

## CHAPTER VII

# Finances of the Council of State Governments

AT THE Third General Assembly held in Washington, D. C., in January, 1937, the Council of State Governments was formally claimed by the family of state delegates, and plans were made to provide for its future growth and development. To date thirty-five states have ratified that pronouncement by legislative action.

But the growth in the work of the Council and the expansion in its services have far outdistanced the financial support from the states. Since 1930, the funds for, first, the American Legislators' Association and, later, the Council of State Governments have come from foundation grants, modest state appropriations, a few personal contributions, and receipts from sale of publications. The Spelman Fund of New York, a Rockefeller foundation, has carried the bulk of the burden, because its Board believed that the work of the Council contained possibilities of great usefulness to the states. The Board was glad to finance a demonstration of the potential benefits of interstate cooperation; but this support was given only on the understanding that the states later would assume full responsibility for financing. The Board of Managers of the American Legislators' Association and, later, of the Council of State Governments agreed that this position was correct in principle. They believe that if the Council is created solely for the purpose of serving the states, and the states request the services, then the states should defray the expense of such services.

### *The States' Part*

Thirty-five states now are actively participating in the work of the Council, so that the Council has definitely passed from the experimental stage to that of permanent operation. Since the majority of the states have by statute joined in this undertaking to promote cooperation in inter-

governmental affairs and to bring harmony of action among the states, the states should be looking forward to assuming their share of the cost of such work. The time inevitably will come when the states will insist that all funds needed for carrying on this work shall be provided from public sources, and from public sources alone. They will want to make certain that no situation can ever arise in which an impartial agency of the states might be embarrassed by the fact that its work was being financed from private sources.

In a remarkably short time, the character of the Council and the motives which inspired its creation have been unqualifiedly approved by legislative action in only one less than three fourths of the states. The important question now is: How promptly will the states assume the financial responsibility for the support of this undertaking?

States from every section of the country have made funds available either to the Council itself or to some special part of its program. Funds from the following states have ranged from \$100 to \$5,000. Arizona, California, Connecticut, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Mississippi, Nebraska, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, and Wisconsin.

### *The Interstate Commission on Council Development*

Partly as an approach to the question of Council financing, the Interstate Commission on Council Development was organized, with one member from the senate of each state, one from the house, and one from the group of state officials whose duties include the handling of fiscal affairs within the state. This commission rendered one of the most important reports at the Third General Assembly, parts of which are quoted below:

"An analysis of the financial needs of the

Council during the coming year seems to indicate that in order to meet the task ahead, which includes the establishment of state commissions on coöperation, the development of regional and nation-wide commissions on specialized subjects, and the increased service for various organizations of governmental officials, the Council, based upon its present state of development, will need approximately \$150,000. If it were possible to distribute this cost proportionately among the several states and demand contributions upon such a basis, there would be imposed an average obligation of \$3,000 per state. Of course, the states will not all contribute equal amounts, but the suggested quota for each state would probably range from \$2,000 to \$10,000, varying on account of differences in population, wealth, and income of various states. Unfortunately, under the Council's present state of development no definite arrangement of this character is either practical or possible at this time.

"However, in order that the Council may work to the end of formulating a plan for its financial structure, your committee urges each state delegation assembled here to carry back to its respective state a message as to the great need for the continuance of the work of the Council and the importance of participation by all forty-eight states in the Council's activities—both as to program and finances."

In order to translate these recommendations into action, the Assembly adopted a program for the development and expansion of the Council which is designed to equalize the cost fairly among the states and to enable the Council to give every state the service to which it is entitled.

#### *Needs of the Council*

During the demonstration period considerable attention was given to determining the amount of money required for a satisfactory operating budget. For the fiscal year ending June 30, 1937, the operating budget of the Council was very close to \$100,000. The cost of conducting the work of the Council is made up of the following items: Support of the Central Secretariat which serves all of the agencies affiliated with the Council; the work of such regional commissions as the Interstate Commission

on the Delaware Basin, with its office in Philadelphia, and the Interstate Commission on the Ohio Basin; the work of the District office; the work that is being done to implement the organizations of attorney-generals, legislators, and secretaries of state; the publication of research bulletins, of the magazine, *State Government*, and of *The Book of the States*; and, not least important, the extensive organizing work that is essential in building the Council and continuing its functions.

Experience has shown that the work of the Central Secretariat increases very rapidly as new Commissions on Interstate Coöperation are established, especially when they begin to function in the same way as the New York, New Jersey, and Pennsylvania commissions are functioning. Since the work has taken such rapid strides and requests for services have increased so materially, there is no doubt among members of the Board of Managers and of the Interstate Commission on Council Development that the operating budget should be not less than \$150,000.

Because of the wide diversity in the population and resources of the states, the commission urged that the Board of Managers of the Council of State Governments determine upon an allocation schedule which would take into consideration for each state quota the important factors of registered voters, income, and wealth.

#### *Program*

The Assembly directed that the Board of Managers prepare such a schedule of finances and that the President set a date within the calendar year for a meeting of the Interstate Commission on Council Development. The Assembly further directed that the efforts of the Council be devoted to the following projects in order of chronological importance:

1. Establishment of a Commission on Interstate Coöperation in every state.
2. Establishment of a budget for the maintenance of the Council of State Governments in all its activities, which budget shall provide for quotas to be raised by the states and which also shall provide for the apportionment of receipts.
3. Development of district secretariats in areas where Commissions of Interstate

Coöperation have been established and where financial support can be secured, provided these projects shall be carried on simultaneously where possible. The allocation program has not been finally agreed upon, since extreme care is being taken to work out a reasonable, fair, and acceptable plan. Many of the legislatures during their 1937 sessions made appropriations to finance various phases of this work. Some of the legislatures

made appropriations directly to their Commissions on Interstate Coöperation, with supplementary appropriations to the nation-wide technical commissions dealing with crime or social security; some provided funds for regional commissions dealing with the Ohio River and the Delaware River Basins and some provided funds for the district secretariat in New York, or to the Central Secretariat in Chicago.