee should discuss with the Council of State Governments the possibility of establishing a National Convention of State Governments, in which representatives of the Executive, Legislative, and Judicial branches could meet to discuss common state problems.

4). The Conference should consider laying greater stress on the professional aspects involved in the science of government. Greater emphasis should be given at the annual meetings to small workshop-type symposia where intensive analysis can be given to various and specific problems of state government, administrative and otherwise.

APPENDIX

The categories in the recommended contribution schedule would be as follows, according to official 1960 Census Bureau figures:

\$8,000 per year	California, New York, Pennsylvania, Illinois, Michigan, New Jersey, Ohio, Texas
\$7,000 per year	Florida, Indiana, Massachusetts, Missouri, North Carolina, Virginia, Wisconsin
\$6,000 per year	Alabama, Georgia, Kentucky, Louisiana, Maryland, Minnesota, Tennessee
\$5,000 per year	Connecticut, Iowa, Kansas, Mississippi, Oklahoma, South Carolina, Washington
\$4,000 per year	Arizona, Arkansas, Colorado, Maine, Nebraska, Oregon, West Virginia
\$3,000 per year	Hawaii, Idaho, Montana, New Mexico, Rhode Island, South Dakota, Utah
\$2,000 per year	Alaska, Delaware, Nevada, New Hampshire, North Dakota, Vermont, Wyoming
\$1,000 per year	American Samoa, Guam, Puerto Rico, Virgin Islands

[The Commonwealth of Puerto Rico and the Territories of American Samoa, Guam, and the Virgin Islands would contribute a flat amount not based on population.]

REPORT OF THE ADVISORY COMMITTEE ON THE NATIONAL GUARD

This Report is presented as an after action report to the Annual Report of this Committee to the Annual National Governors' Conference, Los Angeles, July 4-7, 1966, which as you know was unanimously adopted. A copy of the Report was mailed, as directed, to the President, members of the United States Senate, the members of the House of Representatives, the Secretary of Defense, and other officials of our military establishment.

Your Advisory Committee in the above Report made a number of recommendations to the Department of Defense and the Department of the Army. I wish to report to you the action taken at the national level on these recommendations.

Recommendation: Retain the existing force structure and State troop allotment of the Army National Guard.

The Department of Defense on 25 August 1966 in a communication from the Deputy Secretary of Defense advised that they continue to support their merger or reorganization recommendation of having all paid drill units, total strength 550,000 in the Army National Guard. The Congress, however, for three years rejected this merger concept and in each appropriation bill, including the present fiscal year, has provided for separate funds and strength for support of the Army National Guard and the Army Reserve. Further, the House Armed Services Committee, after many months of study and hearings, introduced H. R. 17195, known as the "Reserve Forces Bill of Rights and Vitalization Act of 1966." This Bill in Title I provides for separate Reserve components in each of the Reserve Forces, all to be Selected Forces, fixes their strength and provides for the full support in funding, equipment, facilities, and administration, to insure a truly ready reserve.

Title II provides for the retirement of the National Guard technicians. Technician retirement has the approval and full support of all Federal agencies, the Governors' Conference, The Adjutants General Association, and the National Guard Association of the United States.

H. R. 17195 passed the House in the closing weeks of the last session by a vote of 332 to 6, but the Senate did not act on it prior to adjournment.

Chairman Rivers of the House Armed Services Committee and Senator Russell have stated the Bill will be re-introduced early in January of the next session of the Congress.

Recommendation: Provide training of recruits in the non-selected reserve force units, without delay, as the first step in re-establishing the high degree of training necessary to insure attainment of operational readiness and combat readiness.

The Secretary of Defense has taken action to relieve the backlog of REP trainees and with the reduced number of Selective Service quotas has provided for the basic training of all National Guard recruits during the months of January to May 1967.

The action by the Department of Defense in eliminating this backlog of REP trainees in completing their active duty for training required by Federal law is vitally important to the individuals and the Army National Guard of the several States.

You will recall that Senator Russell, as Chairman of the Senate Armed Services Committee, introduced an amendment to the annual Department of Defense appropriation act authorizing the President, without the declaration of an emergency to order individual members of the Reserve and National Guard who had not served on active duty other than for training, to active duty for not more than twenty-four consecutive months, less the number of months such member has previously served on active duty for training.

If this amendment had prevailed it would have affected some 90,000 members in the Army National Guard, who if ordered to active duty as individuals, would have had a serious affect on the operational readiness of the units for Federal or State duty in emergencies.

The House rejected the Russell amendment and substituted therefor in the annual Department of Defense appropriation act language authorizing the President, without the consent of the member concerned, to order to active duty any member of the Ready Reserve who had become a member prior to July 1966 and who --

(1) has not served on active duty or active duty for training for a period of one-hundred and twenty days. This new language, active duty for training for 120 days would exempt all members who had completed their REP training. The appropriation bill as amended was then referred to a joint committee of the Senate and the House for resolution of the opposing views outlined above. Realizing that the decision of this joint committee would be of great significance to the future of the National Guard, I felt that the time had arrived for the Governors' Conference to take decisive action to clearly and forcefully state our position to the members of the United States Senate. Accordingly, a telegram was drafted to this affect and after a telephone conference with Governor Guy, he approved the forwarding of the telegram, a copy of which was transmitted to each Governor for similar action with their respective Senators.

I am satisfied that the above action, more than any other consideration, was instrumental in the favorable decision of the joint committee in support of our position. The pertinent action, as it affects the National Guard, taken by the joint committee which has been signed into law by the President is as follows:

"a Notwithstanding any other provisions of law, until June 30, 1968, the President may order to active duty any member of the Ready Reserve of an Armed Force who --

"(1) is not assigned to, or participating satisfactorily in a unit, in the Selected Reserve", \*\*\*

"e Notwithstanding any other provision of law, until June 30, 1968, the President may, when he deems it necessary, order to active duty any unit of the Ready Reserve of an armed force for a period of not to exceed twenty-four months."

Thus, members of the National Guard who are participating satisfactorily in a unit are not liable for recall under a (1), and, of utmost importance, unit integrity is preserved under 'e' above.

Recommendation: Provide necessary funding, equipment, supplies, technicians, school spaces and facilities which are vital to the maintaining of operational and combat readiness.

H. R. 17195, if enacted into law and if fully supported by the Congress thereafter, specifically provides for the necessary funds, equipment, technicians, facilities and other support for the National Guard which will satisfy the intent of the recommendation.

Recommendation: The retention of the airlift Squadrons which are scheduled for deactivation by the Secretary of Defense.

The Congress provided in the appropriation act for Fiscal Year 1967, sufficient funds and language which mandates the Department of Defense to retain not less than 25 airlift Squadrons for the Fiscal Year which action will satisfy the intent of the recommendation. However, it is anticipated the Department of Defense will again propose the elimination of these 25 airlift Squadrons in the budget for the next Fiscal Year. This matter is the subject of a separate paper, a copy of which is being distributed to each Governor for his information.

Recommendation: The active support of the Governors for Federal retirement benefits of the National Guard technicians.

As stated previously, the National Guard technician retirement was contained in Title II of H. R. 17195 which will be considered early in the next session. I cannot stress too strongly now vitally important the technician retirement is to the continued effectiveness of the National Guard. Its passage early in the next session of Congress will require the same united and active support of this Conference and the Governors individually, and their respective members of the House of Representatives and the United States Senate.

In conclusion, I feel that our accomplishments, especially during the past six months, have been most noteworthy in fulfilling our responsibilities. I must caution that we will undoubtedly be called upon for the same concerted action on legislation pertaining to the National Guard in the next session of the Congress. I am certain your response then will be as wholehearted as in the past.

Mr. Chairman, this concludes the Report of the Advisory Committee.

MILITARY AIRLIFT/GLOBAL SUPPORT BY THE AIR NATIONAL GUARD

(A Special Report to the National Governors' Conference)

In one year, the Secretary of the Air Force recently reported, the 25 heavy transport groups of the Air National Guard flew nearly 3,000 overseas missions, hauling more than 23,000 tons of military cargo and nearly 100,000 military passengers to support United States military operations around the globe. These units, operating from home stations in 18 States, are flying a minimum of 75 flights per month to South Vietnam, and 26 per month to other Pacific Stations, accounting for 8 per cent of all military traffic to the combat zones of Southeast Asia.

They also are making at least 110 flights per month to Europe, South America, Labrador and other Atlantic destinations.

In addition, the same Air National Guard units flew more than 300 aeromedical evacuation missions during the same period, 91 of them to such offshore points as Alaska, Hawaii, Panama, Puerto Rico and Cuba (Guantanamo Bay). On those flights, they carried 6,219 patients and medical attendants, many of whom were Vietnam casualties. They currently are flying 40 such missions every month.

In all, they flew approximately 18,000,000 miles during the year, on domestic and overseas routes.

As additional measures of the proficiency of these State airlift forces, it is worthy of note that:

\* They have been given the responsibility, unprecedented for unmobilized, reserve-type units, for flying at least two of the Military Airlift Command's established routes on a regular scheduled basis, one to Spain, the other to Australia via American Samoa.

\* They have flown a total of 66,300,000 miles since taking on a global airlift mission in 1960 and during that period have experienced only four major flying accidents, with no fatalities.

\* Even though they have not been ordered to Federal duty and their air crews in most cases must continue to hold civilian jobs, the Guard's airlift units nevertheless have attained approximately 60 per cent of the airlift productivity that would be required of them, by Air Force standards, on a full active duty basis.

Despite these substantial contributions to the nation's military effort, most particularly to our operations in Southeast Asia, the Secretary of Defense more than a year ago announced the planned deactivation of three airlift Groups of the Air National Guard, in California, New York and Pennsylvania. Listed for later deactivation, though unannounced, were as many as nine additional Groups in other States.

Many Governors and members of the Congress regarded the proposed as untimely and ill-advised because even as it was announced, planes and crews from all 25 Air Guard heavy transport Groups were engaged in a



massive and continuing emergency airlift in support of our armed forces in Southeast Asia, Europe and elsewhere around the world.

Congress felt so strongly on the matter that in passing the Fiscal Year 1967 Defense Appropriations Act, it mandated the Department of Defense to retain all airlift units of the reserve forces for at least another year (until June 30, 1967). This action followed a strong recommendation from a Special Subcommittee on Military Airlift of the House Armed Services Committee that any airlift reductions in the reserve forces be held in abeyance until the Southeast Asian conflict had been successfully resolved and until thorough and detailed studies of all phases of our airlift operations and structure had been completed and decisions made by the Air Force and Department of Defense.

The first-named proviso grew out of the Air National Guard's herculean effort to help the Military Airlift Command reduce the mountainous backlogs of vital Vietnam-bound military cargo which had backed up in West Coast terminals. The second followed testimony that studies had been completed and conclusions reached only in the relatively narrow field of strategic, or global range, airlift. Still under study were the potential future requirements and structural organizations of two equally critical areas, intratheater, or mid-range, airlift, and battlefield assault airlift.

In the year that has passed since that time, the heavy transport units of the Air National Guard have performed feats that deserve to be called spectacular.

Even though they have not been ordered to active duty and have literally "commuted" between their home communities and the Southeast Asian combat zone, they have managed to attain an amazing 60 per cent of the airlift performance they would be expected to provide if they were operating on a fulltime, active duty basis.

The Congressional mandate is due to expire on July 1 and there is a distinct possibility that the deactivations once again will be ordered. If this happens, an invaluable asset will be lost, not alone to the Federal military establishment but to the States as well. To the 18 States in which these units are maintained, these squadrons already have proved their worth on many occasions, of which the Watts disorders in California, when troops were airlifted to Los Angeles from the northern part of the State in hours, and Hurricane Betsy in Louisiana, when critical communications equipment, emergency supplies and other resources were rushed into the heavily-damaged areas to reduce the death toll, are examples.

Even in strictly military terms, strong and telling arguments have been developed for retaining all existing airlift units, shifting them, perhaps, from strategic to intratheater or tactical airlift missions if defense studies suggest such a course.

General Earle G. Wheeler, Chairman of the Joint Chiefs of Staff, told the Airlift Subcommittee last Fall current airlift programs are inadequate. General Paul D. Admas, Commander of U. S. Strike Command, made the following statement before the same Committee:

"Experience shows that in emergencies, requirements for airlift escalate in spite of the best efforts of everyone to estimate and allot airlift accurately, and to hold down demands. In addition, strategic airlift cannot be suspended in emergencies or have substantial numbers of its planes withdrawn for intratheater operations, because strategic airlift is a lifeline which much be kept going."

Eugene Zuckert, then Secretary of the Air Force, capped his testimony by declaring that "there will never be enough airlift."

Department of Defense spokesmen argue that the older aircraft now flown by these squadrons will not be compatible with the long-range, non-stop all-jet operation of future years, but there is a sensible and productive alternative. The needs of both the Federal military establishment and the States will be better served if all Air National Guard airlift Groups are retained, and programmed to receive aircraft which are compatible with future programs.

Thus, the nation will continue to be served by the dedication, the expensively-acquired military skills and the laboriously developed teamwork of the officers and men who make up these units.

REPORT OF THE COMMITTEE ON FEDERAL-STATE-LOCAL RELATIONS

Heretofore, this Committee has confined itself to reporting on items of current interest; and, on occasion, to recommending policy positions to the Conference. This report will be addressed to one of the major questions that brought us here: How can the Governors increase their influence on national policies that affect the states?

ACTION IN CONCERT

We should not be here if we did not agree that we should, and can, act through the National Governors' Conference. Nor should we be here if we were satisfied with what we had been able to accomplish. This is a conference of chief executives - not a legislative Audubon Society. Our aims then must be to determine how to improve our means of arriving at policy positions and our means of implementing such positions.

INFORMATION

It is axiomatic that no action program can even begin without information sufficient to identify the problem areas, convey facts of both background and current nature and provide the raw material from which practicable alternative courses may be devised.

There are literally scores of federal agencies any one of which at any time may be developing or announcing a program or position of interest to the states. There are nearly 40 Congressional committees, most of them divided into subcommittees, and almost any one of these may be working on legislation of importance to the states.

From these sources flows a flood of information via the press and specialized news gathering agencies, but precious little of it reaches Governors in a form usable to them in the conduct of federal-state relations. Subjects of crucial importance to states may be reported in general terms or not at all. For example, in the matter of taxation of multistate businesses, little has appeared in the general press, and much of what has appeared has been special pleading in support of curtailing state and local jurisdiction to tax.

Briefly stated, we need timely information; reports on impending proposals that are analytical in nature; and, where possible, suggestions for alternative courses that we may choose to follow.

RESPONSE

Assuming that this were the situation, that our staff were furnishing us timely, analytical reports, what then? There must be a response by the Governors, or their representatives, indicating how and in what direction the staff is to move. Inattentiveness or indifference in state capitals can forestall action on the most meaningful subject on which an excellent report has been made.

Directly responsible to the Governor should be a person or a unit functioning as a point of contact with the staff. Through this person or unit the staff should be able to reach the Governor by phone, wire or mail on any subject of significance to the states. Directions to the staff should follow this route also.

Whom the Governor or his representative consults - agency heads, Members of Congress, other Governors - is a matter of no concern to this Committee nor to the staff. All that is significant is that communication between the several staff capitals and the Washington staff - even the Congressional officers and staff - be easy and rapid.

#### FOLLOW UP

Follow up can take a number of forms, but obviously it is the most significant of the several factors that must be improved if the influence of the Governors is to be strengthened. There can be meetings with Members of Congress or their staffs or with appropriate federal officials. Testimony can be prepared for delivery before Committees of Congress. Governors or their immediate representatives, as well as staff, need to be involved in this process. To the extent that staff is relied upon, its efforts should be strengthened by timely messages to Members of Congress or heads of administrative agencies.

The services of the several Washington offices of the individual states can and should be coordinated with the common effort. Staff personnel of such offices can report. They can provide insight with regard to the effect on states of pending proposals. Finally, they can help with the leg work involved in visiting the Hill and administrative agencies. None of these activities should impinge on, and in most cases they should further, the interests of the particular state.

#### CURRENT SERVICES

That the representation of the National Governors' Conference in Washington is inadequate is a simple statement of fact. The current budget for the Washington office of the Council of State Governments contemplates a staff of three senior professionals, three junior professionals and four secretarial-clerical employees. If this staff were doubled, it would still be appreciably smaller than that of the National Association of Counties or National League of Cities. City resources in Washington also include the staff of the United States Conference of Mayors. It and the National League of Cities complement each other's efforts to the maximum extent. Although all three organizations have their headquarters in Washington, substantially all they do relates to federal activities that affect counties and cities respectively.

To meet the need for information, the Washington office of the Council prepares a monthly report, supplemented from time to time by special letters on particular subjects. The monthly report consists almost entirely of items of pending legislation. Necessarily they are limited in the detail they include. To some degree, the special letters overcome the monthly reports' deficiencies infrequency and lack of detail. A special letter on a matter of

proposed legislation, for example, describes the proposal in some detail, relates it to state government activities, and indicates possible alternative courses of action.

In the current Congress there have been special letters on such subjects as voting rights legislation; amendments to Manpower Development and Training Act; proposed amendment to Walsh-Healy Act regulations; federal taxation of state and local government bonds (a victory won in Congress, but lost in the courts); highway beautification; amendments to Coal Mining Safety Act; Vocational Rehabilitation Act amendments; a provision of the Rivers and Harbors Act of 1965; Defense Department installations and control of environmental pollution; property tax assessments of common carriers; highway safety; water pollution; taxation of multistate businesses; federal flood insurance proposals; legislative jurisdiction over federal lands; Unemployment Insurance Act amendments; and comprehensive health planning and public health services. On some of these subjects, notably taxation of multistate businesses, there have been a number of special letters.

Unfortunately, staff resources are such that absent from this list are special letters that might have been prepared on such subjects as agriculture, economic development, education, housing and urban development and transportation among others of significance to federal-state relations.

In the matter of testimony, the staff has prepared statements; and Governors, other state officials, legislators or the staff have appeared before Committees of Congress in the past two years on such subjects as water pollution control; taxation and civil rights of persons resident on federal lands; highway safety; taxation of multistate businesses; weather and climate modification; water resources research; proposed Intergovernmental Cooperation Act; water pollution from federal installations; and water resources planning.

And this is important - usually missing from the list are appearances by Governors on legislative proposals of major importance.

Concerning follow up, the record may be described as occasionally good but more often erratic, noncontinuous, halting, or in a word, inadequate. There have been some successes, however, and it might be instructive to review them briefly.

#### SOME CASE HISTORIES

In 1959, the Atomic Energy Act was amended to authorize the Atomic Energy Commission to enter into agreements with states respecting the regulation of source, by-product and special nuclear materials. Success here was due to a combination of personal involvement of a number of Governors; close cooperation with federal officials; testimony by Governors and other state representatives before the Joint Committee on Atomic Energy; and good staff work.

In 1965, the Water Resources Planning Act was enacted. This marked the culmination of a four-year effort. It began in 1961 when the President submitted a special message and draft bill. The bill, incidentally, was almost identical to one proposed by the previous Administration. The staff

made an analysis of the draft bill, sending it to all Governors, Attorneys General and state water resources administrators. A series of possible alternative provisions was suggested in an accompanying document. More than half the Governors replied to the questionnaire to indicate what they preferred in legislation.

Given such direction, the staff, in cooperation with state water resources administrators, worked with staff representatives of the appropriate Congressional committees and federal administrative officials to develop a bill which ultimately won the active support of almost all Governors and the Administration. Needless to say, over the four-year period, it was necessary for the Governors to assure the President and Members of Congress on more than one occasion of their continued interest and support.

In 1963, the Committee on Federal-State Relations proposed that the Conference support an amendment to authorize judicial review of administrative decisions under the Public Assistance Titles of the Social Security Act. Under the direction of the Committee, the staff worked with a Member of Congress who had offered a bill to this end. Ultimately, the substance of what the Governors approved was included in the comprehensive amendments to the Social Security Act enacted in 1965.

Because of your familiarity with the subject, only a few words will be needed to describe the effort to protect the jurisdiction of the states to tax businesses engaged in multistate commerce. You are aware of the excellent analysis of the original bill, H. R. 11798. You and I have been recipients, too, of a flood of communications from staff. You are aware, I believe, that more than 40 states in the persons of their Governors, Attorneys General, tax administrators, legislators, and others testified in the hearings. Finally, you know that an effort is being made to resolve the issue through state action. To date, we have been successful in repelling the threat posed by the proposed legislation. We may anticipate renewal of the threat in the next Congress, however.

The last illustration involves not legislation, but administrative action on a matter of federal-state relations. You will recall that in Los Angeles the Conference adopted a motion instructing this Committee "to meet with appropriate federal officials for the purpose of clarifying for the state and local governments the administration and implementation of the 'development programs,' especially as to geographic areas and administrative agencies involved."

Such a meeting was held in Washington, August 25. It served a useful purpose, but it is not unfair to say that it was almost anti-climatic. What the Governors sought, we were informed, was Administration policy and was in the process of being implemented. In short, the mere expression of interest of the Governors was the catalyst to inspire federal action to relieve what was in danger of becoming an administrative nightmare.

#### CONCLUSIONS

It would appear from what we have shown in this report that what we need is to do more and better what we have been doing. We need to improve our information services. We should receive timely information on all subjects

of significance to federal-state relations. Information on more important subjects should include analyses and suggestions for possible alternatives. As Governors, we should clarify and strengthen our methods of imparting directions to staff. Also, in the matter of follow up, we must expect to participate personally much more frequently than we have in the past.

Preliminary to all other steps, however, is the strengthening of our staff. The Washington office of the Council of State Governments contains a nucleus of trained, experienced professionals skilled in understanding matters involving federal-state relations. Their number should be doubled at the very least. An even greater enlargement of staff can be justified; but, since persons skilled in federal-state relations are hard to find, it may be deferred until the additional staff recommended can be hired.

The record shows, we believe, certain successes when the ingredients necessary for success have been present. It shows, also, not too many failures, but a great many omissions. We are confident that acceptance of our recommendations would have an immediate impact on the influence that the National Governors' Conference has on national policies that affect the states.

In many states there is the political difficulty of leaving the Capital to travel to Washington, or wherever it is that a Governor is needed. I know this difficulty all too well and know how it can be used as a criticism. For a Governor to be criticized for doing the traveling required of him is unfortunate, but it exists, and it is hard to justify for the critics.

The criticism may exist because we haven't exercised our right as leaders in state government before the policy-making machinery in Washington, D. C. It may exist because we didn't travel to Washington, D. C. often enough in past years to add our voices to the chorus. And that chorus can easily drown the voice of state governments unless we try harder, and do better.

A Governor's presence is the presence of his State; and, it is time, right now, for a dramatic upgrading of the role of the States and of their Governors.

But that decisions, gentlemen, is entirely up to you and to the history which you will help write.

RESOLUTIONS ADOPTED

Foreword

The resolutions shown below were adopted at the Interim Meeting by suspension of the Articles of Organization. Resolutions I, II, and III in effect constituted the report of the Special Study Committee on Revenue Sources of State and Local Governments. Resolution IV on Statistical Standardization and Coordination implemented action taken previously by the National Governors' Conference at its Annual Meetings in Minneapolis (1965) and Los Angeles (1966). Resolutions V and VI on Aid to Families with Needy Children and Public Assistance Standards were submitted by Governor Branigin of Indiana. Resolution VII on Retiring Governors was submitted by Governor Volpe of Massachusetts.

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I.

NEW DIRECTIONS IN FEDERAL-AID POLICY

WHEREAS the vigor and responsiveness of state and local governments are essential elements of our governmental system; and

WHEREAS these vital units in our federal system must have both the necessary authority and resources to fulfill effectively their responsibilities to the people; and

WHEREAS existing categorical federal aid programs in many instances impede state and local governments from meeting priority public needs in a manner effectively suited to the varying problems and needs of individual state and local governments;

NOW, THEREFORE, BE IT RESOLVED that at the same time that we continue to work to modernize state and local governmental machinery, we believe it is essential that the federal government adopt new federal intergovernmental fiscal policies which reflect a basic change in emphasis, giving more discretion and responsibility to state and local governments and moving away from the over-reliance on national controls under the very large number of existing categorical federal grant-in-aid programs; and

BE IT FURTHER RESOLVED that the National Governors' Conference specifically endorses the principle of tax sharing and the principle of block grants -- consolidating existing federal categorical grants-in-aid -- to partially or wholly offset federal categorical grant-in-aid programs which now exist or may be developed in the future; and

BE IT FURTHER RESOLVED that the Executive Committee of the Conference be authorized to take such action now as is deemed necessary and appropriate in support of the implementation of this resolution.



II.

DEVELOPMENT OF TAX SHARING LEGISLATIVE PROPOSAL

WHEREAS the National Governors' Conference endorses the principle of tax sharing; and

WHEREAS there are a wide number of possible alternatives for achieving this objective;

NOW, THEREFORE, BE IT RESOLVED that the National Governors' Conference authorize the Committee on State and Local Revenue to develop, in consultation with experts in the field and representatives of local governments, a federal tax sharing plan for appropriate and timely consideration by the Executive Committee; and

BE IT FURTHER RESOLVED that this plan include the allocation of additional federal income tax funds beyond present levels for use by the states and for distribution by the states to local governmental units; and

BE IT FURTHER RESOLVED that in the formulation of this plan consideration be given to the use of both the federal individual income tax base and federal individual income tax collections as the basis for the federal tax sharing fund thereby established; and

BE IT FURTHER RESOLVED that, in the decision on distribution of these funds, consideration be given to including in the distribution formula the factors in the various proposals which have been made for sharing federal tax revenues with states and local governments.

III.

TAXATION OF MULTISTATE BUSINESSES

WHEREAS in 1962 the National Governors' Conference adopted a resolution opposing the enactment of a federal statute to restrict the jurisdiction of the states to tax businesses engaged in multistate business activities; and

WHEREAS the National Governors' Conference has established a Special Study Committee on Revenue Sources of State and Local Governments to develop proposals to meet the urgent needs of state and local governments for additional revenue; and

WHEREAS in the 89th Congress legislation was approved by the Committee on the Judiciary of the House of Representatives to curtail the jurisdiction of the states and local governments to tax businesses engaged in multistate business activities; and

WHEREAS an interstate compact has been drafted to deal with problems of tax compliance of such businesses and other problems associated with the lack of uniformity in tax laws of state and local governments;

NOW, THEREFORE, BE IT RESOLVED by the National Governors' Conference at its Interim Meeting, December 16-17, 1966, that it reaffirm its opposition to federal legislation to curtail the jurisdiction to tax of state and local governments; and

BE IT FURTHER RESOLVED by the National Governors' Conference that it pledges its best efforts to reach agreement among the states on an interstate compact.

#### IV.

#### STATISTICAL STANDARDIZATION AND COORDINATION

WHEREAS the first National Conference on Comparative Statistics, held February, 1966, and sponsored by the National Governors' Conference, clearly depicted the need for a continuing national forum for development of improved statistical data in all broad areas of concern to federal, state and local governments, as well as a need to standardize such data for purposes of intra and interjurisdictional comparison; and

WHEREAS the first National Conference provided numerous guidelines and recommendations regarding organization and structure for a continuing national forum, such recommendations including the following: 1) urgent need for each state to establish (or designate) a statistical coordination/standardization unit, 2) similarly urgent need for a secretariat to administer programs envisioned by a permanent National Conference on Comparative Statistics; and

WHEREAS an ad hoc steering committee, comprised of organizations and officials representative of federal, state and local governments, has determined that the United States Bureau of the Budget (Office of Statistical Standards) is considered to be a logical agency at the present time to serve as the secretariat for a continuing National Conference on Comparative Statistics, recognizing that the Bureau or the Conference steering committee may ultimately recommend a substitute catalytic agency for this function; and

WHEREAS the United States Bureau of the Budget (Office of Statistical Standards), should it accept secretariat responsibilities, would receive policy guidelines and direction from a special steering committee appropriately representative of all levels of government, thereby preserving the desired goal and proportionate representation for all levels of government:

NOW, THEREFORE, BE IT RESOLVED that the National Governors' Conference request the United States Bureau of the Budget (Office of Statistical Standards) to assume interim responsibility as secretariat for a permanent National Conference on Comparative Statistics to be governed by an inter-governmental committee;

AND BE IT FURTHER RESOLVED that the National Conference on Comparative Statistics and its secretariat work closely with others such as the Council of State Governments' Committee on Automation, Technology and Data Processing

and federal agencies, particularly the Office of Emergency Planning, to utilize the broad computer capability of the Office of Emergency Planning in developing an action program;

AND BE IT FURTHER RESOLVED that the Governors of those states which have not designated statistical coordinators or standardization units take prompt steps to carry out this important organizational step so that the action program envisioned by the first National Conference on Comparative Statistics can be fully implemented as promptly as possible;

AND BE IT FURTHER RESOLVED that the United States Bureau of the Budget is not only urged to give favorable consideration to this request, but is also assured the full cooperation and support of the National Governors' Conference.

V.

AID TO FAMILIES WITH NEEDY CHILDREN

WHEREAS there has been recognition by the Congress of federal responsibility for relieving poverty and,

WHEREAS recipients of aid to families with needy children have incomes substantially less than the amounts needed to bring them above the poverty level and,

WHEREAS the federal formulas for reimbursement to the state discriminate against needy children as compared to needy adults by fixing the maximum per recipient on which reimbursement is computed at \$32 a month as compared to a maximum of \$75 a month for adults which results in a maximum payment from federal funds of \$22 for most states as compared to a maximum of \$50 for most states in the adult programs,

THEREFORE, the National Governors' Conference urges that Section 403 of the Social Security Act be amended to provide for federal reimbursement on the basis of 31/37ths of the first \$37 a month plus the federal percentage of the additional payments up to a maximum of \$75 a month per recipient in the aid to families with needy children program. This would provide the same reimbursement as in the programs for aged, blind, and permanently and totally disabled.

VI.

PUBLIC ASSISTANCE STANDARDS

WHEREAS aid payments to recipients of public assistance are less than the standard of need established by many states and,

WHEREAS the value of providing an incentive to recipients to earn a part of their own expenses has been clearly demonstrated and,

WHEREAS the U. S. Department of Health, Education, and Welfare has interpreted the language of the Social Security Act as prohibiting the exemption of earned income for incentive purposes in the aid to families with needy children program,

THEREFORE, be it resolved that the National Governors Conference recommends that the following language be added to Section 402(a)(7):

"(D) If aid payments are less than the standard of assistance established by the state, the state agency may disregard earned income in an amount equal to the difference between the state's standard of assistance and the amount of aid payable under the current state plan."

## VII.

### RETIRING GOVERNORS

WHEREAS twenty of our fellow Governors will no longer be in office at the time of the 59th annual meeting of the National Governors' Conference in 1967; and

WHEREAS each of these Governors has contributed enormously to the work and purposes of the Conference; and

WHEREAS by their courtesy, thoughtfulness, fair-mindedness and valued participation in the Conference each of these men has earned the friendship and respect of their fellow Governors;

NOW, THEREFORE, BE IT RESOLVED that the members of the National Governors' Conference here assembled express their high regard and warm personal esteem, and that the Secretary of the National Governors' Conference be instructed to write an appropriate letter of appreciation to the following members of the Conference who are retiring from office this year:

Governor George C. Wallace of Alabama  
Governor William A. Egan of Alaska  
Governor Samuel P. Goddard, Jr. of Arizona  
Governor Orval E. Faubus of Arkansas  
Governor Edmund G. Brown of California  
Governor Haydon Burns of Florida  
Governor Carl E. Sanders of Georgia  
Governor Robert E. Smylie of Idaho  
Governor William H. Avery of Kansas  
Governor John H. Reed of Maine  
Governor J. Millard Tawes of Maryland  
Governor Karl F. Rolvaag of Minnesota  
Governor Frank B. Morrison of Nebraska  
Governor Grant Sawyer of Nevada  
Governor Jack M. Campbell of New Mexico  
Governor Henry Bellmon of Oklahoma  
Governor Mark O. Hatfield of Oregon  
Governor William W. Scranton of Pennsylvania  
Governor Frank G. Clement of Tennessee  
Governor Clifford P. Hansen of Wyoming

ARTICLES OF ORGANIZATION  
OF THE  
NATIONAL GOVERNORS' CONFERENCE\*

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ARTICLE I

NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Conference," hereinafter referred to as the "Conference."

Membership in the Conference shall be restricted to the Governors of the several states of the United States, the Virgin Islands, Guam, American Samoa, and the Commonwealth of Puerto Rico.

ARTICLE II

FUNCTIONS

The functions of the Conference shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several states; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration; and to facilitate and improve state-local and state-federal relationships.

ARTICLE III

MEETINGS

The Conference shall meet annually at a time and place selected by the Executive Committee. The agenda as announced and printed in the official program for the Annual Meeting shall be the official agenda. The Proceedings of the Annual Meetings shall be fully reported and published.

Special meetings of the Conference may be held at the call of the Executive Committee.

Twenty-five members present at the Annual Meeting or a special meeting shall constitute a quorum.

ARTICLE IV

EXECUTIVE COMMITTEE

The Executive Committee of the Conference shall consist of the Chairman of the Conference and eight other members elected at the final business session of the Annual Meeting.

\* As amended at Fifty-eighth Annual Meeting, Los Angeles, California, July 5, 1966; and last amended at Interim Meeting, White Sulphur Springs, West Virginia, December 17, 1966.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding Annual Meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the Committee by mail ballot or by vote at the next subsequent meeting of the Committee.

The Executive Committee shall meet not less than three times each year. It shall have authority to act for the Conference in the interim between Annual Meetings.

The Executive Committee is empowered to authorize the creation of standing, special project or study committees of the Conference, and to assign and reassign to such committees the studies authorized by the Conference.

The Executive Committee is empowered to enter into agreements with the Council of State Governments for the administration and implementation of services to the Conference and its members in regard to state-federal relations and the coordination of research in that area. Any such agreement shall be subject to continuing oversight and supervision by the Executive Committee.

## ARTICLE V

### CHAIRMAN

The Chairman of the Conference shall be elected by the Conference at the final business session of the Annual Meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

He shall hold office until the adjournment of the succeeding Annual Meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the Committee.

The Chairman shall preside and vote at meetings of the Executive Committee and of the Conference.

He shall appoint a Nominating Committee to serve at the Annual Meeting, and he shall appoint the members of standing, special project or study committees created by the Conference or by the Executive Committee. [The Nominating Committee shall consist of five members, three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Conference. The Nominating

Committee shall present a single slate of nominees for the offices of Chairman, members of the Executive Committee, and Secretary-Treasurer. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceeds the number of officers to be elected. Elections shall be conducted in executive session.]\*

The Chairman shall arrange the program of the Annual Meeting with the advice and counsel of the Executive Committee.

## ARTICLE VI

### SECRETARY-TREASURER

A Secretary-Treasurer shall be elected by the Conference at the final business session of the Annual Meeting. He shall attend and keep a correct record of all meetings of the Conference; safely keep all documents and other property of the Conference which shall come into his hands; and he shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee.

He shall make all necessary arrangements for the Annual Meeting and special meetings with the advice and counsel of the Executive Committee and shall edit the stenographic record of the proceedings of all meetings.

Subject to the authority of the Executive Committee, he shall have custody of the funds of the Conference. He shall deposit funds of the Conference in its name; he shall annually report all receipts, disbursements, and balances on hand; and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

## [ARTICLE VII

### RESOLUTIONS

The Executive Committee, by a unanimous vote of its members, may recommend resolutions for consideration by the Conference. A resolution shall be deemed adopted upon obtaining a three-fourths favorable vote of the Conference. Amendments shall also require a three-fourths majority vote. Consideration of any resolution not offered in the above manner shall require unanimous consent.])\*\*

\* Language in brackets becomes effective as of 1967 Annual Meeting.

\*\* Article VII becomes effective as of 1967 Annual Meeting.

ARTICLE VIII

DUES

Each member shall contribute such amounts, not to exceed a maximum total aggregate of \$260,000 per year, as may be necessary to finance the programs and operations of the Conference. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Conference and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

ARTICLE IX

AMENDMENTS

The Conference at any meeting may amend these Articles of Organization by a majority vote of all Governors present and voting. Notice of specific amendments together with an explanatory statement shall be mailed to all members of the Conference at least thirty days prior to submitting an amendment to vote at a meeting. In the absence of such notice, a three-fourths majority vote shall be required for the adoption of any proposed amendment.

ARTICLE X

SUSPENSION

Any Article of procedure for conducting the business of the Conference may be suspended by a three-fourths vote.