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EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
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BULLETIN NO. 59-7

April 8, 1959

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS *YOF103*

SUBJECT: Effects of Hawaii statehood

1. Purpose. In view of the imminent admission of Hawaii to statehood, the President has directed the Bureau of the Budget to take the initiative in the executive branch, beyond the regular responsibilities of the Department of the Interior, in making a study of the effects of statehood on Federal laws and activities in order to develop a program for an orderly transition from territorial status. Appropriate arrangements will be made centrally to assure necessary coordination with the government of Hawaii.

2. Program to be developed on Hawaii. Each agency which has functions affected by the admission of Hawaii to statehood shall:

- a. Review the laws, treaties, Executive orders, and directives which it administers, and its implementing regulations, instructions, and procedures in the light of Public Law 86-3 (the Act to provide for the admission of the State of Hawaii into the Union) for the purpose of (1) determining what changes, if any, will be necessary or desirable because of Hawaii's changed status; (2) identifying any questions, such as those involving statutory interpretation or policy issues, which will require resolution (particularly use of terms such as "continental United States" in laws); (3) identifying Federal programs which cannot be initiated or continued without legislative or other action by the State of Hawaii; and (4) developing, where necessary, drafts of proposed Federal legislation, Executive orders, proclamations, and other appropriate instruments.

This review should include any pending legislation or legislative proposals in the draft stage.

- b. Review organizational arrangements for administration of the agency's programs in Hawaii and internal agency regulations to identify actions required to accomplish such adjustments, including transfers of functions to the State, and modifications as should be made in connection with the transition to statehood.

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- c. Review the grant-in-aid programs administered by the agency, and provide, in tabular form, the following data on each of those programs: (1) title of program; (2) comparison of matching or other provisions now applicable to the Territory of Hawaii with those now applicable to the States, with specific description of and citations for any special provisions governing grants-in-aid to Hawaii (including identification of any instances in which the agency would have administrative discretion to make a grant to Hawaii on terms different from those applicable to other States); (3) effect of statehood legislation on any special provisions; and (4) estimated amount of annual grant to Hawaii for fiscal years 1960 and 1961 (a) under present law and (b) under conditions of statehood. This table should be consistent with the assumptions and policies set forth in paragraph 3.
- d. Review the effects of Hawaii statehood upon the agency's budget and prepare a statement indicating and explaining, by appropriation or fund account, the changes for the fiscal years 1960 and 1961 in appropriation requirements and expenditures as a result of Hawaii statehood. This statement shall follow the assumptions and policies set forth in paragraph 3.

3. Assumptions and policies for budget purposes. In order to assure uniformity of estimates, the following assumptions and policies will be used both in the preparation of the statement required by paragraph 2c and in the preparation of budget or supplemental estimates:

- a. It will be assumed that Hawaii will be a State for approximately eleven months of fiscal year 1960.
- b. It will be assumed that present differentials which apply on a Government-wide basis, such as those relating to salaries and travel, will remain in effect.
- c. It will be assumed that Hawaii will participate in Federal grant-in-aid programs on a comparable basis with other States.
- d. It will be assumed that new legislative proposals required as a result of Hawaii's admission to statehood will generally become effective about the beginning of the fiscal year 1961. Such items will be handled in the same manner as other supplemental budget estimates under proposed legislation, and will not be included in the regular 1961 budget schedules for the appropriation or fund involved unless enacted at this session of Congress.

- e. It will be assumed that where special appropriations or legislation will be necessary to meet conditions immediately after Hawaii's admission to statehood, proposals should be submitted to the present session of the Congress.
4. Reports. The following reports shall be made to the Bureau of the Budget:
  - a. By April 30, 1959, identification of the officer supervising the review required under paragraph 2 and a listing of any studies or plans made to that date in preparation for Hawaii statehood.
  - b. By May 15, 1959, the statements on grants-in-aid and budgetary changes referred to in paragraphs 2c and 2d, together with a preliminary reports: (1) outlining plans for the review required under paragraphs 2a and 2b, indicating areas and types of programs being covered; and (2) highlighting any issues or problems identified by that time which may require the attention of the President or action by the Congress, and any other matters which may require action, including any questions of statutory interpretation which are not resolved. Any supplemental estimates necessary to continue effective operation of programs during transition in fiscal year 1960 must also be submitted by that date.
  - c. By July 1, 1959, a final report summarizing the results of the review and indicating the significant actions contemplated, and questions raised, listing all statutes administered by the agency which are affected by Hawaii statehood, together with pertinent conclusions and recommendations. Wherever the agency proposes to continue in effect a law according Hawaii treatment different from that of other States, an explanation should be included in the report. Drafts of proposed legislation, Executive orders, proclamations, and other instruments as may be found necessary should be submitted not later than this date.

Five copies should be furnished of all submissions. The submission of information in response to this Bulletin is not a substitute for submission and clearance in the customary manner of those matters which require clearance under Budget Circular No. A-11 or Budget Circular No. A-19.

5. Action during continuance of Territorial status. Pending the proclamation of statehood for Hawaii, the Office of Territories of the Department of the Interior will continue to coordinate the Federal programs in Hawaii which it has heretofore coordinated.

Inquiries about this Bulletin should be addressed to Harold Seidman, Assistant Chief, Office of Management and Organization (code 113, extension 2128).

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Director