

Proceedings
OF THE
NATIONAL
GOVERNORS'
CONFERENCE
1968

SIXTIETH ANNUAL MEETING
SHERATON-GIBSON HOTEL · CINCINNATI, OHIO
JULY 21-24, 1968

THE NATIONAL GOVERNORS' CONFERENCE
1313 EAST SIXTIETH STREET
CHICAGO, ILLINOIS 60637

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THE NATIONAL GOVERNORS' CONFERENCE

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CHICAGO, ILLINOIS 60637

THE COUNCIL OF STATE GOVERNMENTS

IRON WORKS PIKE

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EXECUTIVE COMMITTEE

1967-68

Honorable John A. Volpe
Governor of Massachusetts, Chairman

Honorable Spiro T. Agnew, Governor of Maryland
Honorable Nils A. Boe, Governor of South Dakota
Honorable Buford Ellington, Governor of Tennessee
Honorable Mills E. Godwin, Governor of Virginia
Honorable Walter J. Hickel, Governor of Alaska
Honorable Otto Kerner, Governor of Illinois*
Honorable John W. King, Governor of New Hampshire
Honorable John J. McKeithen, Governor of Louisiana†
Honorable Calvin L. Rampton, Governor of Utah

EXECUTIVE COMMITTEE

1968-69

Honorable Buford Ellington
Governor of Tennessee, Chairman

Honorable John Dempsey, Governor of Connecticut
Honorable Mills E. Godwin, Governor of Virginia
Honorable Stanley K. Hathaway, Governor of Wyoming
Honorable Warren E. Hearnes, Governor of Missouri
Honorable Harold LeVander, Governor of Minnesota
Honorable Louie B. Nunn, Governor of Kentucky
Honorable Raymond P. Shafer, Governor of Pennsylvania
Honorable Norbert T. Tiemann, Governor of Nebraska

* Served October, 1967 - May, 1968

† Served May - July, 1968

OTHER COMMITTEES OF THE NATIONAL
GOVERNORS' CONFERENCE, 1968*

Committee on Federal-State Relations

Governor John Dempsey, Connecticut—Chairman
Governor Warren P. Knowles, Wisconsin—Vice Chairman
Governor Tim Babcock, Montana
Governor David F. Cargo, New Mexico
Governor John H. Chafee, Rhode Island
Governor Daniel J. Evans, Washington
Governor Philip H. Hoff, Vermont
Governor Richard J. Hughes, New Jersey
Governor John A. Love, Colorado
Governor Calvin L. Rampton, Utah
Governor Ronald Reagan, California
Governor Nelson A. Rockefeller, New York
Governor Hulett C. Smith, West Virginia

Committee on Constitutional Revision and
General Government Organization

Governor Daniel J. Evans, Washington—Chairman
Governor John Connally, Texas—Vice Chairman
Governor John A. Burns, Hawaii
Governor Walter J. Hickel, Alaska
Governor Harold LeVander, Minnesota
Governor Charles L. Terry, Jr., Delaware
Governor John Bell Williams, Mississippi

Committee on Education

Governor Calvin L. Rampton, Utah—Chairman
Governor Charles L. Terry, Jr., Delaware—Vice Chairman
Governor Dewey F. Bartlett, Oklahoma
Governor Daniel J. Evans, Washington
Governor John A. Love, Colorado
Governor Raymond P. Shafer, Pennsylvania
Governor Hulett C. Smith, West Virginia

* As of July 21, 1968—opening date of Conference.

Committee on Health and Welfare

Governor Nelson A. Rockefeller, New York—Chairman
Governor Warren E. Hearnes, Missouri—Vice Chairman
Governor John A. Burns, Hawaii
Governor Harold E. Hughes, Iowa
Governor Claude R. Kirk, Jr., Florida
Governor Ralph M. Paiewonsky, Virgin Islands
Governor James A. Rhodes, Ohio

Committee on Law Enforcement and Criminal Justice

Governor David F. Cargo, New Mexico—Chairman
Governor Dan K. Moore, North Carolina—Vice Chairman
Governor Kenneth M. Curtis, Maine
Governor William L. Guy, North Dakota
Governor Stanley K. Hathaway, Wyoming
Governor Richard J. Hughes, New Jersey
Governor Paul Laxalt, Nevada

Committee on Manpower and Labor Relations

Governor Hulett C. Smith, West Virginia—Chairman
Governor Stanley K. Hathaway, Wyoming—Vice Chairman
Governor John Connally, Texas
Governor Manuel F. L. Guerrero, Guam
Governor Claude R. Kirk, Jr., Florida
Governor Warren P. Knowles, Wisconsin
Governor Raymond P. Shafer, Pennsylvania

Committee on the National Guard, Civil Defense, and Natural Disasters

Governor Tim Babcock, Montana—Chairman
Governor John W. King, New Hampshire—Vice Chairman
Governor Dewey F. Bartlett, Oklahoma
Governor Roger D. Branigin, Indiana
Governor Louie B. Nunn, Kentucky
Governor Samuel H. Shapiro, Illinois
Governor Norbert T. Tiemann, Nebraska

Committee on Regional and Interstate Cooperation

Governor John H. Chafee, Rhode Island—Chairman
Governor John J. McKeithen, Louisiana—Vice Chairman
Governor Nils A. Boe, South Dakota
Governor Roger D. Branigin, Indiana
Governor Lester Maddox, Georgia
Governor Roberto Sanchez-Vilella, Puerto Rico
Governor Norbert T. Tiemann, Nebraska

Committee on Revenue and Taxation

Governor Philip H. Hoff, Vermont—Chairman
Governor Winthrop Rockefeller, Arkansas—Vice Chairman
Governor Kenneth M. Curtis, Maine
Governor Robert Docking, Kansas
Governor Tom McCall, Oregon
Governor George Romney, Michigan
Governor Don Samuelson, Idaho

Committee on State Planning

Governor John A. Love, Colorado—Chairman
Governor Robert E. McNair, South Carolina—Vice Chairman
Governor Owen S. Aspinall, American Samoa
Governor Albert P. Brewer, Alabama
Governor William L. Guy, North Dakota
Governor Harold LeVander, Minnesota
Governor Jack Williams, Arizona

Committee on State-Urban Relations

Governor Richard J. Hughes, New Jersey—Chairman
Governor Spiro T. Agnew, Maryland—Vice Chairman
Governor John Dempsey, Connecticut
Governor John J. McKeithen, Louisiana
Governor James A. Rhodes, Ohio
Governor Nelson A. Rockefeller, New York
Governor Winthrop Rockefeller, Arkansas

Committee on Transportation

Governor Ronald Reagan, California—Chairman
Governor Buford Ellington, Tennessee—Vice Chairman
Governor Mills E. Godwin, Jr., Virginia
Governor Harold E. Hughes, Iowa
Governor Tom McCall, Oregon
Governor Robert E. McNair, South Carolina
Governor George Romney, Michigan

* * *

Governor John A. Volpe, Massachusetts—Chairman of the National Governors' Conference—is an ex officio member of all Committees.

ATTENDANCE

Albert P. Brewer, Governor of Alabama
Walter J. Hickel, Governor of Alaska
Owen S. Aspinall, Governor of American Samoa
Jack Williams, Governor of Arizona
Winthrop Rockefeller, Governor of Arkansas
Ronald Reagan, Governor of California
John A. Love, Governor of Colorado
John Dempsey, Governor of Connecticut
Charles L. Terry, Jr., Governor of Delaware
Claude R. Kirk, Jr., Governor of Florida
Lester G. Maddox, Governor of Georgia
Manuel Flores Leon Guerrero, Governor of Guam
Don Samuelson, Governor of Idaho
Samuel H. Shapiro, Governor of Illinois
Roger D. Branigin, Governor of Indiana
Harold E. Hughes, Governor of Iowa
Robert Docking, Governor of Kansas
Louie B. Nunn, Governor of Kentucky
John J. McKeithen, Governor of Louisiana
Kenneth M. Curtis, Governor of Maine
Spiro T. Agnew, Governor of Maryland
John A. Volpe, Governor of Massachusetts
George Romney, Governor of Michigan
Harold LeVander, Governor of Minnesota
John Bell Williams, Governor of Mississippi
Warren E. Hearnes, Governor of Missouri
Tim Babcock, Governor of Montana
Norbert T. Tiemann, Governor of Nebraska
John W. King, Governor of New Hampshire
Richard J. Hughes, Governor of New Jersey
David F. Cargo, Governor of New Mexico
Nelson A. Rockefeller, Governor of New York
Dan K. Moore, Governor of North Carolina
William L. Guy, Governor of North Dakota
James A. Rhodes, Governor of Ohio
Dewey F. Bartlett, Governor of Oklahoma
Raymond P. Shafer, Governor of Pennsylvania
John H. Chafee, Governor of Rhode Island
Robert E. McNair, Governor of South Carolina
Nils A. Boe, Governor of South Dakota
Buford Ellington, Governor of Tennessee
John Connally, Governor of Texas
Calvin L. Rampton, Governor of Utah
Philip H. Hoff, Governor of Vermont

Mills E. Godwin, Jr., Governor of Virginia
Ralph M. Paiewonsky, Governor of the Virgin Islands
Hulett C. Smith, Governor of West Virginia
Warren P. Knowles, Governor of Wisconsin
Stanley K. Hathaway, Governor of Wyoming

GUESTS

The Honorable Lyndon B. Johnson, President of the United States

Mrs. Lyndon B. Johnson

Neil A. Armstrong, National Aeronautics and Space Administration

Congressman Wayne N. Aspinall, Colorado

Senator Frank Carlson, Kansas

Price Daniel, Assistant to the President for Federal-State Relations

John W. Gardner, Chairman, The Urban Coalition

General George R. Mather, The Pentagon

Mayor Eugene Ruehlmann, Cincinnati

PROGRAM

Sunday, July 21

- 1:00 p.m. Luncheon Meeting of Committee on Federal-State Relations, Sheraton-Gibson Hotel
- 2:30 p.m. Meeting of Executive Committee, Sheraton-Gibson Hotel
- 4:00 p.m. Briefing for Governors' Aides, Sheraton-Gibson Hotel
- 6:30 p.m. Dinner for Governors and Their Wives, Rollridge Farms, Amberly Village
- 6:30 p.m. For Other Participants, "Over the Rhine" Party, Henry Hilberg Residence, Indian Hill

Monday, July 22

- 9:30 a.m. Opening Session, Convention-Exposition Center
Presiding: Governor John A. Volpe
Invocation
Greetings: Governor James A. Rhodes
Mayor Eugene Ruehlmann
Neil A. Armstrong
Annual Report of the Chairman:
Governor John A. Volpe
Adoption of Rules of Procedure
- 10:15 a.m. Conference Theme: "The Modern State in the Federal System: Challenge and Responsibility"
Keynote Speaker: John W. Gardner, Chairman, The Urban Coalition
Discussion by the Governors

- 11:45 a.m. "The Public Land Law Review Commission"
 Guest Speaker: Congressman Wayne N. Aspinall,
 Chairman, Public Land Law Review Commis-
 sion
 Discussion by the Governors
- 12:30 p.m. Executive Session for Governors Only
- 2:00 p.m. Concurrent Meetings of Conference Standing Com-
 mittees, Sheraton-Gibson Hotel
 Constitutional Revision and General Government
 Organization
 Education
 Health and Welfare
 Law Enforcement and Criminal Justice
 Manpower and Labor Relations
 National Guard, Civil Defense, and Natural Dis-
 asters
 Regional and Interstate Cooperation
 Revenue and Taxation
 State Planning
 State-Urban Relations
 Transportation
- 6:30 p.m. International Festival Night, Roof Garden,
 Sheraton-Gibson Hotel

Tuesday, July 23

- 8:00 a.m. Prayer Breakfast (Governors and Wives Only),
 Sheraton-Gibson Hotel
 Guest Speaker: Senator Frank Carlson, Kansas
- 9:15 a.m. Closed Executive Session (Governors and Aides
 Only), Convention-Exposition Center
 Presiding: Governor John A. Volpe
- 12:30 p.m. Press Conference at Convention-Exposition Center

- 1:15 p.m. Luncheon Meeting of Executive Committee to Consider Resolutions, Sheraton-Gibson Hotel
- Afternoon Open for Optional Activities
- 5:00 p.m. Reception for Governors and Their Wives, Ballroom, Sheraton-Gibson Hotel
- 6:00 p.m. State Dinner, Roof Garden
- 7:30 p.m. Grand Ball, Convention-Exposition Center
Address: The President of the United States

Wednesday, July 24

- 9:00 a.m. Plenary Business Session, Convention-Exposition Center
Presiding: Governor John A. Volpe
Brief Summary Reports by Standing Committee Chairmen
Discussion by the Governors
- 10:45 a.m. Closing Business Session
Presiding: Governor John A. Volpe
Invitations for Site of 1969 Annual Meeting
Report of Resolutions Committee
Report of Nominating Committee
Other Business
Adjournment

MORNING SESSION

Monday, July 22

Governor John A. Volpe: The Sixtieth Annual Meeting of the National Governors' Conference will now come to order. For the Invocation, I shall call upon Reverend Robert F. Berger of the Roselawn Lutheran Church of Cincinnati.

Reverend Robert F. Berger: Our Heavenly Father, as we ask Thy blessing upon our Nation, upon our several States and upon the United States and upon us as citizens, we ask Thy blessing upon these Governors who are gathered together because we know that without vision the people perish. We ask Thee that Thou will be with them always and improve the sense of justice and dignity of men and help them to know what is right and what is true. Give each of us as citizens a sense of responsibility and devotion and loyalty to our Nation that together we may serve Thee. This we ask through Jesus Christ's sake. Amen.

Governor Volpe: May I first call to your attention the microphones that are before you. If you desire to speak, you will have to pull that little switch toward you. When you have finished speaking, push it back. They would now like to take one general picture.

We are, of course, all delighted to be in Cincinnati. To bring the greetings of the Host State is our very genial host, the one and only Governor Jim Rhodes.

Governor James A. Rhodes: Thank you. Governor Volpe and my fellow Governors and fellow Ohioans and fellow Americans: First of all, I am going to be very brief and concise, and I know that this will meet with the approval of everyone here. Second, the City of Cincinnati is steeped in history—four Presidents from within a radius of twenty-five miles from where we are meeting—and an abundance of cordiality and hospitality. I think our citizens will demonstrate here in the next seventy-two hours the fact that this is really a fine convention city. We meet here in an atmosphere of common problems—housing, education, welfare and many, many more. I hope that out of our deliberations there will be some answers found for these respective subjects.

With that, I would like to introduce Earl Barnes who is the General Chairman of this convention. He has done a great job for all of us. You will find that the affairs will have the master touch of Earl Barnes. Hold up your hand, Earl.

The next person I want to introduce is a young man with great vision and courage here in this city. Cincinnati is on the move. We

are constructing a \$45,000,000 stadium. We are hosting many, many national conventions, and doing a great deal of building in the downtown area in urban renewal. This young man makes government work. May I present Gene Ruehlmann, the Mayor of the City of Cincinnati.

Mayor Eugene Ruehlmann: Thank you very much, Governor Rhodes. Governor Volpe, Honorable Governors, distinguished guests and ladies and gentlemen: One million three hundred thousand Cincinnatians are delighted to welcome you to the Queen City of the West. We have been planning and looking forward to this conference for months. And now that it is here, we are absolutely thrilled. We trust by now that you have had a taste of Cincinnati hospitality, not only with the reception which was afforded as you arrived at the hotel but also with the majesty of Rollridge Farms last night and the Wiener Schnitzels and sauerkraut at the Henry Hilberg residence in Indian Hill.

I am confident that the genuine warmth of the people of Cincinnati will manifest itself before your convention is completed. Cincinnati is indeed a dynamic and growing city which has undergone great change in the past few years. In the field of public health, we are about to complete a \$20,000,000 general hospital. We were a pioneer in sewerage treatment, with the Ohio Valley being the first one to complete such a project. We are anticipating a new environmental health research center right near our University of Cincinnati. We are revitalizing our downtown area completely, evidence of which you have seen with the new Cincinnati Center Building, towering adjacent to your hotel. Adjoining it will be the new Fountain Square Plaza above a nine-hundred car, newly-constructed garage. The Convention-Exposition Center in which we are meeting today is less than one year old. As Governor Rhodes stated, within two years we will complete a new 55,000-seat stadium on our river front.

We are delighted to have your conference here. We feel that the great progress that our city has made has been due in substantial part to the wonderful cooperation, the innovation, the enthusiasm and the vision of our Governor, Governor James Rhodes. As a mayor of a city, I am confident that the great problems which lie ahead of our city and all of the cities in the United States can only be solved by a much closer liaison between the city halls and statehouses. We want to pledge to our Governor that Cincinnati will continue and increase its effort so that we can work hand in hand with the state government to resolve the problems and find solutions to them. In conclusion, gentlemen, I trust that your 1968 conference will be the greatest ever. I will just mention that City Hall is just two blocks down the street. If you have any problems, just stop in and see us. If you receive any traffic tickets, bring them down to City Hall and we will show you where to pay them.

However, I am sure that this group will not have any such problems. Instead, I would like to present to each of you, on behalf of all of the citizens of Cincinnati, a key to the City of Cincinnati, which will open all of the doors of hospitality.

Governor Volpe, as Chairman, I would like to present to you this certificate on behalf of the citizens of Cincinnati and welcome you to Cincinnati.

Governor Rhodes, we would like to offer this to you as an expression of appreciation of the citizens of Cincinnati for the great service which you have provided to the cities of Ohio.

Governor Volpe: Thank you, Governor Rhodes, and thank you very much, Mayor Ruehlmann, for your very kind remarks and for these beautiful keys, which I am sure will confirm the great hospitality that we have already enjoyed here in your great city and in this great State.

It now gives me a great deal of pleasure to introduce a native son of Ohio—Neil Armstrong, who is one of that rare breed called astronauts with the National Aeronautics and Space Administration. Mr. Armstrong has an outstanding record of achievement and has given distinguished service to his country, especially as the command pilot for the Gemini 8 flight which performed the first successful docking of two vehicles in space. It is with a great deal of pleasure that I introduce Neil Armstrong.

Mr. Neil A. Armstrong: Thank you, Governor Volpe. Governor Rhodes and Honorable Governors, it is a pleasure and an honor for me to be with you this morning in this distinguished company, and to assist in welcoming you to the great State of Ohio. I also represent the Nation's air and space program, truly a national effort, calling on the talents and the efforts of industries, universities and citizens across the Nation. Many of you know Governor Rhodes' interest in jobs and his belief that employment opportunity is a keystone in the solution of today's many social and economic problems. The aviation industry was born here in Ohio at the Wright Cycle Shop in Dayton. That infant industry has grown within this century to become the largest manufacturer-employer in the United States, providing nearly 1-1/2 million jobs. Seventeen per cent of the job force is professional—scientists and engineers—representing a significant part of the Nation's reservoir of technical competence.

The aerospace industry provided 40 per cent of the Nation's favorable trade balance last year. Internationally, we have had the opportunity to share the results of our programs with our friends in foreign countries. Their respect for our attempts to search the unknown, to find truth and to apply it for the benefit of all the world's people probably reveals the reasons for our own enthusiasm, irrespective of the statistics. On the manned space side of the program, most people think of the Manned Spacecraft Center

in Houston, where I work, or the center in Huntsville, Alabama, or Cape Kennedy in Florida. I started my association with the space agency, however, at the Lewis Research Center in Cleveland here in Ohio. The Lewis Research Center is a world leader in advance propulsion technology. All in all, there are sixteen States where NASA installations are located. But more than this, NASA has employed some 20,000 prime and subcontractors in every State.

I spent last week in Governor Volpe's State, discussing space navigation at the Massachusetts Institute of Technology. I guess I visit most every State in technical activities in preparing and planning for space flight. Parts of the Apollo Project that converge on Kennedy Space Center have come from widely separated points. The lunar module comes from New York, batteries from Missouri, computers from Maryland, our radios from Iowa and our Saturn launch vehicle stages are built in Alabama, California, Mississippi, Florida and Louisiana. Approximately 1,400 research projects are now going on under our auspices in more than 150 colleges and universities across the Nation. So as we push ahead with Project Apollo, the energy of a truly national team will be evidenced. As you know, it has been quite a long time since this country has flown a manned space mission. The Gemini series was completed in 1966. All of us in the program, and particularly those of us who are crew members, would much rather fly than sit in meetings. Fortunately, we are about to have that wish. We are referring, of course, to the first manned flight of the Apollo program, scheduled for this fall. It is called Apollo 7, and it is extremely important to our program for many reasons. It is our first manned flight to test the same kind of craft which will carry a three-man team of Americans to the moon and back. Apollo 7 is also our first manned flight on the Saturn 1-B launch vehicle. It is far more powerful than the Titan we used in the Gemini series but still small compared to the moon rocket, the giant Saturn 5, which we hope to fly by the end of this year. The Apollo 7 is intended to demonstrate the performance of the various parts of the spacecraft and its systems and the support facilities around the world. If everything goes as planned, it might last as long as eleven days. It will be, in many ways, one of the most important steps toward our ultimate moon landing.

So the project will bring much in the way of new technological abilities and new knowledge. These, in the long run, are the things that may be the most significant aspects of the overall program. The man from the Dayton cycle shop, Wilbur Wright, said many years ago: "It is not necessary to look far into the future. We know enough to be certain that it will be magnificent." Magnificence of tomorrow, however, is the product of the vision of today. The results of this meeting, combining the vision and foresight of the best chosen leaders from the States, Commonwealths and Territories,

can give us reason not only to believe in the future but to look forward to it. Thank you.

Governor Volpe: Thank you, Neil, and thank all of the wonderful Americans who are serving as astronauts and doing such a great job for our country.

My fellow Governors and ladies and gentlemen: On behalf of the National Governors' Conference, I want to express special thanks to our host for this Sixtieth Annual Meeting, Governor and Mrs. James Rhodes. The Host Committee has done outstanding work, and I am sure everyone is as delighted as I am with the sincerity and warmth of the hospitality extended to us here in Cincinnati.

It has been a distinct privilege for me to serve as Chairman of this distinguished body, and I deeply appreciate the honor and the opportunity that has been mine during the past year. It has been a productive year of significant progress on a number of fronts—primarily because of the spirit of enthusiasm and cooperation with which each of the Governors has carried out his assigned responsibilities. An example of that cooperation is underscored by something told to me by Charles Byrley of our Office for Federal-State Relations in Washington, namely that more oral testimony from Governors has been submitted in Washington during the past twelve months than during the previous ten years! This means that during the past year, more Governors took more time from their busy schedules to get the message of the States across in Washington. I want each of you to know how appreciative I am of your efforts.

The benefit of this increased gubernatorial participation is demonstrated by the recent enactment of the Omnibus Crime Control and Safe Streets Act. The Governors stood fifty strong in supporting this important legislation, and particularly in achieving block grants for program administration. We now have a most important tool to wage an all-out war on crime.

During the past five months, fifteen Governors personally appeared before Congressional Committees to testify on proposed legislation such as housing, crime control, water and air pollution, urban riot conditions, partnership for health, education, welfare amendments, riot and flood insurance, intergovernmental cooperation and urban transportation. It is this type of effort that reflects the importance of the National Governors' Conference in assisting the development of national policy.

This is what the National Governors' Conference is all about. The federal government is learning that its nationally conceived programs simply will not work without the heavy involvement of the Governors and the States they represent. It is through the National Governors' Conference and regional conferences that we Governors have been able to reassert the need for our own pivotal role in domestic policies and programs of this Nation. On that score, I am delighted, and I know you are too, with the work that

Charlie Byrley and our Federal-State Relations office in Washington is doing. At this time, too, it is fitting that I express the high regard we all feel toward our Secretary-Treasurer, Brevard Crihfield, known to all on government levels throughout the country as "Crihf." Again, Crihf, thanks for a job well done during the past year.

It is significant that we meet in Cincinnati—a city that on May 29, 1795, was the seat of the Legislature for the Northwest Territories. That Legislature, incidentally, had only three members—which made parliamentary procedure fairly simple—one to make a motion, one to second it, and a third man who could, if he wanted, be Minority Leader!

It is a pleasure to welcome, and to introduce to you, four new Governors who are attending their first Annual Meeting: Governor Louie B. Nunn of Kentucky, Governor Albert Brewer of Alabama, Governor Samuel Shapiro of Illinois, and Governor John Bell Williams of Mississippi, whom many of us met at the Mid-Year Meeting in Washington. As we welcome Governor Brewer, we also pay respect to the memory of his predecessor, Governor Lurleen Wallace. Mrs. Wallace's untimely death this past spring was an occasion of great sorrow for all of us. It is certainly in order for me to pay special tribute to Governor Otto Kerner of Illinois, now a federal judge. Governor Kerner was a moving force on the Executive Committee, and has long been a stalwart leader in the ongoing effort to make state government more effective and efficient.

It is gratifying to me to be able to report on the active and enthusiastic cooperation of my fellow Executive Committee members during the past year. We first met aboard the S.S. Independence in October, in Cleveland in December, in Washington, D.C., in March, in Boston in May, and of course, here in Cincinnati. Governors Agnew, Boe, Ellington, Godwin, Hickel, Kerner, King, McKeithen and Rampton have given full measure of dedication to their responsibilities, and it has been a pleasure working with them. As you know, one of our first actions last year was to revamp the committee structure and the methods of committee operations. In my judgment, the Governors' Conference can take pride in the way the new system has worked, and I am sure that the committee reports that will be delivered here this week will be true springboards for further progress in all of our States and Territories.

In January of this year, Governors Knowles, McNair, Paiewonsky, Smith, Terry, and myself as Chairman, were the guests of the Israeli government on a six-day tour of this young and impressive Nation. We met with President Salman Shazar, Prime Minister Levi Eshkol, and other national officials. In April, another chapter in our regular series of exchange visits with the Japanese Governors was held, and was tremendously successful. This

year's trip had an "extra added attraction," participation in the Far East Agricultural-Trade Mission sponsored by the United States Department of Agriculture. I am sure the Governors who made the trip agree with Agriculture Secretary Orville Freeman's assessment in a letter he wrote to me following our return. He said, "The Governors made an outstanding contribution to the recent Trade Mission. We know it was hard work without much time for play, and we do appreciate more than we can tell you the good spirit with which you pitched in to make it a success." These exchange visits were inaugurated in 1962, and we certainly look forward to the opportunity to host the visiting Japanese delegation in the spring of 1969.

From these exchange meetings over the years have come meaningful discussion in many areas such as education, highways, population movement, promotion of tourism, improvement of environmental living conditions, and perhaps most importantly, an opportunity to further international understanding by firsthand observation of the problems that face our fellow human beings throughout the world. The activities of the National Governors' Conference—both at home and around the world—have been most worthwhile. All of us benefit greatly by the interchange of ideas and the expanded opportunity to participate more fully in the world and the times in which we live.

I would like to address myself for a few moments today to some of the basic concepts of the theme of the Conference, "The Modern State in the Federal System: Challenge and Responsibility." Just as Marshall McLuhan claims that the "medium is the message," I tend to think that in government at every level, the responsibility is the challenge, the challenge is the responsibility. Our challenge as Governors is to know the responsibilities of state government and to meet those responsibilities aggressively and effectively. And our greatest challenge is the one expressed within our theme: the challenge of being truly modern, within our federal system.

In the last few years, we, as Governors, have witnessed an astonishing growth in federal programs and a proportionate increase in federal expenditures. It might seem, therefore, a vain exercise to continue to talk about the role of the State in the federal system. But such is not the case. Not at all. The fact is that the fantastic growth of federal programs of every variety—air and water pollution control, housing and urban development, education, mass transportation, recreation and the preservation of open spaces—have made the role of the States more crucial than ever. Washington itself is slowly coming to realize that it must have the cooperation of the States if these programs are to work, that it cannot do the job itself. There must be decentralized administration, or else the burden of red tape will only make these programs self-defeating.

The best medium for decentralized administration is state government.

A further warning: We cannot, and we must not, view the question of the role of the modern State in the federal system as being in a vacuum. Instead, we must look at the question of federal-state relationships in the context of the contemporary challenges of poverty, the urban crisis, inflation, and equal rights for all our citizens. It is plain that all levels of government—federal, state, and local—must work together to solve the staggering problems which confront us in each of these areas. In our discussion of federal-state relationships, we must not lose sight of the specifics. We must keep our eyes on the problems at hand, for we have too much to gain to allow these meetings to become mere academic exercises.

And another matter of the utmost importance to the Governors of the States is the insidious crisis that casts a shadow on every street, every neighborhood in the Nation. I refer, of course, to the problem of law and order in our society. In my judgment, a meaningful step toward meeting this serious problem would be taken if the sale and use of firearms throughout the Nation were put under strong but equitable control. This is not solely a matter for federal action. The States, and we as state Governors, have an important role to play, and it is my hope that we will demonstrate our leadership in this area during this Conference. Naturally, I am most familiar with the situation in my own State of Massachusetts which for many years has had some of the strongest firearms control laws of any State in the Nation. But, notwithstanding this fact, our Legislature passed and I signed into law just within the past forty-eight hours meaningful legislation that imposed additional controls over the sale and use of guns and ammunition in Massachusetts. This legislation requires among other things, serial numbers for new rifles and shotguns to be sold; the licensing of ammunition retailers; and perhaps most significant, the prevention of purchase or possession of a firearm by anyone without an identification card, to be issued at the discretion of the Department of Public Safety.

Firearms control is an interstate problem. We know that most of the weapons used in the commission of crimes in Massachusetts are obtained in other States with less stringent firearms control laws. Accordingly, at the New England Governors' Conference held at Stowe, Vermont, last month, I proposed a model gun control law designed to bring to an end the illegal interstate traffic of firearms within the region. I am hopeful that through joint efforts we can halt this illicit smuggling of weapons across state lines. But it is not enough simply to take action in New England and I now ask each one of you, when you return to your State, to strive for the enactment of stronger firearms control legislation within your own jurisdiction. Copies of model legislation for this purpose which we

have prepared in Massachusetts as well as model legislation developed by the Council of State Governments are in your hands.

I have already made clear my support for the identification of gun owners. Such identification represents no more of an inconvenience to the sportsman than does identification of an automobile owner to the motorist. A favorite slogan of a group which has been most vocal in opposing stronger firearms control has been, "Guns don't kill people, people kill people." The truth is that people with guns kill people. Gun control, of course, is only one of the many areas which requires our attention. But I stress it this morning for two reasons: First, it is a matter of great concern to the people of our Nation. Secondly, I am firmly convinced that Americans have a right to know that ownership of death-dealing weapons is not hidden behind a veil of secrecy, that guns are possessed only by those who are willing to admit that they have them.

The bulk of the work of our Sixtieth Annual Meeting of the National Governors' Conference is ahead of us. The agenda before us is aimed at the goal of making the States dynamic leaders in our free society. I am confident that the brand of "creative federalism" for which all of us are striving, is a necessary refinement of the form of government that has served us so well for close to 200 years.

The territorial government that functioned here in Ohio briefly in 1795 was a type of "creative federalism" also, paving the way for development, paving the way for growth. Now, in the last third of the Twentieth Century, it is increasingly apparent that the proper administration of the government of the 200 million people of the United States requires even greater creativity, imagination, dedication, and perhaps, most of all—teamwork. I am confident that working together as united Governors of these United States, we can and will recognize and meet the challenges before us—thereby fulfilling the trust that has been granted to us by the people of this great Nation.

I shall now entertain a motion for the adoption of the Rules of Procedure. You have them before you in the language of the rules as adopted at last year's annual meeting. I recognize Governor King.

Governor John W. King: I move the adoption of the Rules of Procedure, which are identical with those that we have operated under during the last few years. The Executive Committee received no requests for changes, either in part or in toto.

Governor John Dempsey: I second that motion.

Governor Volpe: Question? All those in favor say "Aye." All those opposed? The ayes have it and the rules are adopted.

It is now a great privilege to introduce, as our keynote speaker, a man who has been creatively and constructively concerned for many years and in many capacities with the central issue in-

volved in the shaping of what we may call a "New Age Society" in the United States. This man is the Honorable John W. Gardner. I am delighted to share a platform again so soon with John Gardner. For on June 1st, it was my pleasure to be present when the University of Massachusetts awarded him an honorary degree of Doctor of Laws. He was the principal commencement speaker. John Gardner has served both on the front lines and behind the lines in the recent decades which have seen this country move from the depression through World War II to the nuclear and space age and into the present—a dynamic, urban community of over 200 million people.

As Secretary of Health, Education and Welfare for the present Administration, he came to grips with America's far flung social challenges at the highest level. I am sure I can testify, as well as a great many others of our fellow Governors can testify, that he was always very cooperative. As a matter of fact, he even agreed to meet with a delegation of Governors on a Sunday morning to try to iron out some of the problems that affected the States. As Chairman of the Urban Coalition, he is confronting the major domestic crises of this nation, namely, how to make our cities livable for all of our citizens and how to translate into modern terms the Founding Fathers' original promise to the right of life, liberty and the pursuit of happiness for all men. Lest we forget John Gardner's substantial qualifications, it should be recalled that prior to his appointment as Secretary of HEW he had been with the Carnegie Foundation for nineteen years, following an earlier period as professor of psychology.

My fellow Governors and ladies and gentlemen, I present our distinguished keynote speaker, our good friend, Honorable John W. Gardner.

Honorable John W. Gardner: Governor Volpe, Governor Rhodes: I am going to talk very briefly as befits a non-Governor so there will be plenty of time for discussion. I would like to think that the discussion will take the form, not of questions and answers, but of a general conversation among us. I hope that that conversation will bear heavily on the relationship of the State to urban affairs. A number of you sitting around this table have done very useful and original things in dealing with urban affairs. I hope that you will talk about them.

It is a very great pleasure for me to be with you today, and to greet so many old friends. I have worked with most of you very closely indeed on some very tough and complicated problems, not always in perfect harmony but always with mutual respect. As most of you know, when I was Secretary of Health, Education, and Welfare, I was deeply preoccupied with improving the relationship between the federal government and the States—more specifically, between HEW and the States. During my tenure, we developed the Partnership in Health legislation, which was the first successful

step on the long road back from excessive proliferation of categorical grants. In that legislation we deliberately set out to consolidate grant programs and to increase and enhance the capacity of the States to do their own planning and make their own decisions.

We also initiated the practice of consulting with Governors in advance of major legislation, and consulting with them again before the final regulations were written.

But I think that the most important thing that we did while I was Secretary was to reopen continuous communication with the Governors. I issued an invitation to all of you to get in touch with me directly when you encountered problems, and many of you took me at my word. As a result, I learned what was wrong with federal-state relations and learned it directly from you, often in fairly colorful language.

I don't know whether all of you are fully aware of the extent to which President Johnson lent his personal encouragement and urging to all such efforts to improve federal-state relations. I do not think there was ever a President who was more sincerely and deeply concerned to improve the relationship between the federal government and the States and to bring the States into some kind of effective dialogue with the federal government. And he made a superb beginning. I hope that history will credit him with the achievement.

But of course much remains to be done. You will have to make your case explicit with President Johnson's successor. The tasks to be carried out—for example, consolidation of grant programs—are highly technical and often run counter to bureaucratic or Congressional inclinations. Only continued pressure from the White House and from the Governors will achieve the desired results.

We must not assume, of course, that federal reforms are all that is needed. One of the most convincing steps a State can take toward healthier federal-state relations is to set its own house in order. The field of urban affairs provides a perfect example. The best way for the States to prove their fitness to play a key role in federal programs relating to the cities is to demonstrate their wholehearted commitment to the solution of urban problems. Many States have not yet made that commitment.

I am now engaged in a very different kind of venture, but it reflects the same interests I had in HEW. I was deeply interested then in the relations of the federal government to state and local government and the private sector. I now have the same interests, an interest in those same relationships from the other end of the line.

The Urban Coalition is still a young organization—barely eleven months old—and is still learning how to function effectively. One of the things we have not yet learned is how to relate ourselves most effectively to the States. But I want you to know that

we are fully prepared to undertake such collaboration with the States. If we can help you, or if you can help us, or if we can work together to solve the problems of the cities, you may be sure we will welcome that alliance.

Despite the fact that we have not had formal relations with state governments, I do believe that much of our work to date has benefited the States. The legislation we have worked so hard for is legislation the States also support. Many of the problems we tackle at the local level are problems that the States want very much to solve.

Let me tell you something about the coalition.

After the riots last summer, a group of outstanding Americans came together to form the coalition.

The members of the Steering Committee included businessmen such as Henry Ford, David Rockefeller and Andrew Heiskell; labor leaders such as George Meany and Walter Reuther; mayors such as Richard Daley of Chicago and John Lindsay of New York; minority group leaders such as Whitney Young and Roy Wilkins; and representatives of almost every significant area of leadership in our national life. In fact, no other organization in American life can equal the Coalition for the distinction and variety of its leadership.

I would emphasize the importance of the coalition principle. The Coalition is not just another organization tackling the tough urban problems of the day. Our distinction is that we bring together leadership elements that do not normally collaborate in the solution of public problems—indeed, we bring together segments of American life that are often wholly out of touch with one another—and, in some cities, are still out of touch.

Today, no one leadership segment can solve the problems of the cities. It just cannot be done. City hall can't go it alone. The business community with its wealth and influence can't solve the problems of any one city single-handedly. There must be collaboration among all significant elements that hold power or veto power within the community.

Because of this need at the local level, our national organization set out to form local coalitions. We have formed thirty-three and are adding twenty-five more. As in the case of the national organization, each local group includes representatives from a variety of leadership segments in the community—particularly local government, business, labor, minority groups and religion. And we encourage the participation of other relevant elements—the universities, the schools, the press, the professions.

The coalition principle requires that minority groups be represented in the effort to solve community problems. And such representation is itself a step toward solving the toughest problem of all—effective dialogue between the black and white commu-

nities. When a crisis strikes, it is too late to begin the long and arduous process of building effective channels of communication. If there is to be fruitful collaboration between black and white communities, it must begin and be tested in a non-crisis atmosphere. Then when trouble strikes, if it does, men who have worked together and trust one another can go into action together.

The creation of open, continuous and understanding communication between white and black communities is difficult. It requires hard work and patience and imagination on the part of every person involved. But there is no alternative, unless we are willing to see our cities torn apart.

The Urban Coalition will be concerned with all the problems that plague the cities today. We will seek to mobilize the civic leadership to cope with those problems. We will try to bring the Nation's best talent to bear on them. We will support constructive efforts to solve them.

We will seek to supplement and not supplant other efforts. We consider every organization constructively engaged in these matters to be an ally and we will hope to work with them and strengthen them where possible.

I said earlier that we had not yet discovered how we could best collaborate with the States. Let me go a bit beyond that.

Whenever I talk to a local coalition, I urge it to establish relationships with its state government, both legislative and executive branches. I have maintained personal contact with many of you. And there lies ahead some possibility of statewide coalitions. In California definite plans are afoot for a state coalition.

Our Task Force on Housing, Reconstruction and Investment proposes that the Urban Coalition promote greater participation by the States in programs of housing and urban development. Coalition staff is now preparing a model state housing and community development program for presentation to you and to principal state legislative leaders. This program will draw on the excellent work already done by your Governors' Conference.

Before I close, I want to touch on one other subject. It is something we all know very well, and yet I am afraid we are not talking about it as aggressively and explicitly as we should. Briefly, it is this.

We cannot solve the awesome problems that cloud our future as a Nation without spending a great deal more money than we are now spending. I am sure you understand that. If you don't, get out your pencils and do some calculating. Everyone who has seriously and honestly reviewed the problems of the cities has reached the same conclusion: to do the job that urgently needs doing is going to cost more money. Not just a little more—a great deal more. You know the magnitude of the job to be done. If you have figured out a way to do without money, let me in on it.

But though every serious observer reaches the same conclusion, little is said about it publicly. This just doesn't seem to be the year to be talking about increased spending. The rhetoric of public men, reflecting as it does the sensitivities of the moment, abounds in big ideas with small price tags. Or big ideas with no price tags at all.

At the risk of appearing unfashionable, I urge that we come out of our trance. Let us begin at the beginning. We are not going to get the kind of money we need unless informed Americans accept, not reluctantly but enthusiastically, an overriding commitment to the solution of these problems. They will have to believe that such a commitment is necessary. Their leaders will have to give themselves without reservation to the task of instilling such a commitment.

We will have to raise new taxes. We will have to design new programs.

And none of that will happen unless we hold before ourselves and hold before the people of the United States a vision of what can be accomplished, a vision that commands our imagination and our will. That vision cannot be a vision of ease and comfort and relaxation and retreat from trouble. It must be a vision that stretches us, and demands the best that is in us. It must be a vision that appeals to the constructive and affirmative side of our nature. At this moment in history, the temptation is almost overpowering for a public figure to appeal to our anger and our hostility or our fear or our weariness. But this Nation cannot build a great future on fear and anger. There is a better path. For a Nation that has always benefited itself by meeting big challenges, there is a creative building job ahead, a job that will test our mettle, a job to lift us out of our tensions and divisiveness, and a job worthy of a free and vigorous people.

But what we must do is commit ourselves to redesign and rebuild our cities, to rehabilitate decaying neighborhoods and dependent individuals, to eradicate poverty, rural and urban, to root out injustice, to invest in man. When I say, "We must commit ourselves," I mean all of us. I mean state and local government, private enterprise, the federal government, the universities, the ordinary citizen.

Since any sane view of these matters reaches beyond the central city and beyond the suburbs to the rural areas, we are really talking about rebuilding America. And it can be done.

It is a task that would focus our energies and give us a significant national purpose. It would generate economic activity. It would create jobs. It would provide the dynamism and forward thrust that this Nation needs and is in some danger of losing.

The possibility of such a new burst of energy is closely linked to the inauguration of a new President in January of 1969. I believe

that any President, whatever his party, would welcome such a dynamic approach to the future. No President wants history to stand still while he is in office.

But if he waits until after his inauguration to generate enthusiasm he will have lost a valuable opportunity to educate the electorate. All candidates should now be talking in those terms. In short, the American people should come to expect that 1969 will bring a new burst of energy and commitment on the domestic front.

I hope you will do your part to spread this doctrine. This Nation cannot stand still. And it cannot long tolerate the existence of social evils which are clearly within our power to eliminate.

Gentlemen, the American people thrive on forward movement, on big dreams, on big plans. Their greatest leaders have always understood that. You and I should never forget it. Thank you very much.

Governor Volpe: Thank you very much, John. Your remarks were cogent and provided us with a great deal of food for thought. Members of the Conference, we now have time for floor discussion and questions to Secretary Gardner. Who would like to lead it off?

Governor Warren E. Hearnes: Mr. Secretary, let's just take a hypothetical case. You have all the money you want to spend on a hypothetical city in the United States. Leaving generalities and getting down to specifics, what would you advise?

Mr. Gardner: It is not just money, of course, although this is at the heart of the cities' problems. The splintered jurisdictions of the city are almost equally difficult. So as you set out to spend the money, you would also have to create some kind of instrumentality that could deal with the metropolitan area as a metropolitan area. Given that and given the kinds of legislation now on the books, I would say the first and most important thing would be full funding of the model cities programs. Perhaps the next most important thing, to my mind, would be the full funding of the housing bill, which seems to me to hold tremendous potentialities. In fact, the whole task of meeting the housing deficit in this country seems to hold more possibility of generating significant economic activity than almost anything else that we talk about.

Governor Hearnes: The reason I bring this up is that when we get into discussion, as every Governor has, on model cities, we get into housing and so forth and so on. We have had housing before. We have developed model housing projects, but twenty years later they were jungles. You can do all of this you want to but if you do not have employment, and if you do not have the incentive to work, all you have done is put on the shelf a problem for your successors twenty years from now. This is what I keep trying to get into when we are talking about money. I agree with you that there has to be that. That is an answer to part of it. But there is another answer that has to go along with this. These projects twenty years ago

were model projects and somebody bragged about them at that time. Now they tell us that they are jungles, with people on relief without jobs and some without motivation for jobs. So I think you will have to go back to that same problem of putting people to work, trying to get them to work, and training them for work.

Mr. Gardner: I would have added jobs and I certainly add education. I think that today we know more about poverty, and what makes it a resistant problem, than we did twenty years ago. I think we now understand that you have to break through with education and employment if you are going to get any long-term results. But these cost money, too.

Governor Hearnest: Again, that is part of it—money. But motivation is still part of it. We have jobs open in every one of these areas, at least in my State, and you still have people that are not going to get on a bus and go five miles to go to work. And yet, some of those are the ones that holler the loudest for more relief payments. There is no one that has more compassion than I do for those who are unable to work. But I just do not think we ought to lose sight, in our venture for greater aid to the urban areas, of the fact that there is still that third dimension of employment and education. Because you can go in these areas and you will find that there are plenty of jobs open and plenty of people unemployed who do not want to work. I do hope those who are working in the Urban Coalition do not lose sight of this fact.

Mr. Gardner: Well, I do agree with you that there is the problem of motivation and training. I think the rehabilitation of the hard-core unemployed is still dealt with normally in a very superficial way. When we have dealt with it thoroughly, we have discovered a lot of things about the need to train people up to the point where they have marketable skills, because many of those jobs that are open are jobs that require some measure of skill. Almost all of them require some measure of confidence. The matter of motivation is much more complicated than we originally thought. You find in some of the best training programs, for example, that people develop motivation as they develop skill. When they learn they can do something, they want to do it. But I think we are learning every day and with each succeeding year how better to reach into this unemployable category and salvage human capacity.

Governor Hearnest: I do not want to monopolize this but I leave you with one word. There are a lot of jobs that are open that do not require skill, and they are still unfilled.

Governor Nelson A. Rockefeller: I think Governor Hearnest's point is very well taken about the jobs. But one of our problems is getting to the jobs, leaving the urban area and going out to the suburbs. I am very disturbed about the action of the Treasury Department to eliminate the use of State Development Corporations for building industrial plants in high unemployment areas. I think this

is a very serious question. As Governor Hearnese stated, the people will not commute. They do not have the money and they do not have the facilities. We have to attract industry by building plants into the area, an idea initiated by some of our Southern friends. Just at the moment when this is getting rolling, we find ourselves with the Treasury and the Congress responding by cutting into the use of the industrial bond on a tax exempt basis. It seems to me that the federal government should consider its programs in their totality and not from the special interest point of view. This ought to be considered.

We also have the question of state leadership. You mentioned the state commitment. Obviously, there is going to be a wide variation of attitudes and approaches on the part of the States. Some States are going to be very aggressive and have plans, whether it is in manpower training, urban development, health, welfare, and so on. Would it be possible, from your experience as Secretary of Health, Education and Welfare, to encourage the federal government to be able to accept a state plan, if it had real merit and real imagination and real creative and experimental value, and then give block grant money to that State in whatever the field might be? Then, where other States do not come up with a plan, or come up with one that is not adequate, the federal government could either have its own plan, or could establish a pattern for categorical grants. In other words, the flexibility of the federal government in recognizing initiative by the States seems, to me, the most important thing in this particular situation.

Mr. Gardner: I would enormously loosen up the situation but at the same time it is very hard to do and practice—very hard just from the standpoint of human relations with fifty Governors to deal with, some on a block grant basis and others in another fashion. I would like to think that we could do it. It is tough.

Governor Rockefeller: But you are not going to get the state initiative unless the federal government cooperates. Since you left, they are creeping in on us again.

Governor William L. Guy: Secretary Gardner has talked of the problem of the metropolitan areas, the highly-populated regions of the country. But I would submit that there are very serious and grave problems also in the under-populated regions of this country. It seems to me, as we look at the grave social problems caused by population displacement in this country—I am talking about smog and water pollution and transportation glut and crime and the rest—that we have to ask ourselves, "What is the major factor that causes people to move from one region in this country to another?" That major factor is the policy and programs, uncoordinated and unplanned, of the federal government. I am talking about higher education grants that establish great universities and great research centers in certain areas. I am talking about the de-

fense contracts that build entire industrial complexes. I am talking about the other primary and secondary education grants and the recreational grants and the health facility grants. It seems to me that our country is always trying to put out the brush fires without establishing a national policy on creating opportunity for jobs, education, health facilities, recreation and all of these necessary opportunities for a good life all over the country. As long as the federal government keeps trying to follow this flow of people to the metropolitan areas, to take care of them instead of trying to create opportunity where they are presently located, we will always be trying to solve the problems of the city. I would like a comment on that.

Mr. Gardner: I think this is a very relevant point. As I said in my talk, the problems of the rural and urban areas are just inextricably mingled. You cannot talk about one without the other today in view of the migration difficulties.

Governor Spiro T. Agnew: I think some of the things that Governor Guy has just brought up, coupled with what Governor Hearnese said, points out something, Mr. Secretary, which I believe you were one of the foremost leaders in recommending, and that is that in some way before we can reach the problem of the impacted areas we must relieve the impaction. I am totally in agreement with Governor Guy that programs dedicated to the simple provision of more and more enticement to the rural poor and underprivileged to move to the urban areas are self-defeating. I think that there are two very simple steps that should be taken quickly. One of them, which I have advocated on many occasions, is a system of national welfare comparable to Social Security where benefits are standardized. The second recommendation is to utilize federal fundings for something other than building, as Governor Hearnese has pointed out, to no useful effect, more and more public housing in the terribly compressed areas of the existing cities. I suggest going to the satellite city concept, moving these people into areas convenient to the industries that are going to supply the jobs and using the center cities as a cultural attraction, as a city should function.

But the point I want to make, and one that seems to be missing from the detailed planning, is that nothing is being done to reverse the continued impaction of the cities. I believe that we must face the fact that population density must be resolved, and that question must be resolved before these other solutions can come. Obviously, more and more people are moving from the rural areas, particularly those who are looking for the greater enticements of city life. In the States having large cities, that are paying more to assist the poor, this situation is completely self-defeating. I recommend that an overall plan be formed to gear itself to city improvement rather than simply pouring money into the morass that exists today.

Governor Charles L. Terry, Jr.: I think we are moving in the area of civil rights. We are providing jobs. We are providing recreation, day-care centers, housing and transportation. But the unrest in my State, as I am sure in other States, stems from the hard core of unemployed that simply will not work. And it seems to me that unless we change from the dole system and move over into work programs where the man has to earn his bread and possibly gain some self-respect, we are not going to cure the evils of unrest that exist in this country. We should have the courage to move in and take away the dole. Because they tell us, "If you do not give it to us, we are going to burn and loot." Let them work for it. Let them earn it. Let them get a bit of self-respect.

Governor George Romney: Mr. Secretary, I would like to challenge your basic premise, based on my experience, to support what Governor Terry just said. I spent about two months during the past year touring the ghettos and taking a look at projects that work. My experience is that money is not the priority item needed in the successful operations that I have seen. The most successful ingredient is the willingness to do something about it themselves — the self-help process. The projects that are really working in the field of jobs and job training and education and housing, based on my observation within Michigan and around the country, are those programs where some people are taking initiative on their own. In the ghetto itself, people are beginning to take initiative on their own. They are beginning to initiate projects and programs and they want to get away from being dependent on government.

The most essential ingredient is willingness to get out and do something about it and help themselves, as far as I can determine. I would be interested in what your judgment is regarding the importance of motivation and self-help in dealing with this whole thing. In my opinion we are not dealing adequately with the job problem because the economic policy of this country operates against the creation of private jobs to the extent needed at the present time. Until we correct the deficiencies in our national economic policies in this country, we are not going to stimulate private employment and eliminate poverty on a sound basis the way we did earlier in our history. I think we have to correct some of these things.

Let me touch upon another aspect. We have federal and state restrictions on housing construction today. When you have private power that can push the wages of craftsmen up to \$20,000 a year, which is now happening, I want to know how you are going to be able to build low-cost housing in the volume necessary to meet the needs of this country. These are some of the things that concern me. I think the idea that the principal ingredient we need is government money is one of the things that is delaying the encouragement of self-help programs on a sounder basis.

Mr. Gardner: Governor, I appreciate your addressing me as Mr. Secretary, but I am no longer Secretary. And I no longer feel a strong compulsion to engage in an all-out defense of all government programs.

Governor Romney: I respect you highly for the fact that you spoke out more forcibly and more effectively on the need for decentralization than anyone in the Administration. I salute you for it.

Mr. Gardner: Thank you, sir. I do just want to say one little word in behalf of money, whether it is federal money or state money or city money. And, of course, the cities are strapped so we will leave that out. Or private enterprise money. It really is literally true that we are going to have to put more money into the task of doing something about it. Let me finish this. It is not just the job programs, although I deal with the people you are talking about. I see these people engaged in self-help projects and they are very good and they are very heartening. I try to be as responsive as I can. I have to tell you that one of the first subjects that they bring up with me, as a private citizen, is where they can get some money. Even self-help programs require some kind of money. In my speech, I was talking about the whole range of problems — air and water pollution, transportation, neighborhood rehabilitation, and education. We are not going to move ahead on the promise of elementary and secondary education improvement without more money.

Governor Romney: But you were talking about priority. That is what I was talking about. Which comes first, the money or the spirit to do the job? I submit that this country is what it is today primarily because people went out and worked to produce what exists. They did not have money. They went out and built what they had to have. And we need to get back to the fundamentals. By this I mean the willingness of the individual to contribute, to promote progress, not handing them money. Now surely, you have to have money but it is a question of priority. And I disagree with your priority.

Governor Lester G. Maddox: I would like to agree with those who have stated that motivation has got to be number one. I think we are basing too much emphasis on the fellow who will not work and will not find a job when that job is available instead of the fellow who cannot work and we need to help him. Even though urban affairs is our great problem at this time, it was created elsewhere. We have placed urban affairs ahead of rural affairs to the extent that we are neglecting rural affairs, particularly since World War II. We have somewhat put the cart before the horse. We can continue to pour billions of dollars into the ghettos. What we are going to have will be billion dollar ghettos. We must go back to rural America. This is not only a failure of the federal government but a failure of state government.

I believe the Nation's industries follow a trend of moving into the areas where they can find adequate water, recreation, education, and other facilities. Those areas that provide these things are getting the industries. What about our present program of doing something for the hard core? We are trying to find excuses for them. In the area of public housing, we are not building public housing for people who need it. We are building people who need public housing. It is my opinion that the urban program, the one that you are in and the one that all of the Governors are involved in, should be distributed more effectively, as has been talked about this morning. Any person who wants to, who has the mental and physical capacity, can be successful in it and government does not have to do it for him.

Then I would like to say that this nation, after World War II, moved from an agricultural economy to an agro-business industry, and these people left the farm, left the rural areas, seeking a bare existence. There was nothing offered back home because the federal government and the state government provided nothing that would attract industry into these areas. I believe, had our federal government and also our state governments been more interested in doing something for these areas after World War II, instead of sending money to foreign countries and sometimes foreign enemies, we would not now have so great a crime problem or ghetto problem in the great American metropolitan areas. I think, unless we go back to the spirit of the free enterprise system, we are going to pour more billions and billions of dollars into these ghetto areas. Someone asked a few moments ago, "Why do they move from these areas?" They move for the particular purpose of trying to find a place to live and something to eat and a job. If we do something about these millions in the metropolitan areas now, millions more are waiting to come into the metropolitan areas, untold millions. And our problem is going to grow greater.

The States have to prepare for it along with the federal government and the free enterprise system during this particular period. I want to mention one other thing, Mr. Secretary. This is somewhat germane. We are talking about spending billions of dollars. I am not blaming any particular Administration. But I am suggesting that if we had in our hands the billions that we sent out of this country in the field of Foreign Aid—and we are continuing to send billions—we could wipe out every ghetto in the United States of America. We could probably pave every road that has ever been paved in the United States of America. If we had that money we could build ten million houses in this country and still have enough left to build another Interstate Highway System like the one we have been building for the past twenty years. So I say that money does not answer it. It depends upon where you spend it.

I close with these remarks. If we are going to spend more

money, we have to collect more money to spend it. Even now, this year, our interest is some \$15.2 billion. This may not sound much to the average citizen or to the Governors, but this is \$41,000,000 a day. We could take \$41,000,000 a day and we could build a few very expensive houses every day or lots more moderately priced houses. And if you did not want to build houses, well, possibly, let me suggest that there is a lot of money going into areas that are unnecessary. If we did not want to build houses every day, we could buy twelve thousand \$3,500 Chevrolets, Fords or Plymouths for these poor people. If we did not want to give them twelve thousand Chevrolets, Fords or Plymouths every day, we could buy six thousand \$7,000 Cadillacs every day for them. If that is not enough, we could buy two hundred fifty of them an hour or four of them a minute. If we are talking about spending money, let's direct it at spending it in the right areas and create a spirit in these people, teaching them what this great country is and how to keep it that way.

Governor Volpe: Will the Governors please speak right into the microphone. I recognize Governor Hoff.

Governor Philip H. Hoff: I simply would like to say that I think we are going through the greatest oversimplification of this problem I have heard in a long, long time. Yes, attitudes are important. But let's not forget where the attitudes develop. I can speak from my own experience in the rural State of Vermont. The poor are almost unrecognizable. The attitudes that we talk about which need correcting come out of that atmosphere. Let us not forget that. The fact is that this starts from the day the child is born. He is born into uncomfortable circumstances. If he does not hear a sentence or a series of connected sentences, this is his background, and that kid is licked from the day he is born. So the problem is a whale of a lot more complicated than trying to correct attitudes that have been instilled since the day he was brought forth on this earth. I agree with Secretary Gardner—and I still would refer to him that way. I have enjoyed one of the greatest speeches I have heard. It does require a gigantic investment, not just in money but in the spirit of recreating America. That is what you really said, and that is the way I took it. I deplore the oversimplification of attitudes, because attitudes start at a very early age. We must be prepared to make this kind of public investment, including schools, that will put us on the road to solving our national problems.

We are no longer an agrarian society. We moved from that a long time ago. And part and parcel of this is that there has been a breakdown of the family and of the disciplines of the family. Until and unless we are willing to get at that, we are never really going to solve the problem completely. I would resubmit that the essential problem here is a commitment, a commitment on the part of the people of this Nation. Money is terribly important and you

cannot do without it. But in a sense, this is only a symbol. I certainly took the speech that way. What is really needed is a change of attitude on our part. Until and unless the people of this Nation are willing to commit themselves to the solution of this problem, it will never be solved. I applaud Mr. Gardner for a great talk.

Governor John A. Love: Mr. Gardner, in your talk you mentioned money, public money. It obviously hit a sensitive nerve. I would like to add that, in looking around at my fellow Governors, I find very few who have not raised taxes during their terms and who will not be faced with this problem again in the next legislative session. Admitting the need for money, an area that concerns me, I have seen figures indicating that taxes at all levels of government now approach perhaps 29 or 30 per cent of the Gross National Product. It is somewhere in that area, I believe. I would like to hear a comment from you. Are you concerned about the effect which a still higher percentage, whatever it may be, of tax take of our Gross National Product would have on the economy, perhaps even on our governmental system? It seems to me that perhaps we often tend to oversimplify, without considering possible side effects that will result, and say: "There is a problem; it needs money; therefore, raise taxes or borrow money at the governmental level to handle it." I do not mean that I think the present level of taxation has changed things. But in your opinion is this a valid area of concern?

Mr. Gardner: It is always a valid area of concern. I think anyone must approach increased taxation with a great deal of caution, not only for its effect on the monetary economic situation but for the general level of taxation that is involved. Earlier, I mentioned that most cities are literally strapped. They have reached the limit of what they can do in terms of taxation. This is not true of many States. But to talk about taxation generally without talking about the formulas of taxation or about tax reform, does not get at the question. I would not say that we have to raise taxes everywhere and on everything. I share your caution on it. But I would say that there are many areas and many ways in which we can raise taxes.

Governor Volpe: Before we go on, I would like to recognize a former five-term Governor of Ohio, Senator Frank Lausche.

Governor Richard J. Hughes: Mr. Secretary, I am going to persist in this Secretary title, if I may, sir, because I feel that in the American concept you really have that title. About a year ago today, I was withdrawing the National Guard and the State Police from the tragedy of Newark, New Jersey. I tell you in candor that at that time I was quite pessimistic about the future of America and about whether an illness that seemed to be sweeping our society was subject to cure. In that intervening year, I have changed my mind. I believe that you should not leave here with any feeling of pessimism. I think, if all of us look at this matter closely and objectively, we

will see the greatest hope of getting where we want to be. I took from your speech two principal words, commitment—you might call it recommitment—and dialogue. Both of those things have worked very well in New Jersey. In 1967, in November, there was a citizens' uprising which elected a Legislature three to one against me—members of the other party. I could not understand this, but I had to live with it. It was thought at that time that if I could get through 3 per cent of any program it would be little short of a miracle. But early this year I proposed a program of recommitment before that Legislature, and we had a dialogue. It was mostly friendly. Toward the end of June, we got two thirds of that program through—things like the Urban Teacher Corps, to train teachers who want to work in the impoverished ghetto schools; the school construction program; the college opportunity funds program, which recognizes in terms of millions of dollars that if there are minority children who are not fit to go to college and qualify, it is not their fault.

The dialogue between the federal government and the States, to which Governor Volpe and Jim Rhodes referred, is here, and it is embedded in our relationship, I believe. The same kind of dialogue between state government and the community is going on in our State. The private sector is only waiting to be asked to be of assistance and to be a part of this alliance. No sooner was the National Alliance for Business formed than our Legislature gave me money to form a New Jersey Alliance. It is the counterpart to pick up the counties not included in the federal effort. I myself have made inspections and I have seen the young people in the neighborhood youth centers. I have seen these fifteen- and sixteen-year-old kids working under the most horrible conditions with 100 per cent attendance. I have seen rehabilitated homes. I have seen enough, Mr. Secretary, to make me conclude that there is a new wave of hope and recommitment and dialogue sweeping this Nation, and we are going to get out of this problem.

Governor Volpe: Thank you very much, Governor Hughes. I recognize Governor Reagan of California.

Governor Ronald Reagan: I, too, shall stay with the custom and say, Mr. Secretary. I know what it must be like for you in this discussion to hear all of us voice things that perhaps you and your group have already discussed. Perhaps you have already found flaws in some of our suggested solutions. I think we around this table, all of us, are trying to give whatever we can that might be helpful. I think I also detected here a general consensus that perhaps our direction should be more toward people instead of the structure surrounding them. Some of our remarks may inherently suggest that, before we move and before we start bulldozing and building, maybe what we need is a pause for planning. I am a great believer in the job theory. Yet, at the same time, I cannot help but

point out that back in the 1920's when we had the low point of unemployment in this country there were seventeen employed in private industry or in the private sector compared to one government employee. Today we are down roughly to the same rate of 4 per cent unemployment that we knew in those affluent days, but today there are less than five employed in the private sector for each one employed in government. And whether we want to read it any other way, I think this is what we are trying to say about always looking toward the public sector for more funds. This means that fewer than five citizens in the Nation's work force are fully supporting the salary of this government employee, either at the local, state or federal level.

We should find out whether there is a new urban pattern developing. You cannot drive around any American city today without seeing the great growth of shopping centers on the fringes of the towns. Perhaps the people are telling us that they themselves want decentralization. Right after the Watts riot a few years ago in Los Angeles, private businessmen in the Los Angeles sector got together, moved into the Watts area on their own and set up an employment program directed at the minority community within the curfew area. They had the cooperation of government, but they initiated this move for, in the last analysis, they had the jobs to give. Private industry cannot take on the whole burden of job retraining or education. It is partly a social problem. So government must help and cooperate. But in sixteen months, following the Watts riots, private industry in the Los Angeles area put 17,869 unemployed in the curfew area alone into private enterprise jobs. Five sixths of those people are still in those jobs or have been promoted to better jobs. But a very significant factor was that 30 per cent of those people moved out of the Watts area, indicating that the walls of the ghetto are economic. I wonder sometimes, before we plan a city or plan housing, whether we should first find out if the individual has some plans of his own. We may not have to plan for him. He may want to live in a houseboat on the river, or he may want to live in the country, or just repaper the walls where he is living now and stay right there.

I would make one last point. A comment was made that there are people who will not ride five miles on a bus to do a job. Is it possible that in our very compassion and in our desire to help we are like a parent, who is also compassionate, and as a result spoils his child? If do not mean this vindictively. I do not mean it meanly. But we live on the theory of the carrot and the stick. We work hard and we seek promotion in order to get something we desire. But also behind this is the stick of necessity—the paying of the mortgage, getting the kids to school, getting them clothed, paying their way through school, and so on. I wonder sometimes if we have not been so compassionate that we have actually given the person on

the dole the ability to say, "I won't go to work unless the job is exactly what I want in the neighborhood where I want it." Maybe we are going to have to resort a little bit to the stick and say, "Yes, we will go so far, but there is a stick behind you." In our country a great deal of migration in the past has been based on the need for someone to go where there is economic opportunity instead of waiting for it to be brought to him. Perhaps before we start talking about the vast programs and the cost, we should recall that our citizens today are working 2-1/2 hours each day to pay for the cost of government at present levels. That is getting up beyond the limit of taxation that any society has ever been able to survive. And perhaps if we start analyzing the human problem, we may find that, if they have the wherewithal of a job, they can make their own plans and lessen the problem for the rest of us.

Governor Volpe: The Secretary would like to comment.

Mr. Gardner: I am sure you are aware of the fact that in the past twenty years the spectacular gains in government employment have been in the state and local governments. I have often wondered whether that trend might be reversed. It has always pained me to think that such a reversal would deprive you of some of your troops. I want to strongly endorse your views about the necessity for planning and your views concerning better research on the factors of migration in and out of the cities. I think it is shocking how little we know about these movements of people that are very deeply affecting the situation in our cities. I share that view. Thank you.

Governor Calvin L. Rampton: Mr. Secretary, I am sure there is not a Governor here that does not want to undertake joint programs for the solution of this problem. Sometimes it may be difficult for us when a federal government program not only goes around the state government to the cities, but also goes around the Governor's office to various departments of state government and entirely bypasses the Governor. Even in areas where the federal government program says that the Governor will designate a single state agency to administer it, I do not think I have ever designated a state agency where I did not have an argument from the federal agency that I designated the wrong one. I had to go to you two or three times to get you to overrule people in that regard, which you have generally done. But you take a situation such as we had when the Vocational Education Bill was on the floor of the Senate. The bill, as introduced by Senator Morse, provided for the planning committees under this act to be appointed by the State Chief School Officer. This organization went to the Senate and asked that it be amended to provide that the Governor make that appointment. It was voted down, I think, 67 to 20 in the Senate. How can we establish rapport with your former department and with the Congress and convince them that the Governors want to enter into this with the responsibility and authority that they need to get their state programs going?

Mr. Gardner: Let me say first that you may remember I left the federal government because I thought I could be more useful in the private sector. So I am quite prepared to recognize that the federal government's dealings in these respects are not without fault. But I think if you take a constructive attitude toward it, you will see two paths. One is the path that you have followed to date, of continued pressure to surface these problems. I want to say that Governor Volpe's reference to this very marked increase in your testimony is a very important part of this. I have done a lot of testifying. I know how difficult it is, and what a nuisance it is. But this is a very, very important part of making your case and I hope that will continue. The other constructive step is one that I mentioned in the talk, and that is the business of demonstrating that States in fact have a very deep commitment to urban problems. I think, for example, the establishment in each State of a Department of Urban Affairs, the movement on the part of States to carry on the kind of comprehensive planning that will make them capable of decisions within their own States—these kinds of moves—can, when linked with the pressure I have talked about earlier, make a very convincing case to the federal government and to the American people.

Governor Volpe: We have about five minutes left. I recognize Governor Kirk of Florida. I also see the hands of Governor LeVander and Governor Bartlett. If we can keep those questions or comments brief, I would appreciate it because we will have to get on with our next business.

Governor Claude R. Kirk, Jr.: I would like to speak to the question of constant appeal to the federal government. It is something that exists today and has probably escaped attention. It is a compact, oddly enough, between Governor Nelson Rockefeller and myself where we identify a migration problem. If you want to face up to the fact that migration exists, and if the Governors of the various Northern States who do have these problems in their major cities will identify the cities, they can come to the benefit and aid of such places as Florida and Georgia and Alabama and Mississippi, from whence the migration stems. We have found that the migration to Rochester, New York comes from two areas. We found that one of them was Sanford, Florida. If they are going to migrate to Rochester, we now have a program whereby they know what they are encountering in Rochester, what they must be ready for, what the educational requirement is. Quite frankly, we are stopping migration by cooperation between the industries of the area and putting jobs and payrolls into Sanford, Florida. I would hope that we could expand that. I would suggest that those Governors who have not seen this take a serious look at it and that the federal government should also look at it. The problem exists today and I am doubtful that the federal government can act as quickly as Governors can act in that regard.

Governor Volpe: I recognize Governor Bartlett.

Governor Dewey F. Bartlett: Mr. Gardner, we have adopted a program which is very similar to the Watts program but it is statewide, involving local and state governments, business leaders, men in education and in every profession. It has been successful in solving some employment problems, with an increase of 15 per cent in Negro employment and 11 per cent in Indian employment. It has been concentrated in both city areas and in rural areas. We found in the rural areas that the job opportunities available for the minority are very limited, and our effort must be directed at interesting industries to move into these areas. The involvement of state, local and federal government with the private sector is most important. In your talk you mentioned involvement of Governors in the area of the Model Cities Plan. I had a meeting with some district representatives who were working with the established Model Cities Plan in Oklahoma and they asked my cooperation. I readily offered it, and then I asked them what my responsibilities were. They told me I had none. This, I feel, is a very distinct problem with the Model Cities Plan. Perhaps I was misinformed by these particular representatives of the federal government, but I can find no intimate involvement that was really possible for the Governor of Oklahoma. What recommendations would you have here?

Mr. Gardner: I think you were correctly informed. But I think, as this program goes down the road and, in fact, as every significant effort to solve urban problems does down the road, we are going to find deeper involvement of the State. There just is not any other path than deeper involvement of the State in the problems of the cities, partly because of the metropolitan problem, partly because of the linkage to the rural problem.

Governor Volpe: I recognize Governor LeVander.

Governor Harold LeVander: Mr. Secretary, I would like to compliment the Urban Coalition and also the National Alliance for the way in which they have stimulated the interest and the concern of the business community in solving this problem. My concern is that the core cities are getting blacker and blacker and the suburbs are getting whiter and whiter. I would like to have the benefit of your experience on how this affects the planning and the programming of the Urban Coalition.

Mr. Gardner: I will just have to say that we are groping as everyone else is. This is a very, very complex problem. Everyone is trying to get hold of it. As I said to Governor Reagan, the pity is that we have not studied in the past the migration which began in its present form ten or fifteen years ago, and we still do not have adequate analytical studies. All I can say is that we are working on it, as I am sure you are.

Governor Volpe: We will close the discussion with another question from Governor Rockefeller.

Governor Rockefeller: I would like to say one other thing. The case for private sector employment has been made very eloquently by Governor Reagan. He did a beautiful job. The only point I would like to make is this. Industry today demands services. They demand good highways. They demand airports. They want good education. They want higher education for their people or they will not locate in the rural areas. They want recreational and cultural facilities. This is what business demands of government today. The business community demanded that New York State take over the commuter railroads that were going into bankruptcy. The business community demanded that the State take over all mass transportation. So it is business that is demanding these services. They need it in order to develop and to provide the jobs. I think this is a case where government and business will intelligently have to work together. I agree with you that there are major capital investments. Water pollution is another perfect example. Business needs pure water, clean water and they need it more and more. Our host, Governor Jim Rhodes, is a perfect example. He has done more with bonds to meet local problems with state initiative than almost anyone else. So I think if we Governors, instead of just asking for handouts from the federal government, will do more for ourselves on a self-liquidating basis, investing in the future, we will get both.

Governor Volpe: Mr. Secretary—and we shall always call you by that name—I think this is one of the most productive sessions I have ever attended at a National Governors' Conference. We are very, very grateful for your coming to Cincinnati and your willingness to answer questions and to discuss with us this very great problem that faces our cities, our States and our Nation.

We will now have a five-minute break. Please come back because we have another important matter to take up in a closed meeting after the next speaker.

[A short recess was taken.]

Governor Volpe: Gentlemen, one of our colleagues must leave this afternoon to attend to very important business. I would like to call upon him now to make a statement. I would like to present our colleague, Governor McKeithen of Louisiana.

Governor John J. McKeithen: Mr. Chairman, distinguished members of this National Governors' Conference. Unfortunately, I must leave you. I have to go back to Louisiana and then on to a trade mission to Europe. I notice on the agenda that the last day of the session of the Conference is thrown open for invitations for the next National Governors' Conference. Almost ever since I have been a member of this Conference, we have had a standing invitation to the members of this Conference to hold the Conference in the great City of New Orleans in our State. I think it has been forty years since the National Governors' Conference was held in Louisiana. We have come a long way. We have made a lot of prog-

ress and have been called upon to face up to problems that we thought a few years ago we never could. We have faced up to those problems in Louisiana. We feel now that we are worthy of the honor of being selected by you gentlemen as the next site for the National Governors' Conference. I do at this time respectfully invite you to hold this Conference in the City of New Orleans, State of Louisiana, next year.

Governor Volpe: Thank you, Governor McKeithen. As you know, we cannot vote on this right now. It will be the responsibility of the new Executive Committee. But let me say that I, for one, as an individual member, not as the Chairman, would be delighted to go to New Orleans next year.

Governor Buford Ellington: May I make a motion that this Conference recommend to the new Executive Committee that we go down and visit with John McKeithen.

Governor McKeithen: I would like to have that motion seconded by the distinguished New England Governor, Governor Dempsey of Connecticut.

Governor Dempsey: I would be delighted to second that motion, sir.

Governor Volpe: Gentlemen, I am now privileged to call upon our colleague Governor Love of the great State of Colorado to introduce our next speaker.

Governor Love: Thank you very much. Mr. Chairman, my fellow Governors and ladies and gentlemen: It is with a great deal of pride that I present to this distinguished group today one of Colorado's most distinguished citizens, one of its finest public servants and a friend and fellow worker of mine—Congressman Aspinall. There are many things I should mention. Perhaps I should mention first that he is the father of one of the members of this Conference—Governor Aspinall of American Samoa at the end of the table there—and perhaps even more important, father-in-law of Owen's delightful and beautiful wife. Congressman Aspinall also is the Chairman of the House Interior and Insular Affairs Committee. In that position and as a person, he has provided outstanding leadership to most of the progressive reclamation, conservation, and other measures that have occurred across the great United States during the past several years. More pertinent to this subject this morning, he is Chairman of the Public Land Law Review Commission, a commission that is now deep in the process of re-examining all of the federal laws that have to do with the policies and programs affecting public lands. It is, obviously, of great importance to us in the West. Colorado is about 36 per cent public and, I think, Nevada approaches 90 per cent. I heard it said that Alaska is 102 per cent federally owned. But it is not only the West. I find that the relevance of the public land laws are of great importance to the entire nation. I think about the offshore land on the

East Coast, for example, in which there are many parallels to what we have dealt with in our forests and parks. It is a great privilege and a great addition to this Conference to hear from Congressman Aspinall.

Congressman Wayne N. Aspinall: My own Governor, John Love, Governor Volpe, Governor Rhodes, your Excellencies, Governors of our States and Territories, ladies and gentlemen:

Last year, my good friend Governor Paiewonsky urged me to be with you at the National Governors' Conference, but my legislative duties prevented my attendance. I did not know then that this year I would not only have the opportunity of addressing you but that your meeting would be held in my native State. So, in turning in the raincheck I picked up last year, I have more than the traditional pleasure universally expressed by speakers when they ascend the podium.

To put our public lands situation in perspective, I should like you to recall that the first federal public domain came into existence when seven of the original States surrendered their claims to lands west of the Alleghenies as part of the agreements on which this Nation was founded. This is particularly fitting to note today because the first new State to be formed in this vast public land area was Ohio in 1803. With the admission of Ohio to statehood, Congress initiated the practice of granting a portion of the lands within the state boundaries for school purposes.

It is also interesting to observe that the very first law briefed in our first publication—"Digest of Public Land Laws"*—is an act of 1792 patenting lands in Ohio in trust for the persons composing the Ohio Company of Associates, with the third summary being the Ohio Enabling Act. To complete this volume, it was necessary to review approximately 3,700 items of federal enactment.

Today, the United States has an area of almost 2.3 billion acres of land. Of this area, almost 766 million acres are owned by the federal government. About one half of this total is in the State of Alaska and the rest is located in the remaining forty-nine States. If one excludes Alaska, about one fifth of our total area is in federal ownership.

Some of our most difficult problems in the public land field arise from the fact that this one fifth of our area is not proportionately distributed over the forty-nine states. The federal government owns a bit over 48 per cent of the total land area in the eleven western contiguous States. The percentages for these eleven States range from a little over 29 per cent in the State of Washington to almost

*The "Digest of Public Land Laws" was prepared for the commission under contract by Shepard's Citations, Inc. and is available for purchase from the Superintendent of Documents, United States Government Printing Office at \$6.50.

87 per cent in Nevada. The median of the group is Arizona, of which almost 45 per cent is federally owned.

For the sake of further perspective, it should be noted that the public land in New Mexico exceeds the total area of the States of Maryland and Pennsylvania combined. The public land in Colorado alone exceeds the area of the entire State of Indiana, and these percentages do not include Indian reservations.

Among the problems that have been called to our attention in meetings that we have held have been those arising out of land grants that have been made to the States. In this context, we are aware that although remaining federally-held public domain is concentrated in the eleven western States and Alaska, thirty of the fifty States are public land States in that they were carved out of the public domain. In a Study of Land Grants to States being made by our staff, one of the specific matters being examined is the problems that States may have by reason of restrictions or conditions in grants.

To some, it appears that the federal government has not treated all public land States with an even hand in regard to land grants. Colorado, my home State, received about 6 per cent of its area, while Florida received about 70 per cent. Even a midwestern State like Wisconsin received about 30 per cent of its area. Some States, such as Nevada, which have within their borders large amounts of land which have never been on the tax rolls, feel that there are inequities among the States which should be rectified, even at this late date. These contentions will be studied thoroughly.

Federally-owned public lands belong to the entire Nation. The resources of these lands represent existing or potential sources of revenue to the federal government and provide a means of livelihood or leisure pursuit for many of our people. Citizens from each of your States make use of the western public lands for recreation. Also, as a proprietor of these lands, the federal government annually spends substantial sums of money for their protection and development.

From the point of view of a citizen in one of the western States, the federal government is often little more than an absentee landlord. From the point of view of a citizen of an eastern State, he shares in the ownership of these vast and distant lands, but that often seems to represent a burden to him as a taxpayer for which the benefits are intangible.

Although the bulk of the federal public lands are concentrated in relatively few States, each of you has, as does each American, a tremendous stake in the outcome of the work of the Public Land Law Review Commission. There are many reasons for this and I will, in the time allotted to me this morning, touch on the more significant ones while bringing you up to date on the Commission's program which has now passed the midway mark towards completion by June 30, 1970.

With most of the people of the United States residing in urban metropolitan areas, and more moving in that direction, it is only natural that, at all levels of government, most attention and money is focused on big city problems. There are comparatively few units of government concentrating primarily on problems associated with rural America. But, the solution to problems surrounding the public lands will have an impact in urban areas even though the lands are physically located in the countryside.

It is my own opinion that respect for the law must start within government and that disrespect for the law outside of government is frequently, though inadvertently, sharpened by actions within government. When we have officials from the administrative branch of government coming before a legislative committee claiming that they alone know what we, the legislators, meant when we passed a law, we have seeds that breed disrespect for the law. When we have Americans being told that they should not read the law to find out their rights but rather to listen to an administrative official tell them what they may do, we have the seeds that breed disrespect for the law. When the Congress fails to act, leaving a vacuum which the Executive, of necessity, fills, but citizens believe that the Executive has acted without sanction of law, we have seeds that breed disrespect for the law.

These were the precise conditions that we found relative to the administration of the public lands in the United States. It was for this reason, among others, that the Public Land Law Review Commission was established. If our deliberations, determinations, and recommendations are effective in restoring the confidence of the people in the legal system applicable to the public lands we will, in my opinion, also have taken a long step forward in reestablishing respect for the law generally. Bear in mind, as you think about this, that many of the users and would-be users of the public lands live in your largest cities or have their offices in those cities with many employees involved in day-to-day operations.

In the History of Public Land Law Development, prepared for us by Professor Paul Gates of Cornell University, the first chapter is titled, "Whose Public Lands?" While the historian is thinking in terms that go back to our early beginnings as a Nation, the crux of the questions faced by the commission remains indeed the same: Whose Public Lands? The mandate that we have from Congress, concurred in by the Executive, is to make recommendations for policy guidelines "to assure that the public lands of the United States shall be (a) retained and managed or (b) disposed of, all in a manner to provide the maximum benefit for the general public."

There are those, including possibly some among you, who would have the United States transfer ownership of all its public lands to others; and some who qualify that by saying that the public lands not required for federal programs should be transferred

to the States. At one of our meetings—we held a series of public meetings across the country and heard from over 900 witnesses—we heard from one person who went so far as to suggest that those areas now set aside as national parks should be transferred to the States.

Although my philosophy favors maximum utilization of agencies of local government, and my background is steeped in service to my town of Palisade and to the State of Colorado, I believe that there is ample justification for the federal government to retain ownership of at least some of the unappropriated public lands in addition to those lands that have been set aside for specific purposes, such as national parks and national forests. In my own District in Colorado, there are lands that have no significant potential for productive use that would, I am sure, be purchased and set aside as private preserves if the government put them up for sale. Since the result would be to deprive the public of its enjoyment of these lands without having a comparable public benefit, it is justified that the land be retained in federal ownership. In our overall review, we will, of course, also consider the degree of intensity of use of lands by the public.

Everything that we of the commission are doing is aimed at the ultimate objective of arriving at a consensus among the nineteen members of the commission who have been drawn from Congress—six from the Senate and six from the House, divided equally between the minority and majority parties—and from various walks of life among six members appointed by the President of the United States, all of whom collectively chose me as the nineteenth member and to be their Chairman. We are very pleased that state and local government are so ably represented on the commission, having among its members Governor Phil Hoff of Vermont, a member of the Governor's Cabinet in Pennsylvania, and a member of the Board of Supervisors of the largest county in the United States (San Bernardino, California). Among the congressional members, we have many who, like me, have served local and state government in various capacities, including a former Governor, a former Lieutenant Governor, a former Attorney General, and former legislators.

Two formal advisory mechanisms were established under the act establishing the commission. The first is an Advisory Council composed of twenty-five citizen members representing a wide range of users and others interested in federal lands together with eight representatives of federal departments and agencies. The second advisory mechanism is made up of Governors' representatives—one from each of your States. As Chairman of the commission, I was delighted when each of the fifty Governors designated a representative to participate in our work.

We have a relatively small, but, we think, highly skilled staff

which was given the responsibility of preparing, or having prepared, studies that would present all the data required by the commission to form a firm foundation for our conclusions and recommendations. Director Pearl is here with me, and we will both continue to be available this afternoon to discuss aspects of our program that may be of particular interest to any of you. In the meantime, let me quickly review for you some of the thirty-four subjects identified for study that are of general interest to all of you.

As we do this, keep in mind that we have embarked on what we believe to be the most comprehensive study that has ever been undertaken of this Nation's natural resources. Therefore, we also think that our manuscripts will develop much valuable information relative to commodities such as timber, minerals, forage, outdoor recreation, and water that will be useful beyond the area of public land policy.

Revenue Sharing and Payments in Lieu of Taxes—We have received and are now in the process of distributing to those in our official family, including representatives of the Governors of the fifty States, an extensive report on revenue sharing and payments in lieu of taxes on the public lands. Policy issues that have come to the surface in this report should be valuable to all of you even if the amount of public land in your State is minimal.

In this connection, we call to your attention the fact that there is some federal public land with which our commission is concerned in each of the fifty States.

The data in our report will help us focus on questions that have bothered me and other members of the commission for a long time. In my home State of Colorado, 36 per cent of all land is owned by the federal government; but, in my Congressional District, the percentage runs much higher and, in some individual counties, over 90 per cent of the land is federally-owned.

One of the things that our study has done is to examine in detail fifty counties in nineteen States and see, among other things, the relationship between payments being made by the federal government and payments that would be made if the land were taxed on the same basis as privately-owned land. We know that looking at fifty counties does not give us a statistically sound sampling; but it will be interesting to analyze the data and see how many instances there are—and there are some—where local government receives more benefit in dollars from revenue sharing on federal lands than it would if the lands paid taxes. These we will compare with those instances in which existing provisions result in either no payments or barely minimal payments.

One of the issues confronting us is whether to recommend continuance, or possibly extension, of the principle that revenues derived from the sale of our resources should be shared with the State in which the revenue originates. Some of you have suggested

that it would be more equitable to have these monies paid into the Land and Water Conservation Fund for distribution among all fifty States for the acquisition and development of recreational facilities. But, others have suggested that, with slight modification, the present system should continue and that, in addition, mineral revenues derived from the Outer Continental Shelf should be shared with the adjacent States.

When we consider that during fiscal year 1967, the United States received \$762.2 million under various mineral leasing acts with the major portion coming from the Outer Continental Shelf, the ultimate disposition of these funds has considerable significance.

Outer Continental Shelf Lands—The \$637.3 million obtained by the United States in fiscal year 1967 from leases on the Outer Continental Shelf and the total of \$1.7 billion received since the Outer Continental Shelf Lands Act became effective in 1953 underscore the importance of our review of policies governing exploration for and development and production of minerals and other resources beneath the sea. The coastal and gulf States may have more specific interest in some aspects of our review, but the tremendous potential in this area makes it a subject in which you are all interested.

Legislative Jurisdiction—As you know, the mere fact of federal ownership does not carry with it jurisdiction for the imposition of federal law. Unless the State in which the lands are located has ceded such jurisdiction to the government, the civil and criminal laws of the State continue to apply. In many instances, however, States have ceded jurisdiction in whole or in part.

Where the State has retained jurisdiction, it means that it bears the cost of the law enforcement, even though the federal lands are immune from state and local taxation. However, if the State has ceded exclusive jurisdiction to the federal government, citizens living there may be denied the right to vote, their children denied public school education, and their daily activities may be carried on without any clearly defined law governing them. Here again, I can refer to my own experience in my own Congressional District where, just a few years back, I found myself unable to extend the right to vote to employees of a private operator on federal land when I had every reason to believe that a good percentage of them would have voted for me.

An interdepartmental committee in the executive branch of the federal government looked into this matter and reported in 1957 its conclusion that exclusive legislative jurisdiction is not necessary to the proper performance of federal functions including those exercised by agencies of the Department of Defense or the Atomic Energy Commission. However, no general legislation has been enacted to permit the administrative retrocession of jurisdiction.

The Public Land Law Review Commission will take another look at this subject, including an examination of situations that have been brought to our attention where hardship is claimed and unfair competition alleged because business activities in some instances operate free of certain state or local taxes by reason of the federal government's jurisdiction over the land area. I cannot predict what conclusion or recommendation the commission will make in this field; but I can tell you that my philosophy calls for maximum local and state jurisdiction consistent with the federal program being carried out in an area, that I have sponsored legislation to permit the taxation of commercial operations on federal lands equally with operations on other lands, and that I believe that the federal government should not try to use its sovereignty as a shield to escape making fair and equitable payments to state and local governments for burdens assumed or services rendered by such governments.

Fish and Wildlife—The one subject on which there seems to be complete unanimity among the fifty States is that the States should have jurisdiction over domestic game on federally-owned lands unless the State has affirmatively ceded its jurisdiction to the federal government. Most of our federal public lands are subject to state law and in only a few instances has a State ceded legislative jurisdiction. In the last few years, a question has arisen as to whether the federal government could, solely by virtue of its ownership of the land, take game out of season or possibly even establish its own seasons, or otherwise control the harvesting of animals.

Our review of these significant commodities of the public lands will include a complete examination of the jurisdiction over resident fish and game.

Regional and Local Land Use Planning—When we come to consider whether modifications are necessary in laws or regulations pertaining to the manner in which federal land managing agencies integrate their activities with state, local, and regional agencies, we will have factual data being developed for us of actual operations in four regions comprised of 156 counties in fourteen States. Because of the predominance of public lands in the West, three of the regions are in that part of the country, involving parts of eight States; and the fourth region, in the southeast, embraces portions of six States. All in all, we should have a good overall view of whether agencies of the federal government are concerned with the problems that they might create for you, as well as whether they are concerned with duplication and overlapping.

Administrative Procedures—One of the key manuscripts being prepared for us in the context of our concern that we assure fairness and equity in the administration of the public lands is being accomplished under contract with the University of Virginia in an examination of administrative procedures applicable to the public lands.

The study, like all of our studies, will examine the laws and regulations and how these are being carried out, but the contractor will draw no conclusions and will make no recommendations.

This objective examination of the administration of the law should prove very instructive to those interested in how the federal government carries out its responsibility to its citizens.

In bringing you this summary, I am pleased to advise you that we are maintaining a schedule that will permit completion of our report within the time frame requested by us, i.e., submission of the report to the President and the Congress by June 30, 1970. We are gratified at the support and advice that we have received from the representatives of the Governors of the fifty States.

In November we will start examining individual subjects and begin the process of making conclusions leading to recommendations of policy for the future. Because our determination of the November agenda was not made when my prepared remarks had to be submitted, we were unable to include this information. But, we have now decided to have meetings of the commission with its advisory council and the Governors' representatives on November 8 to 10—being realistic, the activities leading up to November 5 make it highly unlikely that we could hold fruitful meetings before then.

Governor Williams, we are pleased to accept your invitation for the commission and its advisors to meet in Arizona and tour public land areas in your State. Our agenda will include discussions of two subjects that I have mentioned this morning as being of interest to all of you: revenue sharing and use of the Outer Continental Shelf.

We solicit your continued support of our program and urge you, through your representatives, to make sure that we have your views on the entire gamut of public land policies with which we will be dealing. We particularly urge that you have your representative at our meeting in Tucson, Arizona in November so that he—or she—may have the benefit of hearing all sides of these first significant subjects that we will be discussing. And that they may also have the opportunity of seeing how the public lands of Arizona are used or may be used or, for that matter, preserved, as some are, for the enjoyment of future generations.

I also want to acknowledge with thanks the support of our program by the National Governors' Conference through the resolution you adopted at your last meeting. We value the trust that you, individually and collectively, have placed in us, and in return pledge to you our dedication in seeking equitable and just solutions that will permit the public land laws to deal with the problems of today and tomorrow without being hampered by antiquated and obsolete procedures, while, at the same time, restoring the people's confidence in those laws and their administration. Thank you.

Governor Volpe: Thank you very much, Congressman Aspinall.

The work of the Public Land Law Review Commission is extremely important and we commend you for coming here today and bringing to us this very timely message.

I would like at this time to announce the membership of the Nominating Committee. I have appointed as Chairman of this committee, Governor Ted Agnew of Maryland. The other members of the committee will be Governor Winthrop Rockefeller, Governor Hathaway, Governor Smith and Governor King. They will meet immediately after the Prayer Breakfast tomorrow morning. I would now like to call upon Governor Love, who has a short announcement to make.

Governor Love: I simply have one sentence, really. In view of Governor McKeithen's departure and his point of privilege in extending graciously an invitation to meet in Louisiana next year, I simply want to attempt to forestall the hardening of opinions and indicate that on Wednesday I will extend an invitation to meet in the State of Colorado.

Governor Volpe: Thank you, Governor Love. The business of the Morning Session has been completed, except for a closed session of the Governors themselves. If our guests will now leave, we will go into Executive Session with the Governors, the Conference staff and the security personnel only. Thank you for your kind attention this morning.

[At 12:30 p.m., the Conference resumed in executive session for immediate consideration of a resolution under suspension of the Articles of Organization. Upon motion by Governor Rhodes, seconded by Governor Hughes of New Jersey, the Articles were suspended for this purpose. Upon motion by Governor Reagan, seconded by Governor Dempsey, a special resolution was unanimously adopted expressing appreciation to President Lyndon B. Johnson. (For text, see Appendix VII.)

The afternoon was devoted to special meetings of eleven standing committees of the Conference for the purpose of completing their reports, preparing summaries for presentation, and preparing resolutions for submittal to the Resolutions Committee.]

SESSIONS AND EVENTS

Tuesday, July 23

PRAYER BREAKFAST

A Prayer Breakfast was held at the Sheraton-Gibson Hotel at 8 a.m., Tuesday, July 23. Governor Hulett C. Smith presided, and Senator Frank Carlson of Kansas was the guest speaker. Text of Senator Carlson's remarks follows:

PRAYER IN TODAY'S WORLD

It is a distinct privilege and high honor to be invited to participate in your Prayer Breakfast. Having served as Governor of the State of Kansas and in 1950 as Chairman of the Governors' Conference, I feel very much at home in this gathering. As leaders of your States, you wield great influence, not only in your own State, but also in the Nation. Governors' Prayer Breakfasts have been held in every State in the Union and for this I commend you. Through your action in this field, you are by precept and example leading our citizens back to the fundamental principles which were basic in the founding of our great Nation.

If I would choose a text today, it would be the words of St. James, who wrote: "The effectual fervent prayer of a righteous man availeth much." Go through the pages of history and you will note that all the really great leaders of the world were praying men and women. They early learned its power of renourishing the spirit and giving to the mind both its courage and its daring—for prayer brushes away so much that is irrelevant and so much that is dross.

One of the most encouraging things that I see in America today is the growing number of people who are coming to associate our cherished freedom with our inherited faith. Last February the Catholic and Protestant churches of our Nation joined together for our first International Week of Prayer. This nationwide observance—initiated by the Graymoor Friars (an order of Catholic Brothers in New York)—was endorsed by the National Council of Churches, World Council of Churches, and the Bishops' Commission of Ecumenical Inter-religious Affairs of the Roman Catholic Church. This Interdenominational Week of Prayer for Christian Unity enabled participants to involve themselves in a dialogue demonstrating what they have in common.

The Prayer Breakfast Movement has expanded from a national movement into the international field. In our own Nation over 1,000 cities held Mayors' Prayer Breakfasts last year. Congressional and

parliamentary groups are springing up in world capitals on every continent—Brazil, Indonesia, India, Canada and Japan. The growth of this movement has been rapid over the past twenty-five years.

The cornerstone of American life rests on a strong spiritual foundation. I believe we need to be reminded of the debt that we owe to our forefathers and the great obligation we must assume if we are to preserve the great heritage we have received.

Let us not forget that prayer was offered at the landing in Jamestown, Virginia, in 1607, that Thomas Jefferson made four specific references to our Creator in the Declaration of Independence, and who can forget George Washington on his knees at Valley Forge?

Many will recall that in the midst of framing our Federal Constitution, it was Benjamin Franklin who said:

"If it be true that not a sparrow can fall to the ground without His notice, how can we hope to see a new empire arise without His aid?"

In the Senate of the United States, we have an organization known as the Breakfast Prayer Group, which meets regularly each Wednesday morning at 8:30 for breakfast—after which we have a thirty-minute discussion of some religious topic. One of the members is designated each week as a leader. We have from ten to twenty-five Senators present at these weekly breakfasts.

These Prayer Breakfasts have meant much to me and other members of the group. They have strengthened the ties of friendship—they have given us spiritual strength—and they have drawn us closer to God. These breakfasts are the outgrowth of a movement that was formed thirty-five years ago in Seattle, Washington, where a group of businessmen met and resolved that some action must be taken to improve the corrupt moral and civic conditions of the community.

From the nucleus prayer breakfast meeting, groups have been organized in every part of the United States and in many foreign lands. They are organized under what is known as the International Council for Christian Leadership. It has been my privilege to serve as President of this organization for the past several years. On February 1 this year, we held the 16th Annual Presidential Prayer Breakfast as a part of the annual meeting of the International Council for Christian Leadership.

As a democracy, our Nation in its inception, proclaimed to the world the concept of personal liberty under God. Those early fundamental principles of our Nation have meant much to our growth and development. I think it is important that we indicate our deep concern over the fact that at a time when our great Nation is threatened from without by a deadly foe, she is also threatened by destruction from within by spiritual indifference and moral deterioration.

The conflict of deepest concern is not might against superior

might. The major issue which faces us today is this: Will America accept the moral challenge of this hour, as she has accepted the military challenge of past years, or will she allow this glorious opportunity to slip from her grasp forever?

Many years ago, Ambassador Harvey to the Court of St. James said:

"The real strength of a Nation is not in its armies and navies. A schoolhouse at the crossroads is worth more than a dreadnaught by the sea. A church on the hilltop is worth more than a score of regiments. And someday the world will come to realize that there is more power and glory in 'Lead Kindly Light' than in all the fighting anthems of the world."

The greatest things we enjoy today are direct results of our pioneer fathers' great faith—faith in themselves, faith in their fellowmen, faith in their country, and faith in God. It is one of the most ironical paradoxes of history that the age which has produced our greatest progress in the material world has also produced at the same time an environment and forces which threaten the complete destruction, not only of all we have created, but of our possibilities of growth for the future. These destructive forces also threaten our very existence upon this planet.

The decline of the Nation begins with the departure from God. In the absence of the inspiration of the Bible the incentives of faith, hope and love wane. Men lose respect for self, their fellowman, their country, and the values that have insured freedom. Such a people fall easy prey to the corrupt, egotistical, ambitious, political would-be despot who seizes the advantage of circumstances provided by economic depression and moral decay.

The Nation that keeps the open Bible will have people with an open heart, an open mind, and an open hand. America succeeded because of a creative spirit—the spirit of the free man under God—a creative spirit mediated to American life by a great variety of religious denominations. In some this faith has been intimate and personal. In others it has been a way of facing life and the future, an attitude and a perspective on personality and history which were consciously or unconsciously derived from the social climate which living religion produced.

Apart from faith in God, American life has no meaning. Our ideals are religious ideals, our standards religious standards, our goals religious goals. Allow religion to languish and we deteriorate. Eliminate it altogether and we cease to be what we were intended to be. Cultivate it and we become a spiritual bastion, a beacon of hope to the aspiring peoples of the world.

The great truth and undeniable fact that all Americans must always keep in mind is that God, in the most vivid sense, was the source of our founding. Some faith—some pervasive, transcendent faith—has to hold us together and give direction and force to the

Nation. Take God and human dignity out of public life and everything else begins to crumble. A Nation which loses respect for itself, its heritage, its founders, its heroes, its symbolic acts is already on the way down. I am encouraged by the fact that thousands of our citizens are searching for peace of mind, a reason for living and personal relationship with God.

Thousands of prayer groups and Bible study groups are springing up from coast to coast. In many of these groups Jews, Catholics and Protestants are moving together in their desperate search for life's true meaning. There seems to be a quiet revolution going on and we are in the midst of it. Most of us face problems that are beyond us—the state of the world, war and the threat of war, and an affluent society which requires no sacrifice or challenge. The need is for revolution, the need is for drastic change, and only God in Christ can remake us into the people we ought to be.

Perhaps the reason so many people today question the reality and truth of Jesus Christ is that so few of His modern disciples do constantly and faithfully carry out His edicts and His charges. Even so, the spirit of Christ—the faith of Christ—the humility of Christ—and the honorable dignity of Christ still abound among millions of people in this country. They hold a certain loyalty to God and faith in His works.

With some merit, perhaps, we can explain our present decadence and immorality in terms of social ills and economic failures, but these are but the handy excuses. These are but the means of soothing America's conscience. For the real cause of moral degradation and spiritual downgrading is that Americans, in far too great a number, have abdicated their personal duty to God. While it is essential that we become fully aware of our physical danger, God grant that we may never become so obsessed with material defenses that we overlook the basic problems with which we are confronted.

America must be prepared. We will be prepared when God's power—working through us as individuals and a Nation—gives concrete evidence of honesty, purity, unselfishness, and love. At the heart of the world's tragic situation today is the terrible spectacle of man challenging God's authority. The Russian rulers do it by denying God, ignoring Him, profaning His name. But as reluctant as we may be to admit it, there is a streak of blasphemy in all of us. We, too, are arrogant and proud—and while we bow down and worship God in one way or another—we are still inclined to do as we please.

Down in our hearts we know what God wants us to do, but in many instances what He wants us to do is inconvenient; it is somewhat sacrificial in nature; it is unpopular; and therefore, we do not do it. Most churches struggle to maintain a vital program because only about one-half of their members take their spiritual respon-

sibilities seriously. There are many evidences in the Scripture which prove that if our people are to be delivered, there must be discipline and there must be some sacrifice on their part. This is one lesson that America has not yet learned.

The unseen forces of a mighty God are on our side, and we can go confidently forward in the power of His might when we take Him at His word as He says:

"If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from Heaven, and will forgive their sin, and will heal their land."

Thank you very much.

[An Executive Session, all Governors participating, was held at the Convention-Exposition Center on the morning of July 23, recessing at 12:30 p.m. The Executive Committee, acting as the Resolutions Committee for the Conference, met throughout the afternoon.]

GRAND BALL

The State Dinner was held at the Sheraton-Gibson Hotel at 6 p.m. on July 23. The invocation was delivered by The Most Reverend Karl J. Alter, Archbishop of Cincinnati. Immediately following the State Dinner, the Governors and their wives proceeded to the Convention-Exposition Center for the formal entry into the Grand Ball. Chairman Volpe and Governors Connally and Ellington served as an escort committee to greet the President of the United States upon his arrival in Cincinnati.

Prayers at the Grand Ball were led by Reverend L. Venchael Booth, Zion Baptist Church of Cincinnati. Following entry of the President, Mrs. Johnson, and members of the escort committee and their wives, proceedings resumed as follows:

Governor Volpe: Mr. President and gracious First Lady, my fellow Governors and the States' First Ladies, guests and friends: Tonight we are indeed honored and privileged to welcome to the National Governors' Conference a long-time friend and supporter of the Nation's Governors, President Lyndon Baines Johnson.

Our distinguished Chief Executive tonight makes his third appearance at an Annual Meeting of the National Governors' Conference. As Vice President of the United States, he addressed the Conference in 1961 at Honolulu and again in 1963 at Miami.

In appreciation of his unrelenting support of the concept of federalism, this Sixtieth Annual Meeting of the National Governors' Conference has passed the following resolution:

"Whereas, President Lyndon B. Johnson is completing thirty-one years of devoted public service; and

"Whereas, during his term as President of the United States he has been host at The White House to more individual Governors and more Governors' Conferences than any other President; and

"Whereas, President Johnson, acting personally and through three former Governors who have served as Directors of the Office of Emergency Planning and as his liaison with the Governors, has established the best working relationship that has ever existed between the state and federal governments:

"Now, therefore, be it resolved by the National Governors' Conference duly assembled in Cincinnati, Ohio, on July 22, 1968, that the Conference express its sincere appreciation to President Johnson for all of his consideration and many cour-

tesies to the Governors of the States and Territories, and that it pay special honor to him at the annual banquet on the evening of July 23, 1968, by presenting to him this resolution and an appropriate silver plaque."

I am now pleased to call upon our genial Host Governor, to whom we owe so much for this wonderful meeting, Governor Jim Rhodes, who will present the plaque to President Johnson.

Governor Rhodes: John Volpe, my fellow Governors and First Ladies, our very distinguished visitor, Mrs. Johnson, and my fellow Ohioans and our good visitors from all over America: In presenting this plaque on behalf of fifty-four Governors, we are presenting this to a President who has made the relationship work and has taken it out of the talking stage. He has dedicated himself to the interests of every Governor. I can speak for myself as Governor of the State of Ohio. We have had the utmost cooperation. He has said on many occasions that the State of Ohio is just as close as the telephone. I want to assure you that the Ohio Bell Telephone Company has collected much money from the Governor of Ohio. With that, we want to present to President Johnson this plaque, depicting the great interest that he has given to every Governor of the United States of America.

President Lyndon B. Johnson: Governor and Mrs. Rhodes, Governor and Mrs. Volpe, distinguished Governors and First Ladies, and ladies and gentlemen:

There are three reasons that I hoped that I could come here and be with all of you tonight.

The first was to thank you personally for this kind resolution which was passed yesterday and for this beautiful plaque. You know, so many resolutions are just simply empty rhetoric, but this one deeply impressed me with its poetry and its accuracy and its very great wisdom.

Another reason I wanted to come here tonight to be with you is that this is a political year. Many of you are involved in campaigns for reelection. You have my sympathy. For, somehow, I know just how trying that can be.

Finally, I guess I must be frank and say to you that I realize that it would be somewhat safer for me to deliver a message to you personally than to send it by wire.

The honor that you have done me tonight is one I treasure. Your understanding and your active support have been vital elements in the passage of so much landmark legislation during the past five years. And as we meet here tonight, for perhaps our final session together, we know that a Nation has been changed—and that Nation has been changed for the better—because of the hard work and the vision that so many of us have shared.

We have brightened the classrooms and the prospects of the twelve million poor boys and girls through the Elementary-Second-

dary Education Act. College gates have opened for one and one-half million young men and women because of the grants and loans and work study programs under the Higher Education Act.

Seven and one-half million of the Nation's grandparents have received the hospital treatment they needed under Medicare.

Thirty-one million children have already been vaccinated against killing and crippling diseases and five and one-half million Americans have been lifted out of poverty.

The shameful barriers that have kept our twenty million Negro citizens from full participation in the American promise have at long last begun to fall.

Nearly 800,000 acres of warm beaches and scenic forest lands have been added for the pleasure of our children and the American people—and put within their easy reach.

But these proud accomplishments do not mean that our work—even for this year—is over. Pending before the Congress now are more than fifty major bills which I believe are essential to the well-being of all of the American people.

On this list of unfinished work are proposals:

- To protect our teenagers against the peril of dangerous drugs.
- To protect our people from guns in criminal hands.
- To protect our city dwellers and farmers alike against the hazards of unemployment and low prices.
- To protect our workers against hazards to life and limb and health on the job.
- To preserve our forest and our scenic trails and rivers.
- To begin immediately the vital task of putting a decent roof over every family's head.
- To help stop the spread of nuclear weapons around the world by ratifying the Non-Proliferation Treaty which has been negotiated.

I seek your help tonight in moving these measures through the Congress so that they can become the law of the land.

On this silver plaque, you have etched your faith in the new concept of federalism which we have forged—the active partnership in which the federal and state governments work together to meet the needs of the American people.

No effort that I have made during my years as President has commanded a higher priority than the alliance which unites us in common endeavor. I am deeply mindful of the high importance of your office. I am deeply aware that state government is the very cradle of our democracy. I had my first glimpse of public service at my father's side at the Statehouse at Austin.

I have worked closely with Governors and state legislators all of my adult life. One of my first acts in the first week of my Presidency was to meet with all the Governors so we could chart together a road to progress from an hour of national tragedy. Since then,

I have conferred with you—individually and together, in regional groups—more than 700 times.

I hope that my successor, whoever he is and whatever party he represents, will continue this very close relationship. I am convinced that no future President can effectively administer the network of grant-in-aid programs without the cooperation of the Governors of the States of this Union.

One question that we are going to have to look to and look to very soon—is how we can simplify the relationship and liaison not only between the White House and the Statehouse but between the federal and state bureaucracies.

Tonight, we are all aware that some voices are calling for drastic modification in our alliance—a smaller role for the federal government, and a larger role for the States. This is an important issue, and one on which much of our future will turn.

In less than a decade, we will begin our third century as a Nation.

Our second century, which began with the industrial revolution, was marked by an expanding federal role in the affairs of our citizens.

At no time in that century was the federal government eager to take on increasing responsibilities. In some cases, in fact, the federal government delayed assuming responsibility until it was almost too late. Our cities decayed almost to the point of obsolescence. Our Negro citizens waited for tomorrow's justice—and tomorrow seemed to never come,

Responsibility was passed to the federal government by default—after and only after, it became clear that the States would not or could not solve the problems that pressed in on all sides.

Tonight, there might not be

- Any federal Hill-Burton law for hospital construction
- Any federal Medicare
- Any federal Minimum Wage Standards
- Any federal Civil Rights Acts
- Any federal Aid to Elementary or Secondary Education or Higher Education

That is, if the States, in the course of that second century of our development, had responded to the emerging need of the people. But even the States—and in most instances led by their Governors—urged Congress to pass these landmark measures because the local entities of the government had not been able to meet the needs that the people felt had to be met.

So the questions that confront us tonight are these: What direction will America take in its third century? What will the role of our government be?

The answer, I believe, is that the government will be just as

active, and just as powerful, as the States and the people in the States compel it to be.

- By 1976 our population will reach 222 million, an increase of 11 per cent.

- Twenty-six million new housing units will have to be built.

- Six million acres of land will be given over to the development of new suburbs and highways and industrial complexes. And unless forceful action is taken the opportunity of city children to enjoy open spaces will be lost forever.

- By 1976, our annual birth rate will be 5.3 million per year. Each of these children, born into this land of medical miracles, should have the right to start life with as sound a body and mind as science can give him.

- By 1976, our classrooms will have to accommodate more than sixty-two million students—that is four million more students than in school today. This will be necessary if we are ever to realize our dream of every American child getting all the education that he can take—regardless of his family condition, or the accident of his place of birth.

- As our industries grow and our economy expands, a constant fight will have to be waged to provide our American citizens with air that is fit to breathe, and water that is safe to drink.

- In the next decade we must increase our farm production by 25 to 30 per cent to meet the needs of our growing Nation and to meet the needs of America's export markets.

Who is going to solve these problems? And where will they be debated and where will they be resolved?

If anyone doubts that the questions pose a dilemma, let him consider the issue of crime in America at this very hour. Our Constitution, and the tradition of our land, make it abundantly clear that law and order are the responsibilities of the state and local governments.

Yet, when the crime rate soars, Americans in every section of the country—and even many of their local leaders—look increasingly to the federal government for solutions.

The federal government does not seek and has never sought the responsibility of policing our streets—and I hope and I pray that it will never accept it.

But if the American people look to Washington in a matter so clearly defined as this, by Constitution, it could betray a weakness in our partnership.

Hard decisions confront this partnership, and they cannot be postponed.

I believe that every Governor is going to have to examine closely his State's system—particularly property taxes—to make sure that the system encourages rather than inhibits improvements in the cities.

A solution is going to have to be found in every State to the vexing problem of how to use the tax base of the metropolitan area to improve the central city.

More effective ways will also have to be found to use the state employment services which have been aided by the national government but must not be replaced by the national government.

This year, in the last few months, we have launched the most ambitious efforts in our Nation's history to find private jobs in private industries for the hard-core unemployed in our cities. Already, industry has pledged, in the last few weeks, 162,500 jobs for men who never had jobs before.

But before those jobs can be filled, the unemployed have to be located and they have to be matched to the available jobs. This just never can be done in the Nation's Capitol.

The State Employment Agency is the only working instrument. I am sorry to say, only 35,000 of these 162,000 have been finally located to take over the work that is ready for them. So, if those 162,000 jobs are to be filled, and if men and women who have lost hope are to be given a new chance in life, the State Employment Agencies will have to secure results on a much more massive scale.

It is those same employment agencies that must find jobs for our returning servicemen who are unprepared for civilian employment.

The one clear fact of our time is that solutions are going to be found to these problems. Now they are going to be found in one way or the other. The needs of our people are going to be met.

The only question is how are they going to be met. The next question is, who will meet them.

Either, together, we are going to find jobs for our unemployed and our returning veterans—or they are going to make their demands on the federal government.

Either, together, we are going to make our Model Cities program an outstanding success—or the United States government will have to make it a success.

Either, together, we are going to protect our infants against mental and physical disease—or the people will look to the national leaders to again expand the Nation's medical role.

Either, together, we are going to provide the loans and scholarships and part-time jobs to make college education possible for every boy and girl who wants it—or the national government will have to do it alone.

I hope and I believe the answer to these challenges can be and will be met by the kind of cooperation and the joint action that we have taken together during the past five years.

I appreciate so much what each Governor and each State, with the cooperation of Governor Price Daniel and the other three Gov-

ernors who have worked with him, have done in trying to make this cooperation a success.

The answer must never lie entirely with the federal government. I have always believed and I know that you believe that the best government is the government which is closest to the people. And you Governors can supply that closeness. That is your strength and that is really the strength of our Nation.

I want to conclude tonight by giving you a report on this country's search for peace.

If any fact is clear, it should be this: Everybody in America wants peace. Our government wants peace, our men in Vietnam want peace, your President wants peace.

Yet some among us seem to feel that I, or we alone, can bring peace to the world and peace in Vietnam. They seem to ignore the presence and the irreconcilability of the enemy.

I said in a speech on the night of March 31 that America would use restraint on the battlefield as we sought for peace at the bargaining table.

We have employed that restraint. We have kept that promise.

We are doing everything that we know how to do to get the enemy to meet us at least half way. Up to now, they have shown no disposition to do that.

We are willing to go as far as honor and safety to our soldiers will permit us to go. But we are not going to impose a coalition government—or for that matter, any kind of government—on the people of South Vietnam. Nor are we going to let the totalitarians impose a Communist government of their direction upon the people of South Vietnam.

So the days that we are going through and the days ahead are going to be difficult. We are determined to press the search for peace, even as we resist aggression on the battlefield. We are going to continue to try to resist the efforts to split our country wide open and divide our citizens.

And with all the power at my command, I am going to try to do my duty as I see it, regardless of the pressures and the strains that become stronger in any political year.

When President Thieu and I met last week in Honolulu, we tried to make our position clear. We are determined that a cease fire could be a part of a final peaceful settlement—and that such a cessation will be possible whenever the government of North Vietnam is prepared earnestly to examine the arrangements required. Effective controls and guarantees will be necessary.

We agreed that an honorable and secure peace will assure the right of the South Vietnamese people to decide their own affairs without any external interference. It will be in accord with the essential principle of the Geneva Accords of 1954 and will provide full compliance with the Geneva Accords of 1962, regarding Laos.

Now, that is the position of the United States government. That position is a fair position. That position is a just position. That position is a reasonable position. I am here tonight to assure you, to the extent that I can, that that position is a firm position of the United States government as long as I am in office.

So, we do not get peace just because we wish for it. We hope and we always pray for the peace, but we must be prepared for what comes.

I am very sorry that this is the last time that I will attend one of your sessions as President.

When I look back over the long road that we have traveled together over the last five eventful years, I feel a sense of accomplishment and satisfaction.

But then I look ahead—not just to January 20, but down the long road that our Republic has yet to go, into our third century of independence.

Then I get a somewhat different feeling. It can best be described by telling you this story that I read about Winston Churchill—which may or may not be true.

It seems that at the height of World War II, amidst great danger, the Prime Minister was visited by a delegation of temperance ladies.

They came to complain about Mr. Churchill's drinking habits. "Mr. Prime Minister," one of the ladies said, "if all the brandy that you drank in a year was poured into this room, it would come half way up to the ceiling." And she held up her hand to illustrate to the Prime Minister.

The Prime Minister looked solemnly at the floor. Then he looked at the ceiling. Then he looked at the little lady's hand at the mid-mark.

And he muttered sadly, "So little done. So much yet to do."

So in spite of how far we have come, we have so far yet to go. In spite of all that we have done together, we have not done nearly enough. In spite of all we have accomplished, the problems that face our men in Vietnam tonight as they struggle to protect the things we believe in, and that face our leaders here at home who try to serve us the best they can—in spite of all those things, we must reach up to the heights and do a better job for this country.

I have not the slightest doubt that it is the desire and the determination of every Governor at this Conference to represent his State and his people and his country as best he can.

In my thirty-seven years of active political participation, I have never seen any man in any party who ran on a platform of doing what he thought was wrong. We all think we are doing what is right. Sometimes we make mistakes and misjudge what is right and what is wrong. But we all try to do our best.

In the days ahead, we are going to be required to make better

judgments, to have greater wisdom, to be possessed with more vision. We have the greatest Nation in all the world, and we must rise up in this critical hour to meet these challenges, inventory our resources, list our needs and try to reach progressive, prudent judgments that will result in the greatest good for the greatest number.

When I first entered political life I was asked my philosophy. I shall try to keep that philosophy to the end. First of all, I want to be a free man. Second, I want to be an American. Third, I want to be a public servant and try to serve all the people of all nations and all creeds without fear. Fourth, because I believe I can best serve my country, I want to be a Democrat—all in that order: man, American, public servant, and finally a Democrat.

For those Governors of both parties who have given me their hand in friendship, who have gone with me in the hours of trial and the hours of sunshine, I have come here to express my deep gratitude on behalf of myself and my family, but particularly on behalf of the 200 million people that we are all privileged to serve. They give so much. They ask for so little.

We have got to preserve the freedom that they cherish and we will.

Thank you.

Governor Volpe: Thank you, Mr. President, for taking time from a vigorous schedule to be with us tonight and for bringing to us such an excellent message. We all deeply appreciate it. Our prayers are with you. They continue to be with you and your family as you strive for a just peace.

We are privileged to present a lady who has been so gracious to all of us when we have visited The White House and who has done so much for the beautification of America, the charming First Lady of our Nation, Mrs. Johnson.

I would ask that you all remain in your places until President and Mrs. Johnson and his party have left this hall. Thank you very much.

FINAL SESSION

Wednesday, July 24

Governor Volpe: The meeting will now come to order, as we move into the final day of business. It is my very pleasant chore, the first thing this morning, to make a presentation to Earl Barnes.

Earl, we will ever be indebted to you for the tremendous time and energy that you have given to the task of being the General Chairman of this National Governors' Conference here in Cincinnati. On behalf of all the Governors, I am delighted to present this plaque to you. It says: "1968 National Governors' Conference. In grateful recognition of his excellent service, the Governors of the United States of America extend deep appreciation and warm congratulations to Earl T. Barnes, General Chairman, for the success of the 1968 National Governors' Conference held in Cincinnati, Ohio, on July 21 to 24, 1968. Signed by the host Governor, James A. Rhodes, and by the Chairman of the Conference." Our congratulations and our thanks for a job well done.

I have a wire that I have been asked to read. It is from Anna Roosevelt Halsted, Acting Chairman of the President's Commission for the Observance of Human Rights Year, 1968:

As you will recall, Governor Harriman addressed the Conference when it met in Washington a few months ago. He spoke on the subject of Human Rights. I would like to take this opportunity to add to those remarks. My father, Franklin D. Roosevelt, recognized the close relationship between peace and human rights. I am proud to say that his statement in wartime of the Four Freedoms paved the way for the eventual formulation of the Universal Declaration of Human Rights. This year marks the Twentieth Anniversary of that Declaration. The cause of human rights is the cause of peace. Governor Harriman's appointment, both as Chairman of the Commission and the Head of the Delegation to the Paris Peace Talks, is an almost tangible evidence of their common bond. The President has given the Commission a mandate to do all it can this Year to enlarge understanding of human rights and the responsibilities which are a part of the exercise of those rights. Governor Harriman has written to each of you and earnestly solicited your support for our objectives. It is my hope that in the coming months you will enthusiastically respond to his request.

I certainly trust that each of you will take heed of what she has written. I am sure all of you will receive a copy of this wire.

I shall now call on the Chairmen of the Standing Committees to present their brief summary reports. You have in front of you the complete text of the reports of all of the committees. However, each Chairman has been asked to take no more than five minutes to highlight the main points of interest. We can take three or four minutes for discussion following each report. Our time, as you know, is extremely limited and I urge that we make every effort to keep on schedule.

The first report will be given by Governor Tim Babcock, Chairman of the Committee on the National Guard, Civil Defense and Natural Disasters. He must leave to catch a plane.

Governor Tim Babcock: Governor Volpe and Governors: I am sure we can agree that, in view of the large number of civil disturbance incidents in recent months, we do, as Governors, have more than a passing interest this year in the organization and training of our National Guard. Quite rightly we have all, I'm sure, taken a closer look at our state military forces to assure ourselves that they are, in fact, prepared to respond in the event of a need to suppress civil disturbance and to maintain law and order when situations exceed the capabilities of civil law enforcement agencies.

The Governors have been provided with copies of the report of the Committee on the National Guard, Civil Defense and Natural Disasters. It is detailed. It is significant. It is current. I urge that every Governor take the time to read the full committee report. I will take only enough time this morning—just a few minutes—to present a summary of the committee's view and recommendations.

The committee found to be most significant the fact that the National Guard in the past year has responded promptly and competently for service in both its federal and state status. For the first time since its founding more than 300 years ago, the National Guard has been called upon to make major commitments simultaneously in both its federal and state status. Since the beginning of the year, nearly 25,000 Army and Air National Guardsmen have been ordered to active federal service in units which were called to augment the active Army and active Air Force. Several Air Guard Squadrons are flying combat missions in Vietnam. In these same months, approximately 95,000 Army and Air National Guardsmen were ordered to duty in more than 50 communities in 24 States to aid civil authorities in the suppression of rioting and other lawlessness.

Of particular interest to the Governors is the fact that, in its numerous commitments in domestic disturbances in the first half of 1968, the National Guard evidenced major improvements in its ability to deal with disorders and violence. A 32-hour crash training program carried out in August and September of last year and an additional 16 hours of training for officers showed results in the violent Spring of 1968. The Army has continued an emphasis on

training of the Reserve Components and its active forces in the control of domestic disturbances. The Governors yesterday were briefed by Lieutenant General G. R. Mather, Director of the Army's Office of Civil Disturbance, on the Army's planning for assistance to the States in the event of further outbreaks of violence.

In its printed report, this committee has made a series of recommendations calling for the allocation of more modern equipment, particularly for the Army National Guard, increased training and the allocation of replacement units where it is felt that these may be necessary for the maintenance of law and order. We urge retention of all existing units of the Air National Guard.

These recommendations are made in the interest of assuring that the National Guard will continue to be a highly effective force in every State, properly trained and equipped to continue to respond in federal and state status in whatever situations they may be required to serve. The Guard has been put to the test in the past year and it has responded superlatively. As Commanders-in-Chief of the state military forces, the committee feels that we have every reason to be proud of our National Guard. Once, again, I would ask you to read in detail the report. At this time, Mr. Chairman, I would ask the approval and move the approval of the committee's report. [Seconded.]

Governor Volpe: The motion was seconded. On the question, all those in favor say "Aye." Those opposed? The ayes have it.* Tim, we are very grateful to you. Thank you. Our next report will be presented by the Chairman of the Committee on State Planning. Governor Love has taken this on for the second year in a row.

Governor Love: Governor Volpe and my fellow Governors: I would like first to express our gratitude and pay tribute to former Governor Jack Campbell and the Institute on State Planning, which served as staff and made a great contribution. With their help, your committee has reviewed the state of the art and the practice of state planning.

We observed that most of the States now accept the concept. Our analysis led us to the conclusion that we should stress in this year's report an evaluation of the planning function in state government. Your committee submits three simple criteria that you can use for evaluation: relevance, reliance, and realism. First, is your state planning relevant to the decision making process? Second, how much reliance is placed on the state planning agency by other agencies and officials of state government? Last, how realistic are your State's planning agency activities in relation to the goals established for it by the legislation creating it or by executive mandate?

* For text of full report, see Supplement to these Proceedings.

There is one further key ingredient. If the planning process is to be fully utilized throughout state government, planners must be issue-oriented. They must operate within the political framework of government. The genesis of planning and the primary motivation of political action is one and the same—the desire to shape the patterns of society for the greatest benefits to all. In order to achieve full utilization of planning, your Committee on State Planning makes eight specific recommendations and suggests one general rule of thumb. The recommendations:

Establish your state planning agency as a staff function closely related to your key administrative and management functions;

Charge your planning agency to brief you fully on major issues facing the state and to prepare graphic presentations on these issues for you, the Legislature and the public;

Charge your planning agency to assist you in establishing goals and priorities, and ask it to suggest alternative approaches for achieving these goals;

Install a Planning-Programming-Budgeting System to enhance policy implementation and to increase budgetary control and functional coordination;

Charge your planning agency with the responsibility for establishing a management information system which would make all germane data available and usable to all parts of state government;

Direct your planning agency to make a continuous study of structural and constitutional constraints, and to recommend administrative reorganization and constitutional revision;

Charge your planning agency to stimulate and coordinate adequate multi-state and sub-state planning programs, and to serve as the capstone of this process;

Charge your planning agency with the responsibility to educate your state government—all parts—to the need and benefits of effective planning.

The general rule of thumb:

Your planners are there to serve you, so do not be constrained in what you ask them to do by preconceived notions of the planning function. Define their role on the basis of your needs.

Mr. Chairman, this is a summary of the detailed report which was distributed to all Governors. The committee believes that the Committee on State Planning of the National Governors' Conference should continue to function throughout the next year so that it may assist those States which request assistance in the implementation of the committee recommendations. The committee further believes that the planning requirements contained in federal grant-in-aid programs should be reviewed in order to make recommendations to the federal government.

I now move the adoption of the full report and that the Committee on State Planning be reestablished.

Governor Volpe: Do I hear a second to that motion? [Second-ed.] All those in favor say "Aye." Opposed? The ayes have it.* John, thank you very much for a fine job.

Governor Love: Mr. Chairman, thank you. May I, while I am at the microphone, take this opportunity out of order, I know—but I am going to have to leave a little bit early—to extend the invitation of Colorado to all of you to host the 1969 Governors' Conference. I know that time is at a premium. I also know that an intelligent group like this does not need to be told in detail of the beauties and bounties of the great State of Colorado. You are well aware of them, I am sure. When other Governors brag and boast about their States, I am afraid some of them are simply bragging and boasting. When I talk about Colorado, of course, it is the truth and you know that very well. Very sincerely, we would be more than pleased to host the Conference. The plan is that it would be in Colorado Springs at the Broadmoor Hotel. They have excellent facilities for you and your family. We would be pleased and honored. We would hope that you will use the influence that I am sure you have on the newly elected Executive Committee to indicate that 1969 is the year and Colorado is the place. Thank you very much.

Governor Volpe: Thank you, John. That will be noted, of course, and made available to the new Executive Committee. Our next report normally would have been heard first but was not because both Governor Babcock and Governor Love must leave early. I will now call upon Governor John Dempsey, Chairman of our Committee on Federal-State Relations, four years in a row, who has done a great job in coordinating our overall committee efforts.

Governor Dempsey: Thank you very much, Mr. Chairman. My fellow Governors, a detailed report of the Conference Committee on Federal-State Relations was submitted at the beginning of the Conference, and was distributed to each of the Governors at the opening session Monday morning. Hopefully, each of you has had an opportunity to peruse it, and to take note of more recent developments and trends in federal-state relations. Before providing a brief summary of our annual report, the committee wishes to acknowledge that it functioned this year as the coordinator, rather than as the primary instrument for federal-state activity. We have had total involvement of all Governors this year as the National Governors' Conference has attempted to address itself to some of the more critical federal-state issues.

You will recall our recommendation last October which, in effect, asked that the Conference serve as a "Committee-of-the-Whole" in matters of federal-state relations. This recommendation was implemented in a unique and successful manner. Eleven functionally-oriented standing committees were established—em-

* For text of full report, see Supplement to these Proceedings.

bracing all important subject matter areas—and all Governors have served on one or more such committees. The chairmen of these eleven committees, along with Governor Warren Knowles as Vice Chairman and myself as Chairman, were designated to coordinate our federal-state activities.

Thus, our primary work has been accomplished through our subject matter committees, as can be noted from a reading of the substance contained in all committee reports. Now let me review just a few thoughts contained in the Federal-State Relations Committee report. As just mentioned, this committee's recommendation for a revamped committee structure was implemented. Other key recommendations made last October—and all successfully carried out—are worth noting:

- We called on Governors to become more directly involved in the federal legislative process. Let us say with pride that more Governors than ever went to Washington this past year to testify before Congress, and to consult with cabinet officials and other members of the executive branch. Indeed, records of our National Governors' Conference Washington Office reveal that—just in the last five months—over fifteen Governors personally appeared before congressional committees to testify on legislation dealing with housing, crime control, water and air pollution, urban riot conditions, partnership for health, education, welfare amendments, riot and flood insurance, intergovernmental cooperation and urban transportation.

- We urged a mid-year special Meeting on Federal-State Relations. And forty-eight Governors assembled in the Nation's capital February 28 to March 1 to discuss the major issues before the Second Session of the 90th Congress. It is our earnest hope—and recommendation—that the Conference continue to hold special meetings on federal-state relations early in each congressional session. The importance of such meetings—their impact on Washington—cannot be overemphasized.

- We asked all Governors to designate Federal-State Coordinators in their respective offices. Most Governors have done so, and have elevated the post to a prominent level in the governmental structure.

- We called on our Washington office to continue and to expand its services to the Governors. This is being done in a professional manner: weekly news bulletins on national developments; bi-weekly bulletins on developments within the States; frequent analyses of national legislative proposals; and special mailings and rapid communications on all major issues of interest and concern to state government.

The full report of your committee discusses new and emerging structures for improved federal-state relations. It covers in some detail legislative and administrative developments on a com-

mittee-by-committee basis. And then it notes some significant trends in federal-state relations. Some are good, others are disquieting. Time does not permit a full examination of these several trends, but a few warrant brief mention—particularly those that seem to be reversals of a general "cooperative federalism" pattern:

- A trend toward preemptive legislation, to be found in such measures as air quality control, the Wholesome Meat Act, the initially proposed measure on occupational safety and health, and the recent poultry inspection bill.

- Another observation—a highly disturbing trend—is the proliferation of programs, many of which are aimed at the same objectives, and all seeking instant solutions to problems of decades in the making. This is evidenced in the current spate of "consumer protection" legislation.

- As of late, there has been a massive attack on the tax exempt status of state and local bond issues and other financial arrangements. Industrial development bonds and the proposed air travel tax serve as examples.

- Finally, there is the observation that numerous federal programs, both new and old, have not been fully implemented or funded. This may call for a reassessment by the national government to concentrate on those needs of highest priority with a view toward full, effective implementation and funding.

- But in spite of these and other developments, Congress is giving increasing attention to gubernatorial recommendations, and is often responding affirmatively to them. The most recent example is the enactment of the Omnibus Crime Control and Safe Streets Act. Unified gubernatorial support greatly aided the enactment of this important measure, and its block grant funding provision.

In brief—and notwithstanding a few reversals in our program for a meaningful "cooperative federalism"—considerable progress is being made in our National Governors' Conference goal to elevate the posture and performance of state government in our federal system. As one of our colleagues expressed in recent testimony before Congress:

The states no longer have the option to choose whether they want to assume responsibility and become involved; nor does the federal government have the option to choose whether it will involve the state if creative federalism is to have any meaning.

Governor Volpe: You heard the report. Do you move the acceptance of the report?

Governor Dempsey: Yes. [Seconded.]

Governor Volpe: All those in favor say "Aye." Opposed? The

eyes have it and thank you very much for a very fine job.* Governor John Connally, Vice Chairman of the Committee on Constitutional Revision and General Government Organization, will give the next report.

Governor John Connally: Mr. Chairman, in the absence of Governor Dan Evans, Chairman of this committee, he asked me to make the report on behalf of the committee. I would heartily recommend this entire report to you. We received excellent help from Doctor George Condon and Doctor Hugh Bone. I will hit the highlights of this report, which deals with a model state executive.

The cornerstone of the model constitutional article on the state executive is its limitation of elective officials to two: the Governor and Lieutenant Governor, who would be elected jointly. Elections would be midway between Presidential elections, and the term of office would be four years, with no limitation on the number of terms which could be served. In case of a vacancy in the governorship the Lieutenant Governor would succeed to the office. A vacancy in the office of Lieutenant Governor would be filled by gubernatorial appointment, subject to legislative confirmation.

The services of state government would be allocated by the Legislature among not more than twenty principal departments, organized by major purpose. The heads of the twenty departments would be single executives, unless provided otherwise in the constitution or by law, and they would serve at the Governor's pleasure. Regulatory, quasi-judicial, and temporary agencies could be established outside the principal departments. The article creates, exclusive of and in addition to other agencies, a single system of higher education administered by a Board of Regents for Higher Education. The Legislature would determine the composition of the Board, but the Governor would designate its chairman. The Board would select a chancellor as chief administrative officer of the system.

The Governor could reorganize the executive branch through executive orders which would take effect automatically in the absence of a legislative veto, concurred in by a majority of the members of both houses. The responsibility of the Governor to submit an executive budget to the Legislature would be given constitutional status.

A model also is proposed for the Governor's personal staff and for several key supporting staff services. The former would include an Executive Assistant to the Governor as "chief of staff," and subordinate to him would be six staff sections for administration, schedule, information, legal affairs, legislation, and cabinet affairs. This structure would necessitate a minimum of seven professional aides to the Governor, plus whatever augmentation work-

* For text of full report, see Supplement to the Proceedings.

loads in the several sections would justify. Four supporting staff services would be legally and administratively, if not physically, within the "Executive Office." These activities and their possible designations are: Central Budget Agency, Central Personnel Agency, Planning and Programs Agency, and State-Federal Relations Agency. These units relate substantially to the Governor's policy and managerial roles, and they also have operating relationships with the line departments.

We also proposed a model departmental structure in which standard nomenclature is used for the various kinds of entities which make up state government. The elements in this pattern would be: department, agency, director, division, bureau, section, board, commission, council, and cabinet. Each term would have a correct usage, according to the definitions included in the full report. Twelve principal agencies of state administration are suggested, including eleven executive departments plus the Board of Regents for Higher Education.

The Governor's cabinet would consist of the Governor, the Lieutenant Governor, the directors of the eleven principal departments, the chairman of the Board of Regents for Higher Education, and others on the Governor's invitation. Smaller sub-cabinet groups could be formed by informal combinations of functionally-related agencies. Staff services for the cabinet and sub-cabinets would be performed regularly by the Cabinet Secretary, a member of the Governor's personal staff.

Any model such as this is necessarily highly theoretical, and it assumes a variety of ideal conditions which are seldom, if ever, found in reality. A model government would seem to presuppose a model State and, as Professor John E. Bebout pointed out several years ago, such a State might need no constitution at all.

The proposals included in this report must, wherever they are considered for implementation, be adapted to local traditions and preferences—in the case of the Governor's staff, his personal preferences. Still, with all of the limitations inherent in such a product, this model brings together in a single package the several elements which interrelate to constitute the "state executive." It is hoped that this integrated executive model may suggest at least a method of approaching state administrative reform, whether or not each recommendation is suited to every State.

I commend this report to you. While we consider the necessity for continued strengthening of the State in the administration of state affairs, I know of nothing that is more critical nor more important than changes in the structure of state government. I think this must be combined with the chief executive office. I move this report be accepted. [Seconded.]

Governor Volpe: All those in favor say "Aye." All those op-

posed? The ayes have it.* Thank you very much, John, for an excellent report. Governor Rampton is unable to be with us. He has asked Governor McNair to deliver the report of the Committee on Education.

Governor Robert E. McNair: Thank you, Governor Volpe. In the absence of Governor Rampton, I am privileged to present this report to you. I will not read it but I will summarize it. I think all of you are familiar with the outstanding service that he has performed for us during the past year as Chairman of the Education Committee of the Conference. He appeared on numerous occasions before the Congress. He appeared before the administrative agencies, working for the recommendations of the Governors' Conference and of the Committee on Education. We are very grateful to him. I will also include Governor Dempsey and the Committee on Federal-State Relations because I think all of this is related, as we have worked to strengthen the role of the States in all of the activities, particularly in the field of education.

The report of this committee is before you. As you know, primarily the effort has been devoted toward more general aid to education rather than categorical or specific aid that has heretofore been the practice of the Congress. Legislation has been enacted by both houses and is now before a conference committee. We would encourage all of the Governors to pay particular attention to legislation as it is introduced in the Congress so that you might express your views to this committee and to the members of the Congress. I think we have devoted most of our attention heretofore to the administration itself and not recognized that the Congress also enacts the laws and this is where most of the effort should be directed. Both houses have passed good legislative bills, good educational bills, and we are very hopeful that the problem between them can soon be worked out. We would call your attention to the vocational-technical educational proposal where this committee has recommended that this be lumped in one bill and that the Governors be given the authority to appoint the advisory committee for vocational-technical education rather than the state school officers in the respective States.

Comprehensive planning, which John Love talked about, is very important to us if we are going to try to gain approval for general aid to education. More planning is necessary. We are going to have to prove what the President said last night—that we are willing to assume the responsibility as States for initiating and implementing programs if we are going to ask for the authority to implement them. I think we have that opportunity now in education. As the Chairman of the Education Commission of the States for this year, I would invite those of you whose States are

* For text of full report, see Supplement to these Proceedings.

not now members to give consideration to joining during the year. Forty-one of the States and Territories are now official members. Those who attended the conference in Denver, I am sure, were impressed with what it has accomplished in the three years of its existence. This is the only opportunity we have for bringing together all of the forces in education to develop policy, to shape programs, to influence the Congress and the Administration and to work together to improve education in the United States. So with that report, you may read the general report before you.

Governor Volpe: You move its acceptance?

Governor McNair: Yes. [Seconded.]

Governor Volpe: All those in favor say "Aye." Those opposed? The ayes have it and the report is accepted.* Bob, thank you very much.

Governor Claude R. Kirk, Jr.: These proposed resolutions before us, as we take these reports, does that mean we are acting in regard to any of the resolutions?

Governor Volpe: No. The resolutions will be a separate matter completely. We will now have the report of the Committee on Health and Welfare, one of our really important committees.

Governor Rockefeller [New York]: Mr. Chairman, Governors, ladies and gentlemen: You have the report of the committee on your desk in those fat envelopes. I will give you a summary report. Some resolutions relate indirectly to the report, but were not drawn by the committee. I would like to say that the committee wishes to express its appreciation to Mr. Wilbur Mills for his great cooperation during our last session in Washington and also to Wilbur Cohen of HEW, both of whom have been very helpful.

We are very pleased that the Congress has agreed to a one-year freeze or postponement on the limitation of aid to dependent children, which is a very important step toward saving a lot of money for a great many States. Also, they have extended the "buy-in" privilege for coverage under Medicaid for those aged persons not covered by Part B of Medicare, which is important for all of us. Governor Hearnese was particularly active in achieving that and discussing it with the Congress.

Regarding the recommendations for the coming year's action by this committee, I will just go through them briefly. The new action program is concerned again with rising hospital costs, inadequate facilities and manpower strategies in the health field; rising costs and the 1967 Social Security Amendments in the welfare field; and the loss of work incentive support under OEO. I do not suppose there is any area where the States are more involved with the federal government and where we have more controversy than in this whole area of health and welfare. The Committee on Health and

* For text of full report, see Supplement to these Proceedings.

Welfare recommends the following action program:

1. That the National Governors' Conference go on record as finding rising hospital costs a major concern and that individual Governors undertake to assist in finding ways to hold hospital costs down. Federal and local governments are encouraged to do their part. The federal government should abandon as soon as possible the federally mandated ratio of charge to cost formula now used for Medicaid and Medicare hospital payments and allow the States to set standards relating to hospital reimbursement formulae under these programs.

2. That the Health Manpower bill designed to produce both more health manpower and health educational and research facilities become law.

3. That the Alcoholic and Narcotic Addict Rehabilitation Amendments, now contained in the Health Services Act, become law.

4. That the National Governors' Conference go on record as supporting all reasonable and effective efforts to provide necessary health care to mothers and children to encourage reduction of the high rate of infant and maternal mortality in the United States.

5. Based on comments from the state welfare directors on the 1967 Social Security Amendments, the National Governors' Conference recommends:

(a) That the federal government set realistic time limits in requiring state implementation of the 1967 amendments including the release of federal regulations to the States so that reasonable time is allowed for the regulations to be placed in operation.

(b) That federal requirements that States implement the Work Incentive Program be amended to eliminate the penalty of withholding other federal funds and to give States the option to choose whether or not they will participate.

(c) That States and localities retain the option of establishing organizational structures they think best to implement social welfare programs.

(d) That the advisory committees on AFDC and child welfare programs now mandated for all States by the Department of Health, Education, and Welfare have advisory roles only. The Department of Health, Education, and Welfare has indicated that the committees should also be involved in program administration.

6. Unless welfare youngsters are given the strengths, capabilities and resources to break the cycle, future generations will bear the high cost. The National Governors' Conference favors measures to break the dependency cycle through providing resources such as educational opportunities and health care to chil-

dren and finding more jobs and job training for teenage youths.

7. That Congressional action be taken to extend the life of OEO work incentives for one year unless the States adopt a substitute plan using the WIN program established under the 1967 Social Security Amendments before the year is up.

I recommend the approval of this report.

Governor Volpe: Thank you, Nelson. Is there a second? [Seconded.] All those in favor say "Aye." Opposed? The ayes have it.* Thank you very much, Nelson, for a fine report. I am sure all of you have noted the absence of our great host, Governor James Rhodes, this morning. As most of you know, he left last night for the capital. He had hoped very, very much to return this morning, but the situation in Cleveland has worsened. His presence at the capital is absolutely required. We hope that the problems will be resolved and that Jim, I am sure, will be excused for his absence this morning. Later in the morning we will indicate our great appreciation for his efforts.

Governor Hulett Smith, Chairman of the Committee on Manpower and Labor Relations, will now deliver that committee's report.

Governor Hulett C. Smith: Mr. Chairman and members of the National Governors' Conference: I wish to report on the Committee on Manpower and Labor Relations. A study which we have been conducting these past two years deals with a controversial aspect of public employee relations—collective bargaining—and brings up to date our research findings of last year.

In the past decade we have witnessed the dynamic growth of formal relationships between government jurisdictions and public employee organizations. Last year seventeen States passed laws affecting collective bargaining for public employees, and in 1968, an "off year" for most State Legislatures, three more such bills became law. These actions by twenty States have taken place because today public employees want to have a share in the determination of their working conditions. They claim the right to organize, to bargain collectively, and, in some cases, to strike.

Other events of the past year illustrate the urgency of this subject:

The U. S. Department of Labor reported that the number of man-days lost because of strikes by government employees more than doubled from 1966 to 1967. Strike idleness of government workers was 1.2 million man-days in 1967, with most of the increase attributed to the number and size of teachers' strikes.

The U. S. Supreme Court ruled that extension of Fair-Labor Standards Act provisions on minimum wage and overtime to employees of public schools and hospitals was constitutional. This de-

* For text of full report, see Supplement to these Proceedings.

cision may open the legal door to federal regulation of conditions of employment in state and local governments.

Fact-finders in a Detroit police dispute recommended that because of the crucial importance of a fully-manned police force, the city should increase taxes to provide funds for higher salaries.

These developments point up the need for clear policies regarding the rights and responsibilities of public employers and public employees and their organizations. The policies must be based on an objective analysis of existing arrangements in the public and private sector and on conditions unique to each State.

The 1967 National Governors' Conference recognized the necessity for solid information and guidelines. After presentation of the Report of the Task Force on State and Local Government Labor Relations, the Conference decided to continue the study as part of the work on the Committee on Manpower and Labor Relations. This continuation study, facilitated by a grant from the Carnegie Corporation of New York, was prepared by an eminently qualified, six-man advisory committee and coordinated by the Public Personnel Association.

The memorandum distributed at this meeting is the 1968 supplement to the Task Force report of last year. Today's preliminary memorandum contains a brief introduction and highlights drawn from the final, forthcoming supplement. The final memorandum will be submitted to you later this year.

The final memorandum builds on material in the Task Force report. It examines significant issues and assesses them in the light of recent experience.

One major issue is that of strikes and impasse procedures. Increasing emphasis is being placed on developing procedures and machinery to deal effectively with the underlying cause of disputes. Mediation, fact-finding, voluntary arbitration, and compulsory, binding arbitration are being used in some States.

Other significant issues analyzed are: professional employees and collective bargaining; management decision-making responsibility in public employee labor relations; scope of bargaining; relationships between collective bargaining and fiscal arrangements in government.

Part III of the forthcoming supplement may prove of particular interest to States considering enactment of some type of labor legislation for public employees. Titled "Considerations in the Preparation of Legislation," it contains findings and suggestions of commissions appointed by Governors and Legislatures to study the subject. On some topics there is a consensus, but frequently the recommendations differ. This part may well serve as a checklist of items to be covered or excluded from legislation.

This will be a guideline and a checklist of items that you might include in whatever legislation is under consideration in the years

ahead. The report reflects clearly, I feel, the emergence of a new and mushrooming factor to be dealt with in the administration of state government. It may well be that we have seen only the top of the iceberg. In my opinion, after wading through the multitude of complexities involved in this report and these issues, the most significant lesson embodied in this report is as follows: That we, as Governors, must act soon and decisively to assure happier governmental employees, with programs for greater security, improved benefits and better avenues of communication. This is in contrast to wishing this matter would disappear or that we can sweep it under the rug. For then we will be forced to act in an atmosphere of crisis when the issue is forced upon us. But one thing is certain. If we do not work for the former, we will certainly be faced with the latter. Mr. Chairman, I move this report be filed and received. [Secinded.]

Governor Volpe: Thank you very much, Hulett. All those in favor say "Aye." Opposed? The ayes have it.*

The Report of the Committee on Regional and Interstate Cooperation will now be delivered by Governor Nils A. Boe.

Governor Nils A. Boe: Mr. Chairman, there seems to be a mortality rate in this Committee. I am the last survivor.

An eighty-three page report is not to be capsuled in a page. Particularly is this so when that report addresses itself to such a range of subjects as agriculture, air pollution control, forest resources, law enforcement and corrections, mineral resources, ocean resource development, regional economic development, tourism, water resources, and a review of interstate compacts. In the time available, it is not even possible to list our committee's fifty-seven specific recommendations, much less describe them.

Be that as it may, it is fair to state that, with respect to these particular subjects, the committee has examined them to determine in what ways the States, or the several regions of the country, can act in concert to further their particular interests.

We are all familiar with the forces that impel us to cooperate. We all pay at least lip service to the need for improvement in intergovernmental relations. All too often, however, the possibilities for improved relations, for cooperation among governments at the same level, or different levels, are not explored, or, if explored, are not exploited. We believe that in the Report of the Committee on Regional and Interstate Cooperation we have explored some possibilities. We commend the report and its several recommendations to your attention.

Mr. Chairman, I move the adoption of the report. [Secinded.]

Governor Volpe: Thank you very much, Nils. The report has

* For full text of report, see Supplement to these Proceedings.

been seconded. On the question. All those in favor say "Aye." Those opposed? The ayes have it.*

I would now like to call on David Cargo for the report of the Committee on Law Enforcement and Criminal Justice.

Governor David F. Cargo: Thank you, Governor Volpe. First of all, I want to note that we have placed before all of you the committee's report and also a summary of that report. By way of summation, I might point out just a few things. First of all, I think that we should move with some speed in our various States to try to modernize some of the outmoded and archaic laws that we have. We must have a modern approach to law enforcement. I think that we have to devote a good deal of attention to this matter. The Omnibus Crime Control and Safe Streets Act of 1968 provides us with a tool which we can use to attack some of the problems that have been created by crime and delinquency. But we should urge, I think, collectively and individually the Justice Department to give a great deal of attention to the position that we have taken, particularly when it comes to their formation of policy, and they should permit the Chief Executives of the various States to administer this program. They should not encumber it by administrative policy which will dilute this control.

Another area that we need to devote some attention to is the matter of corrections. I think it is necessary that we look at the area of corrections in trying to remedy the imbalance that presently exists in connection with spending and saving in this very critical field. We also feel that all of the States need to look after their juvenile and penal codes to see if they are providing the courts with modern statutes to carry out their responsibility. In the area of riot control, we must try to solve the problems which create riots and we must treat the source of these riots and we also must see to it that the rights of all the citizens of the community are protected, not only their civil rights but their property rights as well.

In connection with the Juvenile Prevention and Control Act, we think that it is imperative that the same provisions found in Title I of the Omnibus Crime Control Act be carried over into this bill and that it should be coordinated with the Safe Streets Act.

In connection with fire arms control, we feel that the Governors must respond with leadership in this area and within their respective States. But we do feel that basic responsibility dealing with this legislation lies primarily within each State.

At this time I would move the report of the Committee on Law Enforcement and Criminal Justice be filed with this Conference.

Governor Volpe: Thank you, David. Do I hear that motion sec-

* For text of full report, see Supplement to these Proceedings.

ended? [Seconded.] On the question. All those in favor say "Aye." All those opposed? The ayes have it.* Governor Phil Hoff, Chairman of the Committee on Revenue and Taxation, will now present the report of that committee.

Governor Philip H. Hoff: Thank you, Mr. Chairman.

For the past six months, the Committee on Revenue and Taxation has concentrated on three broad areas of study. We have sought initially to implement recommendations on federal-state fiscal relations made by the 59th National Governors' Conference. We have considered methods by which the Governors' Conference can assist the States in the development of revenue policies. Finally, we have surveyed some of the new concepts in public finance with the hope of framing a focus for future studies of the Revenue and Taxation Committee. The results of our work are contained in a series of staff papers which will be distributed this week.

For the purpose of this report I will merely discuss a few highlights of those staff papers.

I. Prior Recommendations on Federal-State Fiscal Relations.

A. Joint Funding.

In October, 1967, the 59th Annual Governors' Conference passed a resolution urging "enactment without delay of the Joint Funding Simplification Act." As you will recall, the purpose of this act is to permit federal agencies to combine related grants into single, functional packages, thus simplifying administrative and financial burdens for both federal agencies and the States.

Our resolution reflected the growing absorption of the Governors with the proliferation of federal grants-in-aid. More specifically it mirrored our concern with the increasing complexity involved in responding to federal grant offerings so as to creatively implement broad national and state goals. To aid Congress in the consideration of the Joint Funding Simplification Act, the committee solicited from the Governors their experiences in seeking to package federal grants under the present federal system of apportionment. Responses from the Governors demonstrate that where federal agencies have initiated single applications for several grant programs, the results have been excellent.

The joint plan submissions for Title VIII of the Housing Act of 1964 and Title IX of the Demonstration Cities and Metropolitan Development Act of 1966 serve as models for what might be accomplished. But in many other instances, federal agencies had no authority to permit such combinations. Progress toward program simplification has been haphazard. And, in the apparent absence

* For text of full report, see Supplement to these Proceedings.

of a strong federal commitment to that objective, we consider program simplification to be necessary.

Armed with these state responses, the committee requested hearings on the Joint Funding Simplification Act by committees of both the houses of Congress. At those hearings we believe we were able to demonstrate that the act would:

- (1) Permit the more effective use of federal funds in carrying out both broad Congressional intent and specific state objectives;
- (2) Avoid delays in winnowing the multiplicity of grant provisions now available;
- (3) Facilitate the adoption of packaged grant programs to enable the States to enjoy new flexibility and renewed emphasis on their unique problems and varied abilities to respond.
- (4) Reduce the administrative costs to the States in applying for and receiving federal funds.

Despite the urgency of these matters, the fate of the Joint Funding Simplification Act remains in doubt. To date, no committee action on the bill has been taken. We, therefore, recommend that the National Governors' Conference reaffirm its earlier support of the bill and urge, once again, its enactment into law this session.

B. Revenue Sharing.

In seeking to implement a second resolution of the 59th National Governors' Conference, the committee continued its study of federal-state revenue sharing in the form of overhead or general support grants. In April we again met with representatives of the U. S. Conference of Mayors, the National League of Cities and the National Association of Counties to pursue the formulation of a common legislative proposal which could be supported by each of our organizations.

Two problems overshadowed these discussions. First, the continuation of the Vietnam War and federal budgetary pressures stemming from other sources. Both factors continued to make Congressional action on a revenue sharing proposal highly unlikely. Secondly, since the time of our 59th Annual Conference, the Kerner-Lindsay Report has brought into clear focus the lethal crisis confronting our Nation and its core cities. This report, and the disorders which precipitated it, have reminded us that millions of Americans are being denied a share in our national prosperity. Under these circumstances, questions of fiscal priorities become even more critical.

Some members of our committee believe that revenue sharing should remain high on the list of the Governors' national policy objectives in 1968. They believe unrestricted federal grants will

place our States and cities in a firmer position to deal with the domestic crisis we face. Other committee members, of whom I am one, doubt that, at this juncture in our history, our Nation can now afford the luxury of a mere shotgun approach to federal spending to resolve domestic difficulties. We believe that revenue sharing must necessarily await a massive infusion of national resources into our core cities and into other pockets of rural and urban poverty around the country.

In our view a prompt attention to the specific problems outlined in the Kerner-Lindsay Report, and an unswerving commitment to their solution, may be the price of our national survival. Apart from questions of timing and priority, however, our committee was able to agree on several minimum criteria for any acceptable revenue sharing proposal:

- a. Any allocation formula should be simple, understandable and equitable.
- b. Any plan should assure substantial additional federal financial resources to urban communities as well as States.
- c. Revenue sharing for municipalities should not encourage present barriers to the more effective structure of local governments in accord with the scope of their public service responsibilities. As a minimum, the plan should deter further geographical fragmentation of local government.
- d. The revenue sharing plan should be designed to supplement state and community resources rather than substitute for state and local tax effort.
- e. The revenue sharing plan should not undermine any categorical federal grant designed to serve national priorities and national purposes.
- f. The procedures for federal revenue sharing should be flexible enough to support fiscal policy for a stable and growing economy, without impairing orderly planning and budgeting in States and communities.

We recommend that these principles be embodied in a resolution of this Sixtieth National Governors' Conference.

II. Revenue Estimations and Economic Information.

During the 1967 fiscal year, many States and localities experienced difficulties with revenue estimations and a short fall in expected tax receipts. Some of these problems may be traced to uncertainties in forecasting national and regional economic trends affecting the revenue and expenditure requirements of the States. Although revenue estimations are handled by trained specialists in most States, Governors themselves have heavy responsibilities for formulating public policies which will contribute to the economic prosperity of their jurisdictions.

Our committee believes that the Governors would benefit from a closer exchange of information on economic developments between the States and the national government. In discussions with the Joint Economic Committee of Congress and the Office of Business Economics we have found receptivity to the idea of periodic briefings of the Governors on the national economic outlook. We, therefore, recommend that the possibility of such briefings, and the development of additional economic indicators pertinent to the States, be pursued by the Executive Committee of the National Governors' Conference.

III. Other Issues for Consideration.

We wish to bring to your attention Senate bill S. 927, discussed with us by Senator Frank J. Lausche of Ohio, which makes unlawful, unreasonable and unjust discrimination in certain property tax assessments of common carriers. The bill would allow carriers to procure injunctions against prejudicial or discriminatory taxes. It has been reported out of the Senate Commerce Committee with an effective date three years after passage. While your committee takes no stand, we note the opposition of the National Association of Tax Administrators. We believe, at the minimum, the States must review their own situations to determine if they have adequate time to adjust to the revenue dislocations that would result from passage of the bill.

The United States Supreme Court recently interpreted federal law to prohibit the States from taxing national banks in a variety of ways, including sales and use taxes and personal property taxes. This ruling deprives the States of an important source of revenue and disturbs the equity of our tax structures as between national and state banks. Therefore the committee encourages each of the Governors to review this matter with their tax departments and to recommend corrective action to the Congress if they deem it appropriate.

I move the continuation of this committee and I further move that the report be accepted and filed.

Governor Volpe: Thank you very much, Phil. Do I hear a second to the motion? [Secinded.] On the question. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor LeVander: I have noted in the report that they recommend that the principles on federal-state sharing be embodied in a resolution for the Governors' Conference. Is there a resolution on that in the Resolutions Committee Report?

Governor Volpe: I am not sure, Harold, but we will take up the resolutions very shortly. Governor Hughes of New Jersey will

* For text of full report, see Supplement to these Proceedings.

now present the Report of the Committee on State-Urban Relations.

Governor Hughes [New Jersey]: Thank you very much, Mr. Chairman. This committee's report is before everyone. I shall try to summarize the summary of it. It recounts that testimony was offered by members of this Conference before Congress on behalf of the Housing Act of 1968 by Governor John Love and by me. There have been in addition many, many meetings with federal officials by members of the committee and of the Governors' staffs and cabinets who are participants in the committee's work. The report recounts a good many activities, all of them revolving around greater cooperation and communication and dialogue between the States and the municipalities. In that connection, a good example of the regional kind of cooperation is the kind that exists between us in New Jersey and our neighbor across the Hudson, Governor Nelson Rockefeller, and our neighbor across the Delaware, Ray Shafer, and our neighbor, Charlie Terry. This kind of interstate regional effort leaves really nothing to be desired. There has not been a hint of partisanship in it, no individual jockeying or anything of the kind. I think it is a commendable example of the kind of relationship that could come to exist throughout the country.

The report goes on to suggest that nineteen of the States presently have either a department of community affairs or similar comprehensive agencies. Many of the States, indeed, have in some manner begun a program of financial participation in aiding the efforts of the municipalities to improve their growth and to meet their problems which are growing so quickly during these times. We feel that this kind of cooperation will give the state government more control and more participation in federally financed manpower projects. I think it is the consensus of every Governor here, regardless of his political background, that the States must have a major participating role and planning role.

Mr. Chairman, without going further in detail in this report, unless there is a question, I would like to move that it be filed.
[Seconded.]

Governor Volpe: It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.* Thank you, Governor Hughes, for a very fine report. Our last committee is the Committee on Transportation—Governor Reagan of California.

Governor Reagan: This is the first year that the National Governors' Conference has had a full committee devoted completely to the full range of problems within the transportation area. The activity in the Congress in this field, the rapidly changing and expanding technology in transportation modes, and the growing pains of the States as they seek to meet the public's transit needs have kept the committee in constant motion.

* For text of full report, see Supplement to these Proceedings.

Governors and their representatives first met in Washington, D. C., in early April to outline several problem areas of concern to the States. These included, among others, the automobile insurance study by the federal Department of Transportation, the Highway Trust Fund cutbacks, urban mass transit, statewide transportation planning, highway safety, and airport development. The committee directed at that time that the staff of the Governors' Conference continue to study these matters and report back to the committee members.

I requested that each Governor appoint a staff aide to work directly on the committee's tasks. These aides met in Chicago in late April and drafted several of the resolutions which we have considered at this annual meeting. A considerable workload was completed in this manner.

The major policy recommendations of the committee are contained in these resolutions.

During the course of this year, the National Governors' Conference has made its voice heard in the Congress in the area of transportation.

Governor John Volpe, our Chairman, has himself testified before Public Works and Highway Committees of both the House and the Senate. His expertise in highways is respected by these legislators.

As Chairman of the Transportation Committee, I have submitted statements for the records of Senate and House hearings on Automobile Insurance. Governor Buford Ellington, who has served very ably as Vice Chairman of this committee, and Governor Mills Godwin have both submitted statements to congressional committees on the matter of urban highway development. Many other Governors have made their views known by writing or calling their own representatives in the Congress.

Our experience has been that the Congress is eager to hear the views of the States and their leaders on a broad range of subjects. We feel that our impact has been felt in the transportation area.

The new Federal Highway Aid bill, now in conference committee, included, in both House and Senate versions, the repeal of the ten per cent penalty clause from the Highway Safety Program. This is one of the major recommendations of your Transportation Committee.

Efforts to divert Highway Trust Funds to other public works have been stopped largely due to policy positions expressed by Governors.

In our policy recommendations, we have sought not only to respond to the current legislative activity of the Congress. We have sought to challenge the Congress to new action, and to move in new and better directions. We have also sought to challenge ourselves,

as leaders of the States, to new initiatives and creative action.

Mr. Chairman, I move the adoption of the report. [Seconded.]

Governor Volpe: Thank you very much, Ronald. Motion has been made and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Now comes the time for us to hear any offers of invitation for the site of the 1969 Annual Meeting. As you know, Governor McKeithen of Louisiana has already offered New Orleans, and Governor Love of Colorado has offered Colorado Springs. Is there any other Governor who wishes to put his State in nomination for the great honor and hard work of serving as host? Hearing none, the Executive Committee will consider the invitations submitted by Colorado and Louisiana.

We now come to the resolutions. As you know, under the Articles of Organization the Executive Committee is required to act as the Resolutions Committee. Your committee labored, if I may say, long and hard in the review of many, many proposed resolutions. Copies of all of them, as reported out by the committee, are now in front of you. I shall call upon our Secretary to read only the resolved clauses, unless there is a request from a Governor to read the entire resolution. Amendments will be in order and they will require the same vote as required for the adoption of the resolution itself, namely, a three-fourths majority vote. Any resolution that has not emanated from the Resolutions Committee requires unanimous consent for consideration.

Mr. Carihfield, on the first resolution will you please read it in its entirety and from then on read the resolved clauses only.

Governor Jack Williams: May I rise for a point of order. I sound like a broken record but I am concerned over the handling of resolutions. I mentioned this at our Western Governors' Conference so it does not refer entirely to this one. We have before us forty-four resolutions. Some of them are intricate. They have various clauses. They have statements in them. I feel that these resolutions—I hate to criticize without having some measure of affirmative action—should be distributed much earlier. I have managed to go through all of the resolutions this morning but it was not easy. On some of them, I do not have the necessary background information. Consequently, to vote on them, I would be voting on something that I am not at all wholly familiar with. For example, one deals with the Asian Development Bank. I know very little about banking except a checking account. So I question the handling of resolutions in this matter. I feel that I cannot conscientiously vote for some of these resolutions. In some, the title appears acceptable but the material therein contains nuances that I

*The report as read by Governor Reagan constituted the full report of the committee.

do not understand or do not agree with. I merely call this to the attention of all of the Governors, that we cover a great number of subjects in forty-four resolutions. Some of our colleagues are not here. I wonder if this is not a gesture in futility in that we pass resolutions that we have not adequately and carefully studied. I would recommend that at another meeting we find some better method of presenting forty-four resolutions to a group of distinguished individuals to put their stamp of approval on.

Governor Volpe: Thank you, Governor. I can only say that they all have been prepared and reported to you in accordance with our bylaws. Many of these have had the review of one of our committees. The Executive Committee had to consider seventy-seven resolutions yesterday in a three and one-half hour session. Some of them were debated rather extensively. And so, even though I appreciate that it would be nice if we had more time, I think all we can do is refer your thoughts to the next Executive Committee for their consideration.

Governor Reagan: In connection with what Governor Williams has said—and there is no question about the Committee's process and the limited time—I do not think there is any question here about actual intent of either the committee or the Executive Committee, but we know that, given enough words, various interpretations can be placed on them. There are Governors running for election and reelection. And you wonder sometimes if an interpretation can be placed on a resolution here that would make it appear to be in contrast to a policy of a Governor and he would be put in a position to defend something. I would like to ask, out of my own inexperience in these Governors' Conferences, if it would be possible to follow the same procedure but instead of voting actually at the Governors' Conference, if we could take these resolutions home with us. Those Governors not present at the Conference could receive the resolutions by mail, and perhaps by a given date in the not-too-distant future we would vote by mail on each one of these after we have had time to study them.

Governor Volpe: That would not be possible under our present bylaws. Our Secretary will read the first resolution on Lurleen B. Wallace. [Resolution read by Secretary.] Will you all stand as a sign of approval of this resolution.* Thank you very much.†

Governor Volpe: The next resolution is entitled Asian Development Bank. [Resolution read.] It has been moved and seconded that this resolution be adopted. All those in favor say "Aye." All

* For text, see Appendix VII.

† Governor Nelson Rockefeller requested the record to show that he was absent during consideration of remaining resolutions.

those opposed? The resolution is adopted.* Does anyone who voted no wish to be recorded by name?

Governor Williams: I simply wish to explain that I cannot, in the brief time I have had, understand the entire thrust of this Asian Development Bank. If it is important to any of our members, I would simply abstain from voting. I would like the record to show that I abstained from voting.

Governor Hearnese: I said that I am present but not voting. That is the way we did that in the Legislature—just present.

Governor Volpe: I do not think I ought to say this but I think I will. This measure was sent to all of you in March of this year for your consideration.

Governor Hearnese: I know it is very easy up there at the chair to make fun of us out here with that type of comment, which I do not appreciate. It makes us look kind of bad. We have been friends for a long time.

Governor Volpe: Of course we have.

Governor Hearnese: You know, as we do, the volumes and volumes of mail that we get. I never saw this in March of this year, last year or the year before. I could do like any other government official and blame it on my secretary. That does not have anything to do with the circumstances. I am not an expert on the Asian Bank. I do not know what I am voting on. Maybe I should have done this last night instead of going to the ball. I feel sorry for the Governors from California and Arizona. I have been here three years and it is the same thing. We all have that same feeling. But I do not want anybody in the room to think that, from your statement, I do not pay any attention to this or that or the other. It is just a fact that I have never seen this. I do not know anything about it. So I am present and not voting.

Governor Volpe: I apologize.

Governor Romney: Record me as present but not voting.

Governor Kirk: I want to be on that same list.

Governor Volpe: Next is a resolution on Federal Aid to Education. [Resolution read.] It has been moved and seconded. All those in favor say "Aye." All those opposed?

Governor Hearnese: Present.

Governor Volpe: A roll call can be had by the vote of ten members. Are there ten members who would like a roll call? All right. Then we will have raising of the hands so the chair can be certain. All those in favor of the resolution will raise their hands. Nineteen in favor. All those opposed? The motion is carried.*

Governor Maddox: Let me clarify my vote, may I, please?

Governor Volpe: Yes, Governor.

* For text, see Appendix VII.

Governor Maddox: I want to go on record as voting "no" to calling upon the federal government to do a job that the Governors and the States and local communities should do. The federal government has already shown what kind of a job it can do in Washington, D. C. I do not want that to happen in Georgia.

Governor Volpe: Thank you. The next resolution is on Vocational-Technical Education. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Volpe: Next resolution is entitled Interstate Agreement on Qualification of Educational Personnel. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Kirk: May I ask a question on this procedure? Following Governor Hearnese's comment about being present and not voting on some of these issues, can we do it at a later time?

Governor Volpe: You are doing it at the time the vote is registered. After the vote is taken, if you would like to be recorded as being present, you may do so.

Governor Kirk: Do you have to make this known on each proposal or can we enter it in the record at a later time? For example, I wanted to be on the list on the other one. I don't know whether the secretary understood it.

Governor Volpe: Yes, we did. Our Secretary feels that if you wish to be so recorded that you do it each time so there will be no question about any slipup. Our next resolution deals with Integrity of Federal Highway Trust Funds. [Resolution read.] You have heard the resolution.

Governor Reagan: I would like to remark here that the last "be it further resolved" is an addition by the Executive Committee and was not included by the Transportation Committee. It was our feeling that the Conference Committee is continuing to study this and we did not believe that there was enough information on the change in formula, changing the formula too soon, until this study has been completed. This does not represent the thinking of the Transportation Committee.

Governor Volpe: You desire to move to delete that clause?

Governor Reagan: I move to delete that clause.

Governor Williams: I second it.

Governor Volpe: All those in favor say "Aye." All those opposed? The ayes have it. All those in favor of the resolution as amended will say "Aye." All those opposed? The ayes have it.* The next title is Repeal of Highway Safety Program Penalty Clause. [Resolution read.] You have heard the resolution. It has

* For text, see Appendix VII.

been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Hearnes: Present.

Governor Romney: Present.

Governor Kenneth M. Curtis: Record me as no.

Governor Volpe: Next is Auto Insurance. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." Opposed? The ayes have it.* Now a resolution entitled Executive-Legislative Liaison Study. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.* Next is State Executive Reorganization Authority. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.* Title of the next resolution is Training for Executive Aides. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? Resolution is adopted.* Do you wish to be recorded?

Governor Hearnes: Present.

Governor Volpe: Also Governor Brewer and Governor Kirk and Governor Docking and Governor Reagan ask to be recorded as present. Our next resolution is on Labor Disputes Which Create Regional Emergencies. [Resolution read.] You heard the resolution. It has been moved and seconded.

Governor Cargo: Is it the intent to overturn the policy of federal preemption in the field of labor-management relations? Is this the intent?

Governor Volpe: This was not the intent. The intent was that there are cases where more than one State is involved in this sort of thing. What you are asking the Congress to allow is two or more States to work out a proposal that would enable them to resolve the labor dispute when the federal government has not acted. Who was it that spoke at our Executive Committee meeting about this yesterday?

Governor Romney: We had a 250-day newspaper strike in Detroit with our major newspapers. This is an emergency for the State of the first order—a lack of knowledge, a lack of communication during a critical period. The courts have declared that a Governor and a State can do nothing about such an emergency strike. You are helpless unless the parties are willing to intervene. The federal government does not intervene because the Taft-Hartley Act is limited to national emergencies. Consequently, under these circumstances, you can have state, regional and local strikes of the most critical character, and you cannot do a thing about it ex-

* For text, see Appendix VII.

cept what the parties are willing. This is intended to recognize that there is a gap. The President of the United States is not going to step in and undertake to resolve such disputes. This should be called to the attention of Congress so the States can have some means by which they can take whatever appropriate action is needed.

Governor Reagan: Right now we are framing some state legislation in California having to do with labor disputes and setting down legislation covering it in the field of agriculture. Now, it is my understanding that a few years ago, as a result of a court decision, the federal government did open this and give this jurisdiction to the State. Is that limited just to agriculture?

Governor Romney: I think you will find it is limited to public employees in agriculture. As a matter of fact, the key decision was made in a bus case (a utility case) where Wisconsin was precluded from intervening in any meaningful way. We had a similar case in Michigan where we were precluded and I was enjoined by the Federal Court in Michigan from even bringing the parties in to talk about this newspaper strike because of this preemption by the federal government.

Governor Reagan: This resolution is simply seeking to give the State the same jurisdiction which has been given to us in the agricultural field where the federal government does not take the jurisdiction but could not give it to anyone else.

Governor Romney: That is correct when the dispute involves organizations that are primarily intrastate in character. They are not primarily interstate firms. They are firms that are affecting only a State or a locality.

Governor Volpe: As the resolution so states.

Governor Cargo: I think there is a hiatus in the law. I am only sorry that we did not complete the resolution and spell it out. I think, in many areas, the State should have jurisdiction. Where that hiatus exists, we ought to state our position and make it a rather comprehensive statement on the particular subject.

Governor Romney: If the Governor would yield, this does it. If you read the complete resolution, it does not deal with the question of the States getting together to deal with something that is regional, as between States. It primarily deals with intrastate strikes and authorizes the States to establish whatever procedures they think are wise for dealing with such intrastate strikes that create emergencies as far as States and localities are concerned.

Governor Cargo: When you are discussing some of these things, we ought to lay it out and lay it out cold so we know exactly what position we are taking. I am not against the resolution. All I am saying is that if we are going to go into these areas where there is a hiatus we ought to have a comprehensive statement on the thing. I do not think it is here.

Governor Romney: Take a look at "Whereas, federal legislation is required to fill this gap in policy and to clarify Congressional intent concerning the role and responsibilities of States in the settlement of labor disputes creating regional emergencies."

Governor Cargo: I am inclined to agree with brother Hearnes. We have too many whereases sometimes. Why don't we say what we mean and lay it out?

Governor Volpe: All those in favor say "Aye." All those opposed? Present are Governor Curtis and Governor King. The ayes have it.* The next resolution covers National Water Resources Policy. [Resolution read.] You heard the resolution.

Governor Albert P. Brewer: Is this a clampdown on Secretary Udall in disallowing or disapproving state water improvement standards?

Governor Volpe: Who was the mover of this resolution?

Governor Romney: I moved this resolution. I introduced it. Call me the mover.

Governor Brewer: Would you like to comment on it? The question is this. Will this limit the authority of Secretary Udall to disallow water improvement plans?

Governor Romney: No. This is simply a recognition of the fact that we do not have a national water policy thus far and that the States should be given meaningful participation so that the policy adopted will recognize the first use of water in various regions of the country. I was raised out West where the use of water for irrigation is a lot more important than it is in Michigan or in Ohio. Therefore, the water policy should reflect some of these different uses that water is put to. That is the basic purpose of this resolution.

Governor Norbert T. Tiemann: I would like to point out that practically every major river and every major basin has a commission. Many basins have interagency commissions along with it. Secretary Udall and his people are attempting to overlay that with another layer of bureaucracy. We are coming along here and asking for another. We are not cleaning up some of these bureaus. We should start with the bureaus. Until that time, I think we are spinning our wheels.

Governor Kirk: I agree with Governor Tiemann. All of my people are always off to meetings. I have never seen so many meetings in my life. Some of them are Democrats and I am glad they go. But what is the National Water Commission? Is that a federal commission or what is that to be?

Governor Romney: It would be a commission to be created which would include federal, state and private people to come up with a recommended national water policy that would reflect the

* For text, see Appendix VII.

fact that we need to get rid of some of the bureaucracy and we need to have provisions for diversity on a regional basis. Our people are spending a lot of time attending meetings called by federal people and you are getting action by bureaucrats rather than establishing policy.

Governor Reagan: Maybe part of the trouble, George, is because Secretary Udall has been in the West so much lately that you have not found out about some of the things that he is doing. This is one of those instances in which I would give anything in the world to have the director of our very great and extensive water development program sitting at my shoulder right now, giving consideration to this problem. We have recently had some cabinet meetings about the fact that Secretary Udall, under the guise of purifying water, has actually made it impossible for us in some areas to impose even higher standards, which we wanted to impose at the state level. The question was very well taken there.

Governor Romney: We have the same target. Do not think we are not confronted with the bureaucracies in Michigan. We have four times as much fresh water as any other State and we have tremendous problems to deal with, and that is why we are concerned here about getting some order.

Governor Louie B. Nunn: Mr. Chairman, I submitted the resolution on water quality standards. This same resolution was submitted at the Midwestern Governors' Conference and passed there unanimously. It was submitted at the Southern Governors' Conference and passed there unanimously. With your permission, I would like to read it and offer it as a substitute.

Governor Volpe: Go ahead. Before reading the resolution, give us the intent of the resolution and then we will have to get a three-quarters vote to suspend in order to consider the alternate resolution.

Governor Nunn: I can give the intent to you in two short paragraphs.

Now, therefore, be it resolved by the National Governors' Conference that the States be urged to stand together in adherence to and defense of water quality standards as defined by the Water Pollution Control Act as interpreted by the appropriate state authorities and reject the improper and unauthorized intervention of federal authorities in the States' Water Pollution Control Programs; and

Be it further resolved that federal authorities are requested to cooperate with the duly constituted state water pollution control officials and with the States generally, in rescinding or properly amending these federal requirements which have contributed to the development of this unfortunate situation.

I would move to suspend the rules. [Seconded.]

Governor Romney: If I may make a comment on the substitute,

the substitute is weaker than the original resolution. The substitute in effect appeals to the federal authorities to show consideration for the state problems. The resolution I introduced requires them to include state participation in the shaping of a water policy that will reflect the varying conditions we confront. I am not opposed to the substitute, if that is as far as you want to go. But I just want to point out that it stops short of where we should go in dealing with what is your pressing concern, namely, the impact of federal action on your problem.

Governor Volpe: We will now call for a vote. This is just consideration of this resolution. You can debate the substance afterwards if you decide to admit it.

Governor Romney: What is the procedure?

Governor Volpe: The procedure is now to admit for consideration by a three-quarters vote the proposed alternate resolution. If you would admit it, then we can debate it.

Governor Romney: Do we debate on the substitute and then the original motion?

Governor Volpe: Yes. All those in favor of admitting the proposed substitute resolution say, "Aye." Those opposed? Would you raise your hands—those in favor of admitting it. Sixteen in favor. Those who are opposed to admitting it please raise your hands. Ten. It fails of admittance for lack of a three-quarters vote. The question now comes on the original resolution. All those in favor say "Aye."

Governor Kirk: Are you ready to vote on this resolution?

Governor Volpe: We are now ready to vote on the original resolution, unless you wish to speak on it.

Governor Kirk: I would like to ask a question. I am not trying to be difficult, George, but what is the National Water Commission, so I understand how it is created?

Governor Romney: It would have to be created, and the membership is not presently spelled out in the resolution. The concept is that it will be a federal-state commission, including private citizens who could assist in developing a sound national policy that would be a guide for the federal officials in what they do and will recognize the diversity as far as the States and regions are concerned. It just does not spell out the details.

Governor Kirk: How can this be a national policy? How about the Everglades of Florida? There is only one Everglades.

Governor Romney: This resolution says that there should be and must be in the National Water Policy a recognition of the diverse uses of water and diverse character of water.

Governor Williams: I studied this somewhat carefully and had some advice on it. It seems to me that Governor Nunn's resolution was strong but it seems to me that this is stronger and better for the States in its overall implications. I think it gives us greater

protection and goes into more areas. So I would certainly commend it.

Governor Reagan: We steal water from Arizona. If it is satisfactory with him, it answers my question.

Governor Volpe: All those in favor say "Aye." All those opposed? Let's have a showing of hands, please. All those in favor raise up your hands. Eighteen in favor. All those opposed? The motion is defeated. The resolution is defeated because it did not have a three-quarter's vote. What was the vote?

Secretary Carihfield: Eighteen to thirteen.

Governor Volpe: The next resolution is on Forest Fire Fighting. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.* We now take up a resolution dealing with Firearms. [Resolution read.] You heard the resolution. It has been moved and seconded.

Governor Hoff: I simply would like to say that I think this is the most weak-kneed resolution possible under the circumstances that confront this country today. What we are really saying is that we duck responsibility for the whole area. I hate to think that we cannot do something better than that. I am quite aware of the mood of this Conference as demonstrated by our Executive Session of yesterday. I want to make it quite clear that I think we are ducking responsibility here. I think it could and should be a whale of a lot stronger than this. I do not want to take up the time of the Conference any more than to make my view very clear. I would also propose an amendment which you have before you. I will read it.

Governor Volpe: Before you read it, just give an indication of what it does, Phil, and then we can consider it on its merits if the Conference so desires.

Governor Hoff: It is quite short:

Be it further resolved that the model gun control legislation prepared by the Council of State Governments in cooperation with federal and local government representatives, The National Association of Attorneys General, and the President's Commission on the Causes and Prevention of Violence, and other proposed model gun control legislation submitted to the Committee on Law Enforcement and Criminal Justice be forwarded to the President of the United States, Members of Congress, and all Governors.

Governor Volpe: You heard the amendment. This amendment is not a substitute motion. This amendment does deal with the subject at hand and is germane.

Governor Brewer: The thought occurs to me, with the resolution that we have, that the effect of the amendment is to commend

* For text, see Appendix VII.

the model act to all of the States as well as to the Congress. I have not read the model act. I read about half of it during the program yesterday. It is so long. I hesitate to take a position which might commend it without having had an opportunity to study it.

Governor Volpe: As I read the amendment before me here, it does not commend it. All it says is that it will be forwarded.

Governor Brewer: When we recommend that the Governors take the responsibility for promoting and enacting, then we accept everything in this proposed act. It seems that we do commend it indirectly, if not directly.

Governor Maddox: I want to make some statements in regard to this particular resolution.

Governor Volpe: All right.

Governor Maddox: I feel that we are not going in the right direction; that we should be going more in the area of law enforcement; that gun control is not going to solve the problem that we have; that punishment and rehabilitation of the guilty is the only answer. This resolution says "to keep firearms from irresponsible elements." Does a person have to shoot someone or kill how many before he becomes irresponsible? I think we are really grasping at gnats with this thing and letting the elephants go by. We cannot any more keep guns from irresponsible people than we can keep liquor from irresponsible people who kill on the highways. Regardless of this kind of legislation, people would still be killing. I want to express my objection to this gun registration.

Governor Hughes [New Jersey]: May I comment that the New Jersey Gun Control Act, which requires registration, also prohibits sale of firearms to lunatics who have been in institutions, narcotic addicts and convicted criminals. Just before that law was enacted, a New Jersey State policeman was killed on the Turnpike by a man who was on parole from Sing Sing. He had bought a gun two days before in another State. According to newspaper reports, the young man who was in contact with Governor Maddox yesterday had been in some sort of an institution. In New Jersey that boy would not have been able to purchase that gun because he would have been identified. I think if we concede that narcotic addicts and mentally unbalanced persons and convicted criminals ought not to be able to buy guns under state law, then we would naturally have to be in favor of the stronger amendment suggested by Governor Hoff. I will support that amendment.

Governor Hearnest: May I ask a question of Governor Hughes?

Governor Volpe: Go ahead.

Governor Hearnest: I understood everything you said about the State of New Jersey. Just assuming, hypothetically, that half the States had the same legislation as does New Jersey, will this ever be any good without every State having it?

Governor Hughes: I think it would be good, Warren. Mr.

Chairman, excuse me for addressing the Governor directly but I did so because of my great respect for the sincerity of his question. This man was on parole. He killed the policeman with six shots. It was a terrible tragedy. We have had them before in New Jersey. The State in which the man bought the gun was about a half day's drive away from New Jersey. He bought it over the counter. He was a convicted criminal on parole from Sing Sing. In New Jersey, had he sought to buy that gun under our law, he would have had to wait awhile. During the time that he waited, the Chief of Police would have identified him. It is true that the man could have bought it through the mails very easily or he could have gone over into a neighboring State. But I do not think that is a justification for a State not taking action.

Governor Hearnes: I am trying to get your philosophy, and am not against what you are saying. No one has fought harder for state legislation than I have. But I am trying to get your whole thinking on whether this is really effective to do the job. To do the job, it would require fifty States having good legislation plus the federal Congress on interstate shipment. I don't know whether you understand my question.

Governor Hughes: The only way I can answer that, Mr. Chairman, is that I think every State and the federal Congress ought to do its best. Under the New Jersey method of identification, which would give a lifetime I.D. card, the person does not have to come back unless he has been convicted. He keeps that for life. It is our burden to identify him if he is convicted of a crime or becomes an addict or becomes mentally unbalanced. It is not full proof. But clearly, is it right for the Congress of the United States to permit sales through the mail and for the individual States to permit the indiscriminate sale of these terrible weapons to addicts and the mentally unbalanced and convicted criminals? If your answer to that is no, if that is wrong, and if it is dangerous, then I think this kind of legislation should be enacted by every State and by the federal Congress.

Governor Agnew: I think the principal problem that comes out in any discussion of gun control legislation is the attempt to oversimplify what it entails. And some of us get pretty gun-shy, if I can coin a phrase, when we are asked to support gun control legislation that does the things that Governor Hughes is so properly concerned with. Certainly I am one who feels most strongly that the sale of weapons and even the transfer of weapons among private individuals in a private sale should require not only a waiting period and a check through files, but also fingerprinting, which is the only way to make it actually effective. On the other hand, I am 100 per cent against the registration of all weapons that happen to be owned by anyone at the present time. I am not against it from the standpoint that I think it is going to deprive anyone of a weapon. I

am against it because I can see what a tremendously expensive waste of time it is going to be. It costs a lot of money to register automobiles, which cost between two and four thousand dollars on the average. If we create a federal or state agency to register every gun, we are going to undergo a tremendous expense for no useful purpose, because the people who have guns now that are going to use them illegally are not going to come in and register them. And certainly, we are not going to send the police out to search their homes for them. So the problem of gun control legislation is that nobody understands what anybody is talking about. If you are talking about what you have, Governor Hughes, I am with you 100 per cent. We have such a law in Maryland. It is not quite as strong as I would like to see it. But if you are talking about gun registration, I am against it. I would like to ask a question. This amendment to the resolution, does this model gun control legislation include a general registration of guns?

Governor Volpe: It does not.

Governor Agnew: Then I have no objection to it. I would like to be recorded as being in favor of the resolution and the amendment only because this Conference should take some positive action on this problem. However, I think it is woefully inadequate. Coming from a State where hunting is extremely popular, I feel that we should have regulation in all of these States so the criminals in our own State and from neighboring States cannot come in and buy firearms over the counter.

Governor Kirk: I am enthusiastic about the control of anything that leads to riots, deaths, assassinations or the like. But I am afraid this firearm thing is confusing. We are suggesting legislation in Florida which makes it a felony if you are caught under circumstances with such things as a Molotov cocktail or under circumstances where it would appear that you are going to do harm to someone. It carries a mandatory one-year sentence. It would be more persuasive than any of this. It could be a greater deterrent and greater for law enforcement than any of this firearms registration which is compounding the confusion. I want to be understood that we are not meeting the issue with this kind of firearms legislation. The issue is Molotov cocktails. The issue is assassination or of somebody approaching Governor Maddox.

Governor Guy: I move the previous question.

Governor Volpe: Governor Guy moves the previous question. It takes a two-thirds vote. All those in favor of moving the question will say "Aye." Those opposed? The chair is in doubt. Will you raise your hand if you would like to proceed to move the question. All you are doing is bringing the amendment to a vote. It is not approval or disapproval. It is not debatable, by the way. All those in favor of closing discussion and moving to a vote on the amendment will raise their hands. All those opposed? It carries.

Discussion is closed. I will read the amendment once more so that you will hear it. This is an amendment to the resolution on firearms control.

Be it further resolved that the model gun control legislation prepared by the Council of State Governments in cooperation with federal and local government representatives, the National Association of Attorneys General, and the President's Commission on the Causes and Prevention of Violence, and other proposed model gun control legislation submitted to the Committee on Law Enforcement and Criminal Justice be forwarded to the President of the United States, Members of Congress and all Governors.

On the amendment, all those in favor say "Aye." All those opposed? Raise your hands please. All those in favor raise their right hand.

Secretary Crihfield: Twenty-two.

Governor Volpe: All those opposed to this amendment?

Secretary Crihfield: Eleven.

Governor Volpe: Twenty-two to eleven. The motion is not carried, for lack of a three-fourths favorable vote. Now on the main motion as it is before you—all those in favor say "Aye." All those opposed? The ayes have it.* The next resolution will be on Crime Control. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.* I recognize Governor Godwin for the purpose of moving reconsideration of a previous resolution.

Governor Mills E. Godwin, Jr.: Going back, if you will, to the resolution that was rejected on Water Resources Policy, rejected because it failed to secure the necessary three-fourths vote, I did not vote on the prevailing side on that question. So I believe the distinguished Governor from Kentucky is going to move for reconsideration of this particular resolution. But may I say that the Executive Committee, in consideration of these resolutions and other resolutions dealing in the same subject, did not report out a resolution on water quality standards because of the single objection rule under which we were working. We brought out the best one that we could from the Resolutions Committee. Now we stand in the position of not having any resolution. I would like to yield to the Governor of Kentucky, Governor Nunn, for the purpose of making a motion.

Governor Nunn: I feel that this is very important and a very significant matter. It is not one which we can avoid. For that reason, I would like to move that we strike paragraph 3 of the resolution—that portion establishing the National Water Commission.

* For text, see Appendix VII.

Governor Hearnese: Is this a motion for reconsideration?

Governor Volpe: Governor Nunn is making a motion for reconsideration of the death of the previous resolution.

Governor Nunn: I was on the prevailing side, and I move for reconsideration of it.

Governor Volpe: That will take a majority vote to reconsider. Was it seconded?

Governor Godwin: I second it.

Governor Volpe: It has been moved and seconded. All those in favor say "Aye." Opposed? It can now be reconsidered.

Governor Nunn: I move to strike paragraph 3 and pass the resolution.

Governor Volpe: You have heard the motion which is to strike paragraph 3 of the recommended resolution of the Executive Committee. Is there a second?

Governor Romney: I second the motion.

Governor Volpe: All those in favor say "Aye." All those opposed? The ayes have it and the amendment is adopted. Now you have to give me another vote on the amended resolution. All those in favor say "Aye." Those opposed? The ayes have it.* Next item is National Guard Mutual Assistance Compact. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.* And now a resolution on Strategic Reserve Airlift Capability. [Resolution read.] You have heard the resolution. It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.* There is an additional resolution dealing with the National Guard. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Volpe: I shall now ask the Secretary to read text of a resolution entitled Office of Emergency Preparedness and Federal-State Relations in the Executive Office of the President. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.* The next resolution may engender some discussion. It is entitled Declaration of Conscience. [Resolution read.] You heard the resolution. It has been moved and seconded.

Governor Brewer: We had a resolution at the Southern Governors' Conference that touched on some of these matters, one involving the exercise of freedom of choice in the selection by parents and children of the school which the child could attend. It was thought that it was best not to bring up a matter of that controversial nature. All of us admit it has been slow in some places. But we are making progress in our State in these areas. Yet, this

*For text, see Appendix VII.

resolution seems to indicate that property rights now must be subordinated to so-called human rights. This has been the cry of a lot of people in the streets—that property rights have little or no value when weighed against the real or imagined grievances that people have. We believe in our State that property owners have some rights in connection with the utilization of their property, irrespective of the passage of the recent Housing Act in the Congress. I, of course, cannot support this resolution. This resolution puts us on record seeking to eradicate so-called racism in the name of human rights. We are depriving the property rights of individuals who also have human rights to enjoy and own and use their property as they see fit. For that reason, I must oppose the resolution.

Governor Romney: As the one who offered the resolution, I would like to respond to the comments of the Governor of Alabama. I subscribe to his viewpoint that property rights are essential and you cannot have human rights without property rights. Actually, property rights cannot be separated from human rights. They are interlinked. This resolution makes that clear. Now, this really is an expression of the cornerstone on which this Nation is founded, as far as I am concerned—the right of every human individual to dignity and equality before the law and equality in these areas. I do not want to prolong the discussion but I really think this is just a declaration of independence, an indication that we are prepared to do all that we can in our official capacity to get a full expression through private action as well as public action. I want to emphasize private action because I think the bulk of the action will be made through the private sector rather than public. We should be determined to realize the principles of the Declaration of Independence which brought this country into being.

Governor Maddox: Mr. Chairman, I would like to go on record as opposed to this resolution. I say that it is in keeping with the previous decisions of the Congress and the decisions of the Supreme Court that have brought this Nation to the brink of disaster. In a land where a person who owns property has less rights to determine how he would sell it than a person seeking to buy property, then we have communism. It is not Americanism. This is destruction of the right to private property. It is a sad day in this country when a person who owns his property has less rights to it than a person who does not own it. It does deny the freedom of choice of the property owner. It does deny the right of the American businessman to operate his free enterprise system. It does create the police state that Lyndon Johnson said we must never have. To my way of thinking, it is this simple. If the federal government can by law tell me whom I shall employ, it can likewise tell my prospective employees for whom they must work. If the law can compel me to employ a particular individual, it can compel that individual to work for me. Such a law would necessitate a system of federal police of-

ficers such as we have never seen before. It would require the policing of every business institution and of every transaction made between an employer and an employee. Lyndon Johnson said, "I do not think the proposed law is workable. I am convinced it would do everything but what its sponsor intended." He closed this statement with, "I can only hope sincerely that the Senate will never be again called upon to entertain seriously any such proposal." In conclusion, let me say that this type of resolution does destroy the right to private property, does destroy the right to local control of law enforcement, does continue to shackle down the right of the free enterprise system. This type of legislation and resolution contributed to the death of three police officers in Cleveland, Ohio last night and three others who are in critical condition and some other people who were injured. This has contributed to the rioting and looting that has been sweeping this country.

Governor Romney: This resolution does not contain those things at all.

Governor Williams: Do we still have a quorum? Are our votes now meaningful?

Governor Volpe: I believe we have enough for a quorum. We do. All those in favor say "Aye." All those opposed?

Governor Maddox: Let's have a roll call.

Governor Volpe: That would take a request from ten Governors. Those in favor of the resolution will raise your hands.

Secretary Crihfield: Twenty-one.

Governor Volpe: All those opposed?

Secretary Crihfield: Five.

Governor Volpe: The motion carries.*

Governor Williams: Will the record show that I was present and did not vote. No one can say that I do not have a conscience. I do not think the wording is understood by all people in the same manner in which I understand it. I do not think you can separate human rights from property rights.

Governor Hearnes: Let the record show that I voted in the affirmative.

Governor Volpe: The next title is Pursuit of Lasting Peace. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Williams: Let the record show I was present and not voting.

Governor Volpe: The next resolution is entitled Population Distribution - A Major National and International Problem. [Resolution read.] You heard the resolution. It has been moved and sec-

*For text, see Appendix VII.

onded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Williams: Let the record show that I am present and did not vote.

Governor Volpe: Next is a resolution on the Role of the States in Urban Affairs. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.* The Secretary will now read a resolution on Public Welfare Programs and Benefits. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.* Next we have a resolution on Aid to Families with Dependent Children. [Resolution read.] You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Opposed?

Governor Williams: Here is one of the resolutions that I question a great deal, just as I did the other one. I would hate to see the Governors of this Nation go on record as recognizing the poor economic state of the farmers of this country. I know farmers are having trouble but not all farmers are having trouble. And here, as Governors, we take a phrase that can be used later to make us all look quite inconsistent. We rush these things through. People are leaving. They are going by my chair here. They are departing. But I think this is pretty serious. I know farmers are having some trouble but not all farmers are having trouble. They are not having the trouble like the people who are in dire need in our Nation.

Governor LeVander: I think he is talking about the next resolution.

Governor Volpe: You are running ahead of us.

Governor Williams: I am sorry.

Governor Volpe: All those in favor say "Aye." Opposed? The ayes have it.* Now for the next resolution on Economic Condition of Farming. [Resolution read.]

Governor Williams: To change "poor economic state" to just the word "problem" might give the thrust of the intent, I think, of what the Governors would like to express.

Governor Volpe: You desire to so move?

Governor Williams: You have such a complicated system here that I am not sure just exactly how you want to handle it but I will move for reconsideration.

Governor Volpe: No reconsideration. We have not taken this up. All you have to do is move an amendment.

Governor Williams: I move the amendment—to insert the word "problem" instead of "poor economic state."

Governor Volpe: You have heard the motion. Is there a second? [Seconded.]

* For text, see Appendix VII.

Governor Tiemann: The agricultural community in this Nation is in a sorry state of affairs. I grant also that in certain areas in agriculture there is some wealth, especially in Arizona. That does not happen to be the case in the Great Plains. I think this is a meaningful resolution. This puts the Governors on record as recognizing a serious problem. I point out once more, which I have done many times before, that the economy of this Nation is built on agriculture. We can talk about finances. We can talk about the defense system, which is the best in the world, but without food production we will not have a Nation very long.

Governor Williams: I am only questioning the choice of words.

Governor Godwin: Mr. Chairman, I might say to the Governors that during the course of the Resolutions Committee's consideration of these resolutions precisely what the Governor just said was true. I think the committee had some reservations as to how effective the resolution might be but found itself in the position of not wanting to oppose it. It is kind of hard to be against a resolution of this kind. On that basis, we thought the principle stated in it was certainly one worthy of our support.

Governor Volpe: On the question of the motion by Governor Williams to amend the resolution by striking out the words "poor economic state" and replace that with the word "problem." All those in favor say "Aye." Those opposed? The amendment is carried.

Governor Smith: I would like to raise a question here on the resolution. We have been discussing the role of the States in problems of this nature throughout all of these resolutions. Last night the President very clearly told us that if the States did not do something we would have somebody else moving in. And here we come with a resolution where we are urging the federal government to adopt flexible programs. It just seems to me that this is entirely inconsistent with what the policy of this National Governors' Conference has been—to upgrade the States to make us effective partners in the federal system. I would certainly urge that it read as follows: "Be it further resolved that immediate efforts be taken by the federal government and the States to adopt flexible programs . . ." I would so move that it be amended to include that wording.

Governor Volpe: The Governor moves that the words "and the States" also be added in the cited resolved clause. Is there a second? [Seconded.] All those in favor say "Aye." All those opposed? The ayes have it.

On the resolution itself, all those in favor say "Aye." All those opposed? The ayes have it.*

* For text, see Appendix VII.

Governor Kirk: Could I go back to the resolution in regard to conscience?

Governor Volpe: Yes.

Governor Kirk: Being the Governor of Florida, and with severe problems in making progress in race relations, you make it appear on a legal technicality here that I have no conscience and we are not making any progress in Florida. Will you tell me how we can be in favor of moving ahead? Shall I just abstain from voting rather than voting no? We are not against conscience in Florida. The first anti-discrimination laws in the State's history were passed by this administration. We are doing things but we insist on some laws. I would like to change my vote in order that I may have a conscience.

Governor Volpe: You may change your vote to present, if you will.

Governor Kirk: I think it is the implication. There are too many Governors who are trying to do things who should not be put in this kind of a legal box. I want to be on record as present and not voting.

Governor Reagan: I want to join in that also. I have been terribly disturbed. It did not occur to me to abstain. I did not think I had anything to do but vote against this. In my State, we can match the record of what we have been doing in the last several months to alleviate these conditions against anyone in this room. We have made tremendous progress. But I find wording in here which, I believe, is too loose. I am glad to abstain from voting on it. But again, I reiterate what Governor Kirk said. We not only have a conscience in California, we are working very hard at it and we have made tremendous progress. Frankly, I feel this particular resolution offers nothing but semantic disagreement. The phraseology in here could in a sense undercut the very programs that have been making such great progress in my State.

Governor Volpe: Governor Reagan and Governor Kirk will have their votes changed from against to abstaining.

Governor Kirk: Further, I am going to circulate to all of the Governors the work that has been done in Florida so you will understand the conscience of Florida.

Governor Romney: I will be glad to circulate what we have done in Michigan, too.

Secretary Crihfield: Mr. Chairman, before I read the next resolution, I would like to say that we have had a number of inquiries from Governors on what the situation is in Cleveland as of now. I have a report from Governor Rhodes' office which I will read. Governor Rhodes' office has advised us that the latest situation in Cleveland is as follows: Ten are dead and many more are injured. However, the National Guard has been called in and the

situation is under control. There is no indication of any activity in Ohio outside of Cleveland.

[Secretary Carihfield read the resolved portion of a resolution on Meat Inspection.]

[Governor Dempsey assumed the chair.]

Governor Dempsey: Gentlemen, you heard the resolution.

What is your pleasure? Motion has been made and seconded. Will you remark? If not, all those in favor of the resolution signify by saying "Aye." Opposed? Resolution is adopted.*

[Secretary Carihfield read the resolved portion of a resolution on Packaging of Federal Grants to Carry Out State and National Policies.]

Governor Dempsey: You have heard the resolution. What is your pleasure? Will you remark further? If not, all those in favor of the resolution signify by saying "Aye." Opposed? Adopted.*

[Secretary Carihfield read the resolved portion of a resolution on Improved Management and Reporting of Federal Assistance Programs.]

Governor Dempsey: Gentlemen, you have heard the resolution. What is your pleasure? It has been moved and seconded. Will you remark? If not, all those in favor of the resolution signify by saying "Aye." Opposed? So adopted.*

Governor Williams: Present and not voting.

[Secretary Carihfield read the resolved portion of a resolution on Council of State Planning Agencies.]

Governor Dempsey: Gentlemen, you heard the resolution. What is your pleasure? It has been moved and seconded. Will you remark? If not, all in favor of the resolution signify by saying "Aye." Opposed? So adopted.*

[Secretary Carihfield read the resolved portion of a resolution on Bypassing of State Governments by the U. S. Office of Economic Opportunity.]

[Governor Volpe resumed the chair.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

[Secretary Carihfield read the resolved portion of a resolution on Federal-State Relations.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those Opposed? The ayes have it.*

[Secretary Carihfield read the resolved portion of a resolution on Effect of Equal Opportunity Regulations on Federal Aid Contracts and Competitive Bidding.]

* For text, see Appendix VII.

Governor Volpe: You heard the resolution. It has been moved and seconded.

Governor Brewer: Does this resolution conflict with that offered by the Governor of Michigan?

Governor Volpe: I will ask the Governor of Michigan to reply.

Governor Brewer: I am afraid he has gone.

Governor Volpe: As I understand this resolution, it merely prohibits the Department of Labor from instituting a provision or exercising a provision that was not in the contract document when the contracts were advertised. All those in favor say "Aye." All those opposed? The ayes have it.*

[Secretary Crihfield read the resolved portion of a resolution on Intergovernmental Exchange on the Economic Outlook.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

Governor Williams: Let the record show that Williams is present and not voting.

[Secretary Crihfield read the resolved portion of a resolution on Air Travel Tax.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Those opposed? The ayes have it.*

[Secretary Crihfield read the resolved portion of a resolution on Multistate Taxation.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

[Secretary Crihfield read the resolved portion of a resolution on Industrial Revenue Bonds.]

Governor Volpe: You heard the resolution. It has been moved and seconded.

Governor Hoff: In effect, this resolution endorses the so-called Mills legislation, although it does not do so in specific terms. I would like to point out, as Chairman of the Committee on Revenue and Taxation, that it was just a week ago that I was given an opportunity to review this personally. As a committee, we did not get an opportunity to review this legislation until two days ago. As a result of our committee meetings, we developed some reservations about this so-called Mills legislation. It is admittedly true that there have been some gross abuses of industrial revenue bonds. On the other hand, there is no question that the legislation which was recently passed without hearings goes too far and should be corrected. However, in the judgment of at least some members of the committee, the net effect of the Mills legislation

*For text, see Appendix VII.

might be to return us to the former situation or at least open the door to the kind of abuses that existed before. And we are all losers, incidentally, in this sense because the record is clear that in the past it raised the interest rate on such standard bond issues as schools, et cetera, somewhere between one-quarter to one-half of 1 per cent.

In the meeting of this committee, Governor Rockefeller and myself were authorized to prepare resolutions which would move in the direction of correcting the legislation which passed recently without hearing. We believe that the resolution we presented does do this. If this does not pass, I am going to move it as a substitute because I could not support in good conscience the present resolution. I am for having the present situation corrected. I think we are all agreed on this. But I think the so-called Mills Legislation would open the door to continued abuses. Incidentally, this is a pretty complex piece of legislation. I am willing to bet that there are not half a dozen people in this room who have read it or considered it. So, Mr. Chairman, you have my proposal before you, and I would move as a substitute resolution the following:

Whereas, industrial development bonds were originally intended to provide needed jobs for areas of chronic unemployment; and

Whereas, these bonds were sometimes used in the past for other purposes, to the disadvantage of the States themselves; and

Whereas, the Revenue and Expenditure Control Act of 1968 sharply curtailed the tax exemption on industrial development bonds without any hearings whatever; and

Whereas, the Act may impair the original purpose of industrial development bonds and encroach on other essential public functions;

Now, therefore, be it resolved that the National Governors' Conference strongly urge Congress to initiate prompt hearings looking toward legislation which will curb specific abuses without impairing the legitimate purpose of industrial bond financing.

Governor Volpe: You heard the motion. Is there a second?
[Seconded.]

Governor Godwin: Mr. Chairman, I think it must be obvious that the substitute offered by the Governor from Vermont will severely weaken the resolution that has been reported out. I do not know of one single thing that the Executive Committee devoted more time to during the past year than this particular matter. The distinguished Chairman of your Conference appeared in Washington numerous times in connection with this matter. The committee as a whole gave it very detailed consideration. I think the resolution, as reported out by the Executive Committee and which we

have before us, details the matters of concern and the approaches that the majority of the Governors were interested in seeing made in the legislation that has been introduced by Congressman Mills. It seems to me like we would in fact be in the position of throwing cold water on our efforts thus far. And to pass Governor Hoff's resolution would seem to me to be taking a step backward from the position that we have already asserted on the part of all Governors of this Conference. I hope that we can reject the substitute and move on to the adoption of the resolution.

Governor Agnew: I simply want to subscribe 100 per cent to what the distinguished Governor from Virginia has said. This was a subject on which we did spend a lot of time. And you, Governor Volpe, as our Chairman, spent a lot of time and personal visits to Washington. I would like to suggest that we stick with our original resolution.

Governor Tiemann: The question is if the language of the Mills Legislation is satisfactory to the Committee and to the bulk of the Governors, then why is it necessary that we emphasize the public hearings? This gives the Treasury people the opportunity to shoot down the limitation on the exemption.

Governor Volpe: They did not hold public hearings before. It would be rather inconsistent if we did not want to have public hearings now.

Governor Curtis: I would like to state that the substitute resolution was the one that was offered by the Committee on Revenue and Taxation and the one that is being here considered was the one that was offered by the Executive Committee.

Governor Hughes [New Jersey]: I think both the amendment and the primary resolution could be harmonized by voiding one word in the first resolving clause of the basic resolution on Industrial Revenue Bonds. It says, after reciting the efforts made by Chairman Mills, "Be it further resolved that Chairman Wilbur D. Mills be commended for his willingness to sponsor such corrective legislation." I think if we removed the word "such" it would leave the whole field open and then invoke the public hearings.

Governor Volpe: We have one motion before us and that is on the substitute resolution.

Governor Hoff: After all, we are the committee charged with this responsibility. There is a possibility of continued abuses under the Mills Legislation which would really work to the disadvantage of the States themselves. There have been flagrant abuses before. I do not want to go into the substance because time just will not permit it. I am willing to defer action on this to see if we can get together and amend the resolution so that it is workable to our committee as well as the Executive Committee. If you would like, we could defer this and I would be willing to sit down with members of the Executive Committee designated and see if we could

not work out the resolution or perhaps amend the original resolution so we can go on this thing together because there is a need to correct the legislation which was passed recently.

Governor Volpe: I do not see how we can. We now have about fifteen minutes before we are supposed to adjourn and we still have a good deal of business to transact. The motion before us now is the substitute resolution presented by Governor Hoff. We will now take a vote on the substitute resolution that the Governor has read to you. All those in favor of the substitute resolution on industrial bond financing will say "Aye." All those opposed? All those in favor raise your hand. All those opposed? The motion fails.

On the resolution as presented by the Executive Committee, all those in favor say "Aye." All those opposed? The ayes have it.*

Governor Williams: Abstain.

[Secretary Crihfield read the resolved portion of a resolution on Submission of Resolutions to 1968 Party Platform Committees.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Opposed? The ayes have it.*

[Secretary Crihfield read the resolved portion of a resolution on Greetings to the Swiss People.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." Opposed? The ayes have it.*

Governor Williams: Each Swiss citizen has a gun.

Governor Kirk: Is this the only Nation we get along with?

[Secretary Crihfield read the resolved portion of a resolution on Otto Kerner.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

[Secretary Crihfield read the resolved portion of a resolution on Dwight D. Eisenhower.]

Governor Volpe: You heard the resolution. It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it.*

[Secretary Crihfield read a resolution of appreciation.]

[Governor Dempsey assumed the chair.]

Governor Dempsey: You heard the resolution, gentlemen. What is your pleasure? It has been moved and seconded. May I just add, Mr. Chairman, that I think the Conference would like at this time in saying, "So long to you, John, as Chairman," to also convey to you our deep appreciation for the outstanding leadership

* For text, see Appendix VII.

you have given us the past year. We will give our Chairman a rising vote of thanks. I declare the resolution adopted.*

Governor LeVander: Mr. Chairman, I think we would be remiss if we left this Conference without reiterating our position on tax sharing. The Revenue and Taxation Committee had a resolution which, I understand, was vetoed in the Resolutions Committee. But I would feel remiss if I did not recommend that we reiterate our principle of federal tax sharing. I move we consider the resolution.

Governor Volpe: This means you will ask for a suspension of rules which will require a three-quarters vote to consider a resolution. You heard the motion of Governor LeVander [Seconded.] All those in favor of admitting this resolution will raise their hands. This is a motion to admit a resolution with regard to federal revenue sharing. You do not commit yourself at this time to voting yes for any resolution. All that is being asked is that it be given consideration.

Secretary Crihfield: Twenty.

Governor Volpe: All those opposed to consideration of the resolution? The motion is adopted and you may now submit your resolution.

Governor LeVander: May I ask Crihf to read the resolution. [Secretary Crihfield read resolution on New Directions in Federal Aid Policy.]

Governor Volpe: You heard the resolution.

Governor Hearnnes: Mr. Chairman, along with Governor Romney and a few others, the Committee started working on federal tax sharing. I think we have branched off in different directions. I can remember Governor Hughes of New Jersey brought this particular point up at one of the other Conferences. I think this is another thing that is very difficult to vote for. I have municipalities that are now pressing for the state Legislature to raise the sales tax and then rebate a certain portion of it back to the mayors and municipalities.

Governor Volpe: You are lucky. We give all of our sales tax back to the cities and towns.

Governor Hearnnes: Well, you have to have so much money, as you know, to run a state government. If you give all of your sales tax back to the municipalities, then to run your mental institutions, health institutions and schools and so on and so forth, you raise it in a different direction. The taxpayer has to pay the bills. I do subscribe to the theory that those who spend should have the responsibility of raising it. I have seen in the various commissions that I have been in with the federal government that when it is federal money alone there is a tendency to spend it a little bit quicker than it is when the Governor himself has to submit his

* For text, see Appendix VII.

budget to a General Assembly and he knows he has to raise that money. I am going to abstain from this voting and I want to make it clear the reasons why. Because I do subscribe to the theory that those who spend it should have the responsibility to raise it. If this were a substitute for what we have now, so many hundreds of grants-in-aid programs where we were consolidating them in some way, it would be different. But this resolution, as I understand it, will keep all of the many, many grants-in-aid programs, which are confusing so many of us, and in addition to that we are asking Congress to raise taxes and send the money back to us. And this part of it I cannot subscribe to and that is why I would like to be recorded as abstaining.

Governor LeVander: I do not think this resolution is intended to raise taxes. The resolution, I think, has indicated the prior difficulties. So it is not the idea of raising taxes but the idea of sharing with the States some of the taxes that are already raised because they preempted the tax sources of the States.

Governor Hearn: May I inquire from the Governor?

Governor Volpe: Yes.

Governor Hearn: I do not see how this can be done with the same grant-in-aid programs that we have now. They will have to get out of it so much money to go around. It is deficit spending now. You are just taking so much away from the pot when it is not there.

Governor LeVander: I think we all recognize that at the present time this may be difficult with our commitments now. But if we solve the Vietnam war and we have some tax revenue that does not have to go into the expansion and enlargement of the military, then that money could be used for federal-state tax sharing. So it is not the idea of increasing but the idea of when some of the expenditures that will not be necessary, they can allocate it to the States.

Governor Hearn: Anything in there about the Vietnam war? I didn't hear anything about it.

Governor LeVander: No.

Governor Hoff: Perhaps I can clear up some of these questions. As our committee got moving into this whole area—we have been doing it now for a period of some three years—it became rather obvious to us that if we are ever to achieve some sort of tax sharing, looking toward the conclusion, as the Governor of Minnesota pointed out, of the war in Vietnam, we are going to have to come into an accord with our cities and counties and that it is going to take a coordinated effort if we are to achieve this kind of a goal. So the standards we have set up are intended to move us in that direction, moving toward a time when hostilities end in Vietnam and, presumably, additional revenues would be available. This does not mitigate against block grants. We are not saying that by this sharing we are going to cease efforts to bring about block

grants because we have done increasing work on this. As a matter of fact, our reports were directed exactly toward that end. So essentially, we are looking toward the cessation of hostilities in Vietnam but it does not mitigate against any further block grants, combinations, and so forth.

Governor Hearnese: May I inquire from the Governor of Vermont? I did not mention your name. I think you have done more work on this than anybody. But again, I keep hearing about the cessation of hostilities in Vietnam as releasing billions of dollars which are needed now in areas which are not fully financed. So again, we have the same problem.

Governor Hoff: What we are trying to do is to keep this loose enough so we can continue to progress toward what we think is, hopefully, some day an end.

Governor Volpe: All those in favor of the resolution will raise their right hand.

Secretary Carihfield: Nineteen.

Governor Volpe: All those opposed?

Secretary Carihfield: Four.

Governor Volpe: The motion is carried.*

Governor Williams: Will the record show that Williams had abstained.

Governor Hughes [New Jersey]: I am in support of the Executive Committee's action.

Governor Hearnese: Let the record show that I abstained.

Governor Agnew: Abstained also for me.

Governor Maddox: I would like to request a suspension of the rules to consider a commendation resolution in reference to law enforcement officers and the Governor of Ohio for his quick action on the occasion with which he has been confronted.

Governor Volpe: This is the resolution now being distributed?

Governor Maddox: Yes.

Governor Volpe: You heard the motion of Governor Maddox that the rules be suspended to admit this resolution entitled Commendation Resolution. It will take a three-quarters vote to suspend the rules.

Governor Dempsey: We would like to have a second to read it.

Governor Maddox: Would you also read it?

Governor Volpe: I am doing it. You have seen the resolution. All those in favor of suspending the rules to consider this resolution—raise your right hands.

Secretary Carihfield: Twenty.

Governor Volpe: All those against the motion. The motion to consider this resolution is approved. Governor Maddox, do you wish to speak to the resolution?

* For text, see Appendix VII.

Governor Maddox: I do not need to. They all have a copy of it.

Governor Hughes [New Jersey]: I wonder if we are not talking about respect for the law and if we could delete the second resolving clause which certainly will be construed as a criticism of the courts in general without any specifications. I would not like to support a resolution that contained that resolving paragraph. If it would be withdrawn, I would vote for such a resolution. But I will not vote for a resolution which in these vague terms criticizes the courts.

Governor Maddox: I have no objection to that resolving clause being withdrawn. It was put in there simply for the courts to reappraise and look at themselves. It was only for the purpose of determining if they thought possibly some of the decisions were adding to the problem of disrespect for law enforcement today.

Governor Volpe: You agree to withdraw it?

Governor Maddox: Yes, sir.

Governor Volpe: The clause with regard to the courts is withdrawn.

Governor Agnew: Mr. Chairman, this is a very difficult resolution to oppose. I appreciate the spirit that it is offered in but I find it pretty dangerous. It is awfully hard not to commend the Governor of Ohio for his prompt action. It is even more difficult to oppose the war on crime. I find that I question the motivation on the resolution, particularly with regard to the recital of certain facts that have not even been established yet. We have not had any authoritative report on whether there was widespread destruction and looting of property of innocent citizens. The resolution, it seems to me, is a premature one. And at the risk of being considered to be weak on law and order, which I am certainly not, I oppose it.

Governor Maddox: Let me comment on that. We already have evidence, factual evidence, of the situation existing in this State and in previous situations. It is not guessing at something. We have definite facts. We know of the deaths. We know of the property destruction. We know of the looting. We know of the injuries.

Governor Volpe: All those in favor will raise their right hands.

Secretary Crihfield: Nineteen.

Governor Volpe: All those opposed to the resolution.

Secretary Crihfield: Three.

Governor Volpe: The motion is carried. The resolution is carried.*

Governor Hoff: Mr. Chairman, could I explain my vote?

Governor Volpe: Yes.

Governor Hoff: I voted against this based on exactly what Governor Agnew said. I myself think it is premature. I think we can

* For text, see Appendix VII.

commend Governor Rhodes and I think all of us are for safe streets. I do think it is premature. I do think a lot of these facts have not been affirmatively established and I agree with Governor Agnew.

Governor Tiemann: I voted against this resolution on those facts and also other facts. What about the Governors who have been acting decisively and promptly months and weeks past? Governor Agnew being one and many others here. No one has greater love than I have for Jim Rhodes.

Governor Volpe: Thank you, Governor Tiemann. We now come to the election of officers for the coming year, gentlemen. Governor Hughes from New Jersey moves to suspend Article V of the Articles of Organization to permit election in open session.

Governor Hughes [New Jersey]: Might I say that the reason for my motion is because of the atmosphere of peace and nonpartisanship and general felicity due to your excellent leadership.

Governor Dempsey: I would like to second that.

Governor Volpe: It has been moved and seconded. All those in favor say "Aye." All those opposed? The ayes have it. That is an endorsement of Republican leadership.

The membership of the Committee consists of Governor Agnew of Maryland, as Chairman, Governor Hathaway of Wyoming, Governor Winthrop Rockefeller of Arkansas, Governor Smith of West Virginia and Governor John W. King of New Hampshire. Governor Agnew, will you come forward and present the report of the Nominating Committee.

Governor Agnew: Thank you, Governor Volpe. The Nominating Committee offers for the office of Secretary—a great surprise, I am sure—the name of Brevard Crihfield; as its nominees for eight members of the Executive Committee the following: Governor John Dempsey of Connecticut; Mills E. Godwin, Jr., Virginia; Stanley K. Hathaway of Wyoming; Warren E. Hearnes of Missouri; Harold LeVander of Minnesota; Louie B. Nunn of Kentucky; Raymond P. Shafer of Pennsylvania; Norbert T. Tiemann of Nebraska. The Nominating Committee offers as its nominee for Chairmanship of the National Governors' Conference for the next year Governor Buford Ellington of Tennessee. I submit this report to the Secretary. I move the adoption of the report.

Governor Knowles: I second it.

Governor Volpe: All those in favor say "Aye." All those opposed? The ayes have it. I declare the slate of officers as read elected. Gentlemen, I would like to ask the newly elected members of the Executive Committee to stand up and be recognized. Governor Ellington, will you come forward, please.

Governor Ellington, may I be the first to congratulate you and tell you how honored we are that you are willing to serve our Governors' Conference. I am sure that all of the Governors would like to hear a few words from you.

Governor Ellington: Thank you, Governor Volpe. I am quite sure that all of the Governors expect me to speak this morning in this acceptance for one hour and twenty minutes. But because of the time and the hoarseness that I have, I will be very brief. First, I do not know whether I can fill the shoes of the great John Volpe or not, but I will certainly try. He has done a terrific job. We owe him a great debt of gratitude. Secondly, I think, in this convention, the challenge has been thrown out to the Governors and the Governors have accepted the challenge of doing what is best for their States and for this great Nation. Ten years ago when I first became a member of this Conference—in fact, I do not see anyone here this morning that was present on that occasion—things got so rough when we had resolutions and their adoptions that we actually discontinued the resolutions. It might not be a bad idea. But I say this. I think today, with ten years of progress, we all have begun to understand each other. There is no more sectionalism in this Conference. I think there is a real understanding and a true appreciation of the Governors for one another. That is so important. Let me say this to you. With this great Executive Committee that you have given me to work with, it will be our desire and my desire to work for the best interests of all of the States and to cooperate with all of the Governors during the coming year. Thank you for this honor. I will do my best.

Governor Volpe: Thank you, Governor Ellington. I am sure that you will more than adequately fill the shoes, not only of your immediate predecessor but of our wonderful predecessors of the past.

Members of the Conference, we are now in the final moments. Is there any other business to come before us? I do not want to hurry any of you. I recognize Governor Curtis.

Governor Curtis: Mr. Chairman, I have distributed a statement simply commending the work of the Partners of the Alliance. I would like the record to show that I made this statement available to all Governors without reading it.

Governor Volpe: That will be done, and the record now shows it by your comments just made.

Any other business?

Governor Dempsey: Are there any Governors who will not be with us next year?

Governor Volpe: That was the next question I was going to ask.

Governor Dempsey: Thank you.

Governor Volpe: We would like to hear from the Governors who will not be members of the Governors' Conference next year—that is voluntarily. Going down the line here, I would like each of you to make a comment or observation, if you would like, before you leave. We have been privileged to have you with us.

Governor Dan K. Moore: Gentlemen, I simply want to say that I have enjoyed all of the Conferences I have been privileged to attend. I will not be with you because under our constitution I cannot seek reelection. I will be with you next year in spirit and will also be available for assistance to the States.

Governor Volpe: Governor Hoff.

Governor Hoff: I have tremendously enjoyed the personal friendships that I have developed over the period of the past six years in this group. It is something that will stay with me always. I think we have made progress here in terms of the Conference. I would merely like to suggest that I think we have a long way to go. This is not in any way turning back some of the significant accomplishments that have occurred over the years. If you would like to come to Vermont and spend a lot of money, I wish you would do so.

Governor Volpe: Thank you, Phil. Who is next down the line?

Governor Roger D. Branigin: I am forbidden to run again by the almost unanimous consent of the people. I want to say that I have enjoyed these meetings. This is the first time I have ever really used this microphone. I feel toward you like a bartender at Batesville, Indiana, which is up the line toward Indianapolis, when prohibition was coming. All of the men who were his customers came in on July 31st, when prohibition was going to become effective. They all walked in and said, "Joe, what are you going to do when prohibition comes?" He said, "Hell, don't worry about what I am going to do. What are you going to do?"

Governor Volpe: Thank you, Governor Branigin. Going down the line, who is next?

Governor Smith: Mr. Chairman, after four years I have finally found out how to work this microphone. I have deeply appreciated the wonderful friendships that I have made with the Governors, the close cooperation that all of you have given to those of us in West Virginia, and the understanding that you have shown to us in our particular problems. I offer each of you my sincere thanks for just the opportunity of having had this privilege of being a member and getting to know each of you better. I wish you success in the Conference and the future. With that, I want to thank you for just letting me be a part of the great Conference.

Governor Volpe: Governor Connally.

Governor Connally: One of the great privileges that I have had during the time that I have been Governor of Texas, one that will long be remembered, is the association of the Governors of the respective States of this great Conference. It has been of incalculable value to me. I hope in some way I have been able to contribute something to the Conference. I can only say that the personal feelings of regret that I now have are not of sufficient importance to delay you longer but I assure you that I shall always remember

the warm friendships that I have enjoyed in this Conference and I assure you that, individually and collectively, my services are always at your call.

Governor Volpe: Thank you, John.

Governor King: I would like to utilize this opportunity to thank each and every one of you for your many courtesies and your good fellowship. I have taken the first step to change my residence to Washington. I do not know if I have my wife's vote. But in any event, whether I be a resident of New Hampshire or Washington, there is a place at the table for each Governor as he comes through and we will keep it warm for you.

Governor Volpe: Thank you very much, Governor. Is that the roll of the Governors who are departing voluntarily? I think so.

Governor Dempsey: How about those going out involuntarily?

Governor Volpe: We will hear those next year. Our Secretary has a few announcements.

[Several announcements were made by Secretary Crihfield.]

Governor Hearns: I would like to point out that I have left with Governor Rhodes the World Series tickets. If you do not get any, you can blame Jim Rhodes. But part of that, we think, will be played in St. Louis.

Governor Volpe: I can attest to the hospitality of St. Louis and also the indomitable courage of their team. Warren and I had a few hours together, very pleasant ones, as a matter of fact. The only thing is the wrong team won last year.

Gentlemen, this is my swan song. I just want to tell you all very, very sincerely how much I have enjoyed serving as your Chairman during the past year. It has been my privilege to serve on the Executive Committee three different times. I am sure that I can say for the members of the Executive Committee, who are finishing their services this year together with your retiring Chairman, that all of us pledge our support to the new Chairman, Governor Ellington, and the Executive Committee in all of the work that will be before us during the coming year. I like to remember what Governor Ellington had to say. My first Governors' Conference was in 1961. I want to say that we have come a long way since then. Sectionalism certainly played quite a part in the first couple of conferences which I attended. I must say that, after meeting with these men time and time again, many of us have come to admire their courage and their efforts. I want to say, from my point of view, that I think the Conference has made great strides. I am sure that, under the leadership of Governor Ellington, we will continue to make greater strides. Again, my sincere thanks for the great honor that you have given to me. I shall always treasure the memory of this year and continue to work with all of you in the years ahead. Thank you very much.

Do I have a motion to adjourn?

Governor Dempsey: I so move.

Governor Hughes [New Jersey]: I second it.

Governor Volpe: All those in favor that we adjourn the 1968 Session of the National Governors' Conference say "Aye." Those opposed? The ayes have it and the Conference is adjourned.

Appendices

**THE COUNCIL OF STATE GOVERNMENTS
IRON WORKS PIKE
LEXINGTON, KENTUCKY 40511**

Appendix I
THE GOVERNORS, JULY, 1968

State or Other Jurisdiction	Governor and Political Party	Length of Regular Term in Years	Present Term Began January	Number of Previous Terms	Max. Consecu- tive Terms Allowed by Constitution
Alabama	Albert P. Brewer (D)	4	1968 ^f	-	(a)
Alaska	Walter J. Hickel (R)	4	1966(b)	-	2
Arizona	Jack Williams (R)	2	1967	-	-
Arkansas	Winthrop Rockefeller (R)	2	1967	-	-
California	Ronald Reagan (R)	4	1967	-	-
Colorado	John A. Love (R)	4	1967	1	-
Connecticut	John Dempsey (D)	4	1967	(c)	-
Delaware	Charles L. Terry, Jr. (D)	4	1965	-	2(d)
Florida	Claude R. Kirk, Jr. (R)	4	1967	-	(a)
Georgia	Lester G. Maddox (D)	4	1967	-	(a)
Hawaii	John A. Burns (D)	4	1966(e)	1	-
Idaho	Don Samuelson (R)	4	1967	-	-
Illinois	Samuel H. Shapiro (D)	4	1968 [#]	-	-
Indiana	Roger D. Branigin (D)	4	1965	-	(a)
Iowa	Harold E. Hughes (D)	2	1967	2	-
Kansas	Robert Docking (D)	2	1967	-	-
Kentucky	Louie B. Nunn (R)	4	1967(f)	-	(a)
Louisiana	John J. McKeithen (D)	4	1968(g)	1	2
Maine	Kenneth M. Curtis (D)	4	1967	-	2
Maryland	Spiro T. Agnew (R)	4	1967	-	2
Massachusetts	John A. Volpe (R)	4	1967	2(h)	-
Michigan	George Romney (R)	4	1967	2(i)	-
Minnesota	Harold LeVander (R)	4	1967	-	-
Mississippi	John Bell Williams (D)	4	1968	-	(a)
Missouri	Warren E. Hearnes (D)	4	1965	-	2(d)
Montana	Tim Babcock (R)	4	1965	(j)	-
Nebraska	Norbert T. Tiemann (R)	4	1967	-	2
Nevada	Paul Laxalt (R)	4	1967	-	-
New Hampshire	John W. King (D)	2	1967	2	-
New Jersey	Richard J. Hughes (D)	4	1966	1	2
New Mexico	David F. Cargo (R)	2	1967	-	2
New York	Nelson A. Rockefeller (R)	4	1967	2	-
North Carolina	Dan K. Moore (D)	4	1965	-	(a)
North Dakota	William L. Guy (D)	4	1965	2(k)	-
Ohio	James A. Rhodes (R)	4	1967	1	2
Oklahoma	Dewey F. Bartlett (R)	4	1967	-	2
Oregon	Tom McCall (R)	4	1967	-	2
Pennsylvania	Raymond P. Shafer (R)	4	1967	-	2*
Rhode Island	John H. Chafee (R)	2	1967	2	-
South Carolina	Robert E. McNair (D)	4	1967	(m)	(n)
South Dakota	Nils A. Boe (R)	2	1967	1	2(o)
Tennessee	Buford Ellington (D)	4	1967	1(p)	(a)
Texas	John Connally (D)	2	1967	2	-
Utah	Calvin L. Rampton (D)	4	1965	-	-
Vermont	Philip H. Hoff (D)	2	1967	2	-
Virginia	Mills E. Godwin, Jr. (D)	4	1966	-	(a)
Washington	Daniel J. Evans (R)	4	1965	-	-
West Virginia	Hulett C. Smith (D)	4	1965	-	(a)
Wisconsin	Warren P. Knowles (R)	2(q)	1967	1	-
Wyoming	Stanley K. Hathaway (R)	4	1967	-	-
American Samoa	Owen S. Aspinall (D)	(r)	1967(s)	-	-
Guam	Manuel Flores Leon Guerrero(D)	4	1967(t)	1	-
Puerto Rico	Roberto Sanchez-Vilella (u)	4	1965	-	-
Virgin Islands	Ralph M. Paiewonsky (D)	(r)	1961(v)	-	-

FOOTNOTES

- † Governor Brewer, formerly Lieutenant Governor, succeeded to office in May, 1968, upon the death of Governor Lurleen B. Wallace, to fill unexpired four-year term which began January, 1967.
- (a) Governor cannot serve immediate successive term.
 - (b) Alaska Constitution specifies first Monday in December as Inauguration Day.
 - (c) Governor Dempsey, formerly Lieutenant Governor, succeeded to office in January, 1961, to fill unexpired four-year term of Governor Abraham A. Ribicoff (resigned), which began in January, 1959. Elected to full four-year term in November, 1962. Re-elected in November, 1966.
 - (d) Absolute two-term limitation.
 - (e) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- # Governor Shapiro, formerly Lieutenant Governor, succeeded to office in May, 1968, to fill unexpired four-year term of Governor Otto Kerner (resigned), which began January, 1965.
- (f) December, 1967.
 - (g) May, 1968.
 - (h) Previous terms 1961-1963, 1965-1967.
 - (i) Previous terms 1963-1965, 1965-1967.
 - (j) Governor Babcock, formerly Lieutenant Governor, succeeded to office in January, 1962, upon the death of Governor Donald G. Nutter, and filled unexpired four-year term which began January, 1961. Elected to full four-year term in November, 1964.
 - (k) Previous terms 1961-1963, 1963-1965.
- * Except for present Governor, Governor shall be eligible to succeed himself for one additional term.
- (m) Governor McNair, formerly Lieutenant Governor, succeeded to office in April, 1965, to fill unexpired four-year term of Governor Donald S. Russell (resigned), which began in January, 1963. Elected to full four-year term in November, 1966.
 - (n) Governor not eligible for "re-election."
 - (o) Nomination for third "successive" term prohibited by state law.

- (p) Previous term 1959-1963.
- (q) Four-year term effective January, 1971.
- (r) Indefinite term.
- (s) August, 1967.
- (t) March, 1967.
- (u) Popular Democratic Party.
- (v) April, 1961.

Appendix II

ARTICLES OF ORGANIZATION*

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 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

*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.

at the final business session of the Annual Meeting.

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.

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.

Appendix III

RULES OF PROCEDURE OF THE NATIONAL GOVERNORS' CONFERENCE*

Preamble

1. These rules of procedure shall be in specific conformity with the Articles of Organization of the National Governors' Conference and, to the extent practicable, shall be consonant with precedents and traditions of the Conference.

2. On any issue not covered by these rules of procedure or by the Articles of Organization, Mason's Manual of Legislative Procedure shall be the standard authority, when applicable.

Rule I – Resolutions

1. Any member intending to offer a resolution for consideration by the Conference shall submit the text thereof to the Chairman by not later than noon on the second day of business.

2. Any proposition of a policy nature that purports to express the view of the Conference shall be considered and voted upon as though it were a resolution.

3. The vote required for adoption of a resolution shall be in accordance with the provisions of Article VII of the Articles of Organization.

Rule II – Committee Reports

1. A committee chairman or other committee member may offer a motion with respect to a committee report in either of the following forms: (a) that the report be approved; (b) that the report be received and filed. A substitute motion may be offered from the floor to refer the report back to committee for further study. A committee report may include minority or dissenting views. A motion to table is not in order.

2. If there be separate majority and minority reports from a committee, the following motions shall be in order: (a) a motion to approve the majority report (by a majority member of the committee); (b) a motion to approve the minority report in lieu of the majority report (by a minority member of the committee); (c) a motion to receive and file both reports (by any member from the floor); and (d) a motion to refer both reports back to committee for further study (by any member from the floor). Voting on any

* Adopted at Sixtieth Annual Meeting, Cincinnati, Ohio, July 22, 1968.

of these motions shall be in reverse order of the above. A motion to table is not in order.

3. No individual amendments to a committee report, a separate majority report, or a separate minority report may be offered from the floor.

4. Action on the motions described above shall be by a simple majority vote.

5. This Rule II shall not apply to the report of the Nominating Committee, which shall be acted upon as set forth in Article V of the Articles of Organization.

6. Any resolution or excerpted policy statement with respect to the substance of a committee report shall be voted upon as though it were a resolution (see Rule I – Resolutions).

Rule III – Ordinary Business

1. Any proposition of a non-policy nature, but necessary to carry on the business of the Conference, may be approved by a simple majority vote.

Rule IV – Motions to Amend

1. Motions to amend most propositions are in order. An amendment may be amended, but an amendment to an amendment may not be amended because this would lead to undue confusion. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.

2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.

3. Any amendment must be in writing if the Chairman so requests.

Rule V – Motions to Table

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order on either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

Rule VI – Previous Question

1. The purpose of a motion for the previous question is to

close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. Member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

Rule VII — Postpone Indefinitely

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

Rule VIII — Roll Call Votes

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.

2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.

3. The proportion of votes required for passage of any proposition or motion, as set forth in these rules of procedure, refers to the number of members present and voting.

Rule IX — Adoption, Amendment and Suspension of Rules

1. These rules of procedure may be adopted or amended at the first business session of any annual or special meeting of the Conference by a simple majority vote. Thereafter, for the duration of any such annual or special meeting, amendment or suspension of the rules shall require a three-fourths vote.

Appendix IV

TREASURER'S REPORT

Summary of Cash Receipts and Disbursements for the Period
July 1, 1967 - June 30, 1968

BALANCE

Balance on hand, July 1, 1967 \$ 54,218.13

RECEIPTS

Dues received from States 228,050.00
Interest 5,149.84

TOTAL REVENUE \$287,417.97

DISBURSEMENTS

Salaries \$ 91,038.92
Supplies 7,014.03
Equipment 7,025.20
Postage, Express & Delivery 7,086.43
Telephone & Telegraph 5,224.14
Rent 7,982.64
Travel 25,944.12
Printing & Library 19,226.65
Miscellaneous (Court Reporter,
Audit etc.) 1,534.65

TOTAL DISBURSEMENTS \$172,076.78

NET BALANCE, June 30, 1968 \$115,341.19

Appendix V

ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' CONFERENCE

1st	Washington, D. C.	May 13-15	1908
2nd	Washington, D. C.	January 18-20	1909
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D. C.	December 14-16	1916
		No Meeting	1917
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944
37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968

Appendix VI

CHAIRMEN OF THE NATIONAL GOVERNORS' CONFERENCE, 1908-1969*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Peery, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52
Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55
Governor Arthur B. Langlie, Washington	1955-56
Governor Thomas B. Stanley, Virginia	1956-57
Governor William G. Stratton, Illinois	1957-58
Governor LeRoy Collins, Florida	1958-59
Governor J. Caleb Boggs, Delaware	1959-60
Governor Stephen L. R. McNichols, Colorado	1960-61
Governor Wesley Powell, New Hampshire	1961-62
Governor Albert D. Rosellini, Washington	1962-63
Governor John Anderson, Jr., Kansas	1963-64
Governor Grant Sawyer, Nevada	1964-65
Governor John H. Reed, Maine	1965-66
Governor William L. Guy, North Dakota	1966-67
Governor John A. Volpe, Massachusetts	1967-68
Governor Buford Ellington, Tennessee	1968-69

* At the initial meeting in 1908, President Theodore Roosevelt presided.

Appendix VII

RESOLUTIONS

Adopted by the National Governors' Conference

LURLEEN B. WALLACE - IN MEMORIAM

Whereas, the late Governor Lurleen B. Wallace was unable to attend our 59th Annual Conference because of an illness which later took her life in spite of the courageous fight which she waged for so long; and

Whereas, her courage gave inspiration and hope to countless thousands throughout our country; and

Whereas, we commend the grace, courage and charm which this gallant lady exhibited during her lifetime; and

Whereas, we appreciate the expression of love and compassion she always conveyed to those with whom she came in contact;

Now, therefore, be it resolved that the National Governors' Conference does hereby record its respect and affection for our late Conference member and express to her devoted family our sense of loss.

PURSUIT OF LASTING PEACE

Whereas, the pursuit of a just peace between all mankind, now and in the decades of the future, is a goal of the United States of America and in the best interests of our country; and

Whereas, volatile and self-seeking interests in this world will continue to exist, here and there and now and then, to challenge lawful society and peaceful relationships; and

Whereas, a just peace can be obtained and protected by resolute moral, economic and military strength; and

Whereas, the awesome destructive potential of nuclear weapons requires understanding and mutual respect among Nations and mankind;

Now, therefore, be it resolved that the National Governors' Conference mark the progress toward a lasting peace shown by the historic and long-sought treaty limiting nuclear weapon non-proliferation among Nations; and

Be it further resolved that we pledge our support of a national policy of moral, economic and military strength in seeking now and in the future a just and favorable peace and a world of new opportunity for a quality life for all mankind.

GREETINGS TO THE SWISS PEOPLE

Whereas, in today's turbulent world with its many uncertainties, it is reassuring to realize that there are some continuing verities which are maintained and sustained; and

Whereas, one of these is the steady and dependable friendship of the Swiss people for the people of the United States and of those of us here in the United States for the Swiss people; and

Whereas, in agreement and in disagreement, the certainty of basic understanding, friendship, good will, and reasonable adjustment of differences between such Nations as Switzerland and the United States is an important source of strength:

Now, therefore, be it resolved by the National Governors' Conference that the assembled Governors of the States of the United States do hereby note our satisfaction and our appreciation of the cordial relations between the Swiss and the United States peoples, and that we do hereby transmit to the people of Switzerland our greetings and our congratulations as the Six Hundred and Seventy-Sixth Year of the Swiss Confederation draws to a close in the summer of 1968.

DECLARATION OF CONSCIENCE

Whereas, the moral and legal principles which encourage incentives and opportunity for self-fulfillment to flourish within an orderly society are embodied in the Declaration of Independence and the Constitution of the United States; and

Whereas, these principles have been reflected in the 13th, 14th and 15th Amendments to the Constitution, the Civil Rights Acts of Congress, and recent judicial decisions; and

Whereas, conditions must be created to make self-help and the fulfillment of the American dream possible for all Americans:

Now, therefore, be it resolved by the members of the National Governors' Conference, individually and in concert, that we rededicate ourselves to these principles; to seek their fulfillment by state, local and private initiative where possible, and by federal action where necessary; and to declare, in matters touching the legal and moral equality of citizens, the paramount status of the right to individual human dignity over property or other rights the essential purpose of which is to support and protect human rights; and

Be it further resolved that we, as Governors and individual citizens, pledge our efforts in our States and our communities to maintain law and order with justice; and to eradicate racial discrimination in employment, in labor unions and in management practices, in the purchase, sale and rental of real estate, in the

education of children, and in the provision of social services.

CRIME CONTROL

Whereas, the rapid and continuing increase of crime and delinquency poses a serious and urgent national problem; and

Whereas, the Congress of the United States recently enacted by an overwhelming vote the Omnibus Crime Control and Safe Streets Act of 1968:

Now, therefore, be it resolved that the President be respectfully requested to appoint without delay the Administrator of Law Enforcement Assistance and the two Associate Administrators; and

Be it further resolved that the Congress be urged to appropriate the full amount of funds authorized by the Act; and

Be it further resolved that the several States take immediate action to implement the legislation and take such other complementary measures as may be necessary to prosecute more effectively the war on crime.

COMMENDATION FOR ACTIONS TO

MAINTAIN LAW AND ORDER

Whereas, on the night of July 23, 1968, three brave policemen were killed and ten others wounded in the line of duty in Cleveland, Ohio; and

Whereas, at the same time and place there was widespread destruction and looting of the property of innocent citizens; and

Whereas, the said lawless riot was but the latest of a series of tragic incidents which have occurred in our Nation's large cities; and

Whereas, Governor James A. Rhodes of Ohio acted promptly and decisively to prevent the further spread of disorder:

Now, therefore, be it resolved that this 1968 National Governors' Conference be recorded as expressing the deep sympathy of its members to the families of those brave officers who were killed and wounded and to those whose property was destroyed, and that Governor Rhodes and his staff and the public officials and law enforcement officers of Cleveland be commended for their prompt and efficient action; and

Be it further resolved that this Conference be recorded as recognizing crime in the streets of America as a problem which demands the utmost concern and attention of all public officials at all levels of government; and

Be it further resolved that we call on all citizens of the United States to join in the war on crime and to become actively involved in helping to identify and prosecute those who would destroy our Nation; and

Be it further resolved that we record our support for law enforcement officers, and pledge ourselves to work toward the better training and equipping of our officers, and to work for better pay and safer working conditions for those who guard our lives and property.

FIREARMS

Whereas, there is widespread concern in the adequacy of existing firearms control legislation and enforcement to regulate indiscriminate sale and possession of firearms; and

Whereas, many States may now be considering additional measures to keep firearms from irresponsible elements of our society; and

Whereas, millions of Americans are now calling for a reasonable and sensible approach to this urgent problem; and

Whereas, the burden of this challenge and responsibility lies primarily within each of the several States:

Now, therefore, be it resolved that the Nation's Governors assembled at this 60th National Governors' Conference do hereby express their individual concern for this problem; and

Be it further resolved that the National Governors' Conference accept the challenge and responsibility of promoting and enacting appropriate legislation within each State dealing with the sale and possession of firearms.

NATIONAL GUARD MUTUAL ASSISTANCE

COMPACT

Whereas, the 59th Annual Meeting of the National Governors' Conference endorsed the National Guard Mutual Assistance Compact in virtually its final form and requested that the Compact be made available to the States for their consideration; and

Whereas, a few States did enact the Compact at their 1968 legislative sessions; and

Whereas, the Compact would make it possible for National Guard forces to be used more effectively and efficiently across state lines, without the need to federalize them:

Now, therefore, be it resolved by the National Governors' Conference that the States be urged to give serious consideration to

enactment of the National Guard Mutual Assistance Compact; and
Be it further resolved that the Washington Office of the National Governors' Conference be directed to assist in securing favorable consideration by the Congress of legislation consenting to the Compact.

STRATEGIC RESERVE AIRLIFT CAPABILITY

Whereas, the Department of Defense has programmed over a period of years the inactivation of all existing Air National Guard Strategic Airlift units; and

Whereas, unless positive action at the highest levels of government is continued, the individual States will suffer a severe reduction of their ability to rapidly transport personnel and material in time of civil disturbances and other state and local emergencies; and

Whereas, by maintaining the existing Air Guard Strategic Airlift units, and providing them with modern aircraft, a strategic reserve airlift capability would continue to be available for our national requirements, and at the same time provide the urgently required heavy airlift capability for our individual States; and

Whereas, it is a proven fact that Air National Guard units can be maintained at a fraction of the cost of active duty units:

Now, therefore, be it resolved that the President of the United States, the Members of Congress and the Secretary of Defense be urged to take immediate action to retain the Air National Guard Strategic Airlift units, recognizing the continued and permanent need for efficient and responsive airlift capabilities both within the State and nationally to furnish more modern aircraft to these units in order that a more efficient strategic reserve force be maintained; and

Be it further resolved that a copy of this resolution be transmitted forthwith to the President of the United States, the Secretary of Defense, the Secretary of the Air Force and congressional delegations of each State.

NATIONAL GUARD

Be it resolved by the National Governors' Conference that the following recommendations of the Committee on the National Guard, Civil Defense, and Natural Disasters be concurred in by members of the Conference:

1. the Department of Defense be urged to provide modern equipment for the National Guard in sufficient quantities and of proper type to assure maximum efficiency in the

- performance of federal and state missions, to include more sophisticated and effective equipment for the humane suppression and control of civil disorders;
2. the Department of Defense be urged to project, over a period of years, greater structural stability for both the Army and Air National Guard;
 3. the Department of Defense be urged to authorize the organization of new units to replace those ordered into active federal service, in States where a maximum capability for the maintenance of law and order is necessary;
 4. additional training assemblies be authorized to permit better training of National Guard units for duty in the suppression and control of massive violence; and
 5. the Department of Defense be urged to program the retention of all Air National Guard units in order to keep trained and experienced personnel available, even though strategic assumptions may require changes in types of organizations.

OFFICE OF EMERGENCY PREPAREDNESS AND
FEDERAL-STATE RELATIONS IN THE
EXECUTIVE OFFICE OF
THE PRESIDENT

Whereas, the Office of Emergency Planning, through its national office and eight regional offices, has worked closely with the Governors of the States in cooperative programs for continuity of government, emergency management of resources, federal assistance in major disasters, and other joint federal-state programs; and

Whereas, President Lyndon B. Johnson, during his Administration, has named former Governors as Directors of the Office of Emergency Planning and has assigned to them added duties involving federal-state relations, which has resulted in the best working partnership in the modern history of our Nation between the Governors and the executive branch of the federal government; and

Whereas, the Honorable Buford Ellington of Tennessee, the Honorable Farris Bryant of Florida, and the Honorable Price Daniel of Texas, successive Directors of the agency, have performed outstanding services to benefit the States and have done so with great distinction and honor in effecting more meaningful relationships between the federal government and the States; and

Whereas, the Governors of the United States, aware of this

effective working relationship, are now vitally interested in formalizing and continuing this relationship under future Presidents:

Now, therefore, be it resolved by the National Governors' Conference that the President and the Congress are hereby urged to give formal status to, and continue in the future, either by Executive Order or Act of Congress, or both, the existing federal-state relations program being carried on by the agency now established and functioning; and

Be it further resolved that the National Governors' Conference recommend that the name of the agency be changed to express more accurately its traditional operations and to include its present important federal-state relations function so that it would hereafter be known as the "Office of Emergency Preparedness and Federal-State Relations" in the Executive Office of the President; and

Be it further resolved that the National Governors' Conference recommend that future Presidents follow President Johnson's example by choosing the Director of the agency from the ranks of former Governors; and

Be it further resolved that copies of this resolution be sent to the President, Members of the Congress and Governor Price Daniel, Director of the Office of Emergency Planning and Assistant to the President for Federal-State Relations.

FEDERAL-STATE RELATIONS

Whereas, Congress has from time to time enacted laws which have infringed upon areas traditionally reserved for the State, either through preempting state powers or by making categorical grants to States conditioned upon state compliance with strict federal standards; and

Whereas, this can be shown by examination of numerous federal programs including, but not limited to, federal air and water pollution control, the proposed federal controls on surface mining, the proposed federal five percent mining severance tax, the proposed federal Occupational Safety and Health Act, and the proposed National Airways Trust Fund; and

Whereas, the National Governors' Conference has gone on record as favoring block grants to achieve greater flexibility and more adequate state and local controls over programs assisted by federal grants, thus avoiding the central controls inherent in categorical grants which mandate detailed standards and requirements; and

Whereas, the President of the United States has expressed a desire to work more closely with the States and to move away from categorical grants toward block grants; and

Whereas, notwithstanding a recent tendency evidenced by Congress to avoid infringement upon States' responsibilities in some areas, some items of legislation are still inconsistent with state control over purely state and local matters, and numerous administrative agencies have demonstrated increasingly an arbitrary determination to take over functions of government heretofore reserved to the States:

Now, therefore, be it resolved that the National Governors' Conference strongly oppose any further legislation or administrative action of a preemptive nature which infringes upon the responsibilities of the States; and

Be it further resolved that the National Governors' Conference support federal-state cooperation which, wherever practicable, will allow grants from the federal government to the States to be in the form of block grants rather than categorical grants.

NEW DIRECTIONS IN FEDERAL AID POLICY

Whereas, the Governors have in their earlier resolutions and study reports amply documented the need for adding a general support or overhead grant to the federal grant-in-aid structure; and

Whereas, the urgency for additional federal support is evermore apparent; and

Whereas, there is increasing interest among city officials in joining with the Governors in pressing for a common solution:

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 would, in addition to existing grants-in-aid, provide more discretion and responsibility to the States and localities; and

Be it further resolved that the National Governors' Conference specifically endorse a set of principles with respect to general support or overhead grants; and

Be it further resolved that a committee of the Conference be authorized to work with the organizations of local governments to develop an appropriate plan to be proposed to the U. S. Congress that follows the following criteria:

Criteria and Plans for a General Support or Overhead Grant

The general support or overhead grant should accord with the following:

- a. Any allocation formula for revenue sharing should be simple, understandable, and be acceptable as equitable.
- b. The plan should assure substantial additional federal fi-

- nancial resources to urban communities as well as States.
- c. Revenue sharing for municipalities should not encourage present barriers to more effective structure of local government in accord with the scope of their public service responsibilities. As a minimum, the plan should deter further geographical fragmentation of local government.
 - d. The revenue sharing plan should be designed to supplement state and community funds rather than substitute for state and local tax effort.
 - e. The revenue sharing plan should not weaken any categorical federal grant designed to serve national priorities and national purposes.
 - f. The procedures for federal revenue sharing should be flexible enough to support fiscal policy for a stable and growing economy, without impairing orderly planning and budgeting in States and communities.

PACKAGING OF FEDERAL GRANTS TO CARRY OUT STATE AND NATIONAL POLICIES

Whereas, the number of federal grants-in-aid has multiplied, making remedial action necessary; and

Whereas, the purposes of many federal grants could be achieved more effectively by a packaging of such aids; and

Whereas, existing legislation does not permit the necessary combining of aid; and

Whereas, representatives of the National Governors' Conference have testified in support of the Joint Funding Simplification Act which was introduced August 28, 1967; and

Whereas, in recognition of the vital need for packaging grants-in-aid, the 59th National Governors' Conference adopted a resolution urging enactment of the Joint Funding Simplification Act:

Now, therefore, be it resolved that the 60th National Governors' Conference strengthen its earlier action and resolve that there be enacted without further delay the Joint Funding Simplification Act.

IMPROVED MANAGEMENT AND REPORTING OF FEDERAL ASSISTANCE PROGRAMS

Whereas, according to a recent report by certain Members of Congress, there are more than 1,270 federal programs offering assistance to local and state governmental units; and

Whereas, these programs are operated by various agencies of

the federal government, and in many instances have become competitive and overlapping; and

Whereas, the overall effect of the number, complexity and duplication is to create a situation of difficulty and confusion; and

Whereas, this difficulty and confusion could be alleviated by the annual publication of a complete compendium of federal assistance programs and by the establishment of a commission for the improvement of government management and organization insofar as they affect state and local governmental units:

Now, therefore, be it resolved that the National Governors' Conference go on record as supporting: (1) the annual publication by the federal government of a complete compendium of all operating programs offering assistance to state and local governmental units; and (2) the creation of a commission on the national level for the improvement of government management and organization insofar as they affect state and local governmental units, such as the commission envisioned by H.R. 18113.

BYPASSING OF STATE GOVERNMENTS BY THE U. S. OFFICE OF ECONOMIC OPPORTUNITY

Whereas, the U. S. Office of Economic Opportunity has increasingly used "demonstration grants" and grants to institutions of higher learning as a means of bypassing the review by Governors of programs administered under the Economic Opportunity Act of 1964 as amended; and

Whereas, the States bear the primary responsibility for coordinating programs designed to further economic opportunity and development within their boundaries:

Now, therefore, be it resolved that the National Governors' Conference request that future amendments to the Economic Opportunity Act of 1964 enacted by the Congress, and present administration of that Act by the U. S. Office of Economic Opportunity, guarantee full authority to Governors to exercise the right of review and suspensory veto now applicable to most, but not all, programs administered under the above Act.

EFFECT OF EQUAL OPPORTUNITY REGULATIONS ON FEDERAL AID CONTRACTS AND COMPETITIVE BIDDING

Whereas, the U. S. Department of Labor has, in Section 60-1.7 (b) (2), Chapter 60, Title 41 of the Code of Federal Regulations, as-

sumed questionable authority to impose conditions relative to equal employment opportunities upon contractors subsequent to the opening of bids or the awarding of contracts which are not known to the contractors at the time they submit their bids; and

Whereas, the Comptroller General of the United States has stated his doubt as to the legality of such requirements by the U. S. Department of Labor; and

Whereas, S. 3418 now pending before joint conferees of the Senate and House contains provisions which would eliminate this problem for contractors; and

Whereas, this requirement of the U. S. Department of Labor would tend to destroy competitive bidding by contractors if allowed to remain in effect:

Now, therefore, be it resolved that members of the National Governors' Conference do hereby go on record as being opposed to the imposition of the aforementioned requirements of the U. S. Department of Labor, and further go on record as strongly supporting and urging the passage of a provision in S. 3418 which would prohibit the imposition of such requirements unless specifically set forth in the advertised bid proposals or some similar provision.

POPULATION DISTRIBUTION - A MAJOR NATIONAL AND INTERNATIONAL PROBLEM

Whereas, a national goal, though not recognized as such, from the time of our Nation's founding has been to distribute population across this great Nation through such devices as the Homestead Act, railroad grants, and even recently, Bureau of Reclamation projects; and

Whereas, our maturing Nation of 200 million people must seek to accommodate an additional 100 million people in the next 30 years; and

Whereas, population shift and distribution is, for the most part, a man-made phenomenon; and

Whereas, population imbalance is at the core of nearly every major social problem facing our Nation today; and

Whereas, the federal government, through inadvertent and uncoordinated programs, is the major factor in causing population shift and distribution; and

Whereas, failure to recognize the need for reasonable population distribution and to delay remedial action to correct population imbalance causes a reduction in the quality of living for all individual citizens; and

Whereas, over-populated areas are suffering grave and expensive social problems such as air and water pollution, transportation

glut on land, on water and in the air, rising crime rates, crowded educational and recreational facilities, festering ghetto living conditions and unwieldy government; and at the same time under-populated areas of the Nation are suffering expensive social problems such as an inadequate tax base for desired services, and an inadequate population to provide a need for such institutions as churches, schools and other activities of group participation; and

Whereas, it is reasonable for our citizens to expect a major national goal to be built upon the "creation of opportunity for a good life" available to all who wish it in any and all parts of the United States; and

Whereas, that opportunity should include opportunities for jobs, profitable investment, complete educational services, comprehensive health care, adequate recreational facilities, and opportunities to enjoy cultural enrichment; and

Whereas, the federal and state governments now operate many programs to enhance or create opportunities as herein listed; and

Whereas, these federal and state programs to create and enhance opportunities are not coordinated and do not pursue a national goal of adequate population distribution through distribution of opportunity; and

Whereas, the federal government in other ways affects opportunities, and therefore population distribution, through such devices as regulated transportation rates, reclamation projects and highway location, higher education grants and defense contracts, as examples; and

Whereas, the social costs of unplanned opportunity affecting population residence could be excessively high; and

Whereas, failure to plan now for population residence could cause an unacceptable diminishing of our quality of life in the United States:

Now, therefore, be it resolved that the members of the National Governors' Conference petition the Congress to adopt a national policy of "enhancement and distribution of opportunity" in order to provide an incentive for a more even distribution of population residence in our States, and thereby recognize the desirability of establishing such a goal to provide a sense of direction in federal planning and in federal programs which would seek to alleviate the growing national frustration that is occurring in over-populated areas and in areas which are now losing population; and

Be it further resolved that it be recognized that the cost of meeting grave social problems caused by rural-urban imbalance and under-populated and over-populated state imbalance might be met, in part, by such programs and devices as tax incentives, incentive loan rates, transportation policies which meet the needs of all areas of the Nation, resource development projects, higher education research grants, small business defense contracts, com-

munity development and housing of all types on an areawide basis, and other methods which tend to enhance opportunity where opportunity, for various reasons, might not exist today; and

Be it further resolved that we, as Governors of 50 different and unique States, recognize the need for States and the federal government to join in a long-range effort to upgrade the quality of life for all people, both rural and urban, within our borders.

ROLE OF THE STATE IN FEDERAL-URBAN AFFAIRS

Whereas, the States no longer have the option to choose whether they want to assume responsibility and become involved in urban affairs; and if creative federalism is to have any meaning, the federal government should include the States in urban assistance programs; and

Whereas, the solution of today's complex community problems will require the resources and dedicated leadership of elected officials of every level of government and the private sector, involving the whole community, including the poor; and

Whereas, there is a recognized need for a stronger coordinating and participating role for state government, and the Governor in particular, to rationalize the over 500 separately authorized federal assistance programs; and

Whereas, state expenditures far exceed federal grant-in-aid expenditures:

Now, therefore, be it resolved that the federal government more efficiently distribute tax dollars through legislation and administrative procedures that do not bypass the vast financial, legal and administrative resources of state government in dealing directly with local governments through such programs as model cities, low-income housing, urban renewal, code enforcement, relocation assistance, mass transportation, rent supplements and community action; and

Be it further resolved that decentralization of federal programs be done on a state basis, and that greater consideration be given to the delegation of additional program responsibilities to the States themselves; and

Be it further resolved that the National Governors' Conference call upon the Congress and the Administration to recognize the States, and the Governors in particular, as full and equal partners in the planning and administration of all federal assistance programs.

PUBLIC WELFARE PROGRAMS AND BENEFITS

Whereas, each year brings an increased burden on state financial structures for public welfare programs, primarily because of pyramiding federal legislation such as the 1967 Amendments to the Social Security Act; and

Whereas, state governments are under continued and increasing pressure to provide a maze of broadened other services, particularly in such fields as education, health and mental health; and

Whereas, each successive federal enactment and accompanying administrative rules and regulations impose additional restrictions and inflexibility of capabilities and opportunities on the parts of the States to operate programs in an effective and economical manner; and

Whereas, the differences in welfare benefits vary from State to State, encouraging a shift of population from rural to urban areas; and

Whereas, while federally-enacted programs generally start out with a relatively high level of participation so far as the federal dollar is concerned, this financial participation drops significantly over a relatively short period of time, with a correspondingly heavy and often unmanageable funding burden on the States;

Now, therefore, be it resolved that the National Governors' Conference request its Committee on Health and Welfare to study the problems recited herein and provide a report and recommendations at the National Governors' Conference 1969 Mid-Year Meeting.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Whereas, 1967 Amendments to the Social Security Act (P.L. 90-248) and to the Economic Opportunity Act (P.L. 90-222) provide that after June 30, 1968, recipients of Aid to Families with Dependent Children will no longer be entitled to certain disregards of income currently provided by other federal acts including the Economic Opportunity Act, the Manpower Development and Training Act, and Title I of the Elementary and Secondary Education Act; and

Whereas, Congress in amending the Social Security Act (P.L. 90-248) did provide a new disregard of income; and

Whereas, Congress further provided that the several States will have until July 1, 1969, to implement the new income disregards; and

Whereas, the majority of States will be unable to implement the new income disregards until sometime after July 1, 1968; and

Whereas, in those States unable to act until after July 1, 1968,

many recipients of Aid to Families with Dependent Children in training and/or employment will be denied the benefits of income disregard which they are presently entitled to; and

Whereas, denial of income disregard benefits will discourage recipients both from remaining in training and/or employment and from entering training and/or employment under current federally-aided programs:

Now, therefore, be it resolved that the National Governors' Conference urge Congress to take action deferring the effective dates of appropriate sections of P.L. 90-248 and P.L. 90-222 until July 1, 1969.

FEDERAL AID TO EDUCATION

Whereas, state control of education and federal participation in its support are essential and compatible elements of a nationwide educational policy, and joint policy formulation which makes possible both continued state control of education and maximum utilization of national resources to meet national priorities is the only way to assure a true "partnership" approach; and

Whereas, general aid is needed for accomplishing broad educational purposes and assuring maximum flexibility of state application of these funds to state problems; and

Whereas, at the same time, categorical aids are needed as a necessary and complementary part of the general support program for public schools; and

Whereas, the present multiplicity of categorical aid programs, often designed without adequate participation by the receiving States, are notoriously fragmented, overlapping and over-specialized; funding of these programs is inadequate, late, and uncertain; administrative practices with respect to application for and approval of the many specialized grant programs are almost totally unsatisfactory, both from the standpoint of the state education systems and the U. S. Office of Education itself:

Now, therefore, be it resolved that the Congress should enact a comprehensive program of federal aid to education which embraces both general and categorical aids, a program characterized by major participation at the state level in policy formulation, full advance funding, and maximum administrative simplification of application, allocation, and accounting procedures; and

Be it further resolved that, concurrently, States should move legislatively and administratively to strengthen the capacity of their state education agencies to plan for and utilize such federal funds as are made available, and should support state legislation designed to increase the productivity of state financial efforts

through broadening, equalizing, and assuring the effective administrative management of state tax sources.

VOCATIONAL-TECHNICAL EDUCATION

Whereas, an excessive number of authorizations, programs and administering agencies make a coordinated, planned approach to the development of vocational education difficult, if not impossible; and

Whereas, public school personnel, state departments of education and federal agencies are hampered by the unnecessarily complex administrative machinery which accompanies the present variety of regulations and policies necessitated by the fragmented programs now in existence; and

Whereas, current piecemeal legislation promotes duplication of programs, facilities and faculty by providing support for area trade schools, vocational-technical institutes, junior colleges and extension centers of four-year colleges by funding similar programs in different kinds of institutions often serving the same area:

Now, therefore, be it resolved that the Congress enact legislation which would both consolidate all vocational-technical education legislation into one comprehensive program and provide for a single administering agency; and

Be it further resolved that political and educational leaders should continue to present the state viewpoint to appropriate congressional committees, and that States should move to modify current statutes, administrative practices and organizational patterns so that maximum benefit can be realized from expanded and consolidated federal legislation.

INTERSTATE AGREEMENT ON QUALIFICATION OF EDUCATIONAL PERSONNEL

Whereas, shortages of classroom teachers and other educational personnel are acute throughout the country and, while mobility of teachers and other educational personnel continues at a high level, few States have made adequate arrangements to facilitate certification of newly arriving educational personnel; and

Whereas, ten state education departments with funds from Title V of the Elementary and Secondary Education Act of 1965, with administrative arrangements centered in the State Education Department of New York, have developed cooperatively an Interstate Agreement on Qualification of Educational Personnel which, with-

out interfering with state prerogatives, would authorize designated state officials of States party to the Agreement to enter into contracts with other States with similar standards to facilitate meeting school personnel needs by eliminating certain delays in fulfilling qualifications and other requirements on which the contracting States could agree in advance; and

Whereas, an Advisory Committee of State Legislators from the regional conferences of the Council of State Governments approved in principle the Interstate Agreement on Qualification of Educational Personnel, and the Governing Board of the Council of State Governments concurred in the Advisory Committee's action:

Now, therefore, be it resolved that States be encouraged to enact the Interstate Agreement on Qualification of Educational Personnel to facilitate state certification of teachers and others working in education when they have been certified in other States.

THE INTEGRITY OF FEDERAL HIGHWAY

TRUST FUND

Whereas, cutbacks or withholding the release of funds to the States from the National Highway Trust Fund by administrative action disrupt orderly planning, scheduling and programming of highway construction; and

Whereas, such disruption of orderly scheduling of highway construction results in a stop-start type of program that increases costs to the state highway departments and to the highway construction industry and related material supply industries and adversely affects the general economy of the States; and

Whereas, such cutbacks are not consistent with the intent of Congress to complete the federal-aid Interstate and Defense Highway System at the earliest possible date; and

Whereas, the Administration has since announced a \$6 billion cutback in federal spending:

Now, therefore, be it resolved that the National Governors' Conference urge the Congress to enact legislation prohibiting any further impoundment or withholding from obligation any authorized federal-aid highway apportionments for purposes, projects or administrative costs of any federal department, agency or instrumentality other than the Bureau of Public Roads; and

Be it further resolved that the National Governors' Conference urge the Administration to exclude the Highway Trust Fund from the recently announced \$6 billion cutback and to effect immediate repayment of Highway Trust Fund monies borrowed or loaned during previous cutbacks; and

Be it further resolved that the National Governors' Conference

urge the Administration to allow the highway construction program to advance as fast as the Highway Trust Fund receipts will permit, thereby assuring the States predictable fund releases which will avoid disruptive and costly changes in the level of highway activity.

REPEAL OF HIGHWAY SAFETY PROGRAM

PENALTY CLAUSE

Whereas, the 10 per cent penalty clause in the Highway Safety Law [Section 402(c) of Title 23, U.S.C.] has threatened the States with loss of highway funds; and

Whereas, the penalty clause is inconsistent with the traditional partnership between the States and the federal government; and

Whereas, the Public Works Committees of both the United States Senate and the House of Representatives have recommended repeal of this penalty clause:

Now, therefore, be it resolved that the National Governors' Conference support the recommendations of the Senate and the House Public Works Committees and urge the Congress to act swiftly in approving the repeal of the penalty clause.

AUTO INSURANCE

Whereas, the Congress has enacted legislation authorizing the Department of Transportation to conduct an 18-month, \$2 million comprehensive study of the automobile insurance system; and

Whereas, the McCarran-Ferguson Act of 1945 (Public Law 79-15) declared that continued regulation of the insurance business by the States was "in the public interest"; and

Whereas, the States therefore are vitally interested in the study and several States are now also studying the automobile insurance system with other States considering auto insurance legislation:

Now, therefore, be it resolved that the National Governors' Conference strongly recommend that the States, through their Governors, legislators and insurance commissioners, be included by the Department of Transportation as members of advisory committees and task forces for this study; and

Be it further resolved that this Conference strongly reaffirm its support for the intent and language of the McCarran-Ferguson Act of 1945 exempting the insurance industry from federal regulation, and state its opposition to any action to deny the States authority in this area.

ECONOMIC CONDITION OF FARMING

Whereas, the Governors of the United States of America are aware of the economic importance of the American farmer and are concerned about the future well-being of the industry; and

Whereas, the United States farm output has increased by 37 per cent since 1950, exceeding the 30 per cent increase in population; and

Whereas, food was cheaper during 1967 in relation to wages received by Americans than any period in our history; and

Whereas, productivity of the American farm worker in the 1960's has increased 6 per cent a year as compared to a 3 per cent in non-agricultural work; and

Whereas, prices received by farmers for their products are 5 per cent lower than were such prices 20 years ago; and

Whereas, prices paid by the farmer have increased 136 per cent in the last 20 years; and

Whereas, the net income of farmers is 7 per cent below what it was 20 years ago:

Now, therefore, be it resolved that the National Governors' Conference recognize the problem of the farmers in this country; and

Be it further resolved that immediate efforts be taken by the federal government and the States to adopt flexible programs dealing with the economic plight of the farmers of this country; and

Be it further resolved that regional research programs be developed to discover and create new farm products and new uses for already existing farm products.

MEAT INSPECTION

Whereas, the enactment of Public Law 90-201 on December 15, 1967, has required the States to adopt meat inspection programs in cooperation with the federal government; and

Whereas, it was the intention of this statute to make uniform the quality of meat intended for human consumption; and

Whereas, election to operate under Public Law 90-201 prohibits the shipment of state-inspected meat products in interstate commerce; and

Whereas, foreign meat and meat products which meet the requirements of this law are allowed to move in interstate commerce; and

Whereas, the requirements of compliance impose a great and unexpected financial burden upon the States and the persons requiring inspection; and

Whereas, the Secretary of the U. S. Department of Agriculture,

by regulation, refuses to participate in the funding of a program involving the use of private, non-governmental funds:

Now, therefore, be it resolved by the National Governors' Conference that:

1. the Congress of the United States, as an Emergency Act, immediately pass a bill amending the Wholesome Meat Act which will provide that all carcasses, parts of carcasses, meat and meat food products inspected at any establishments in any State having mandatory ante mortem and post mortem inspection, reinspection and sanitation requirements that are at least equal to those required under Title I of Public Law 90-201, and bearing the official inspection legend of that State, shall be deemed as a matter of law as having fully met the requirements of Title I of Public Law 90-201, and therefore entitled to be treated in every manner and jurisdiction as though it bore the official inspection legend of the United States Department of Agriculture;
2. foreign meat and meat products imported into this country shall comply with standards at least equal to those required under Title I of Public Law 90-201;
3. the Congress of the United States and the Secretary of the U. S. Department of Agriculture take all steps necessary to aid the States and those persons requiring inspection in the funding of their respective programs; and
4. all state and federal agencies involved in the implementation and administration of programs under Public Law 90-201 cooperate to the fullest extent in assuring that the intended benefits of this law accrue to the consuming public.

NATIONAL WATER RESOURCES POLICY

Whereas, effective management of our Nation's water resources requires the cooperation of federal and state authorities within a consistent framework of congressional and state legislative policies and enactments; and

Whereas, increasingly complex federal grant programs are undergoing almost constant change; and

Whereas, federal authority thus far has failed to establish reasonable policies with proper cognizance of regional and state interests in water management; and

Whereas, this present course is causing delays and confusion in water management programs throughout the country, and a serious deterioration in federal-state relations:

Now, therefore, be it resolved by the National Governors' Conference that the States stand together to achieve:

1. an overall national water policy allowing consideration of the differing needs and goals of the regions of the Nation; and
2. state and regional participation in developing national water management legislation.

FOREST FIRE FIGHTING

Whereas, in most instances and in most years the several States have been able to handle their fire fighting problems adequately; and

Whereas, in major emergency years, such as 1967, the resources of the States, particularly in the West but potentially throughout the Nation, become exhausted in manpower and money; and

Whereas, the federal government, a major landowner in the West, but also represented throughout the Nation with the national forests and other federal ownerships, has extensive resources for use in times of emergencies; and

Whereas, the Corps of Engineers under Public Law 99 has rendered invaluable services to the States in times of flood crises; and

Whereas, these same services are vitally needed by the States from the U. S. Forest Service and other agencies of the federal government in times of fire crises:

Now, therefore, be it resolved by the National Governors' Conference that the U. S. Congress enact legislation as soon as possible to provide a law similar to Public Law 99 which would make available to the States the services and resources of the U. S. Forest Service and other federal agencies when fires become beyond the control of the abilities and resources of the States to handle adequately; and

Be it further resolved that each State establish eligibility by implementing a basic fire plan for state and private forest land, embodying generally accepted minimum standards; and

Be it further resolved that all States cooperate in interstate forest fire training programs; and

Be it further resolved that copies of this resolution be sent to the President of the United States, Members of Congress, the Secretaries of Agriculture and Interior and all other persons concerned with enactment of this proposed legislation.

LABOR DISPUTES WHICH CREATE
REGIONAL EMERGENCIES

Whereas, strikes of employees of privately-owned utilities and industries frequently have extremely serious effects on the public safety, health and welfare in States and their local communities; and

Whereas, the people of a community or a State suffer if, for prolonged periods, their major industry is closed, food distribution is halted, utility service is interrupted or news media are silenced; and

Whereas, such strikes, if prolonged, can create regional emergencies as serious for the area affected as a national emergency is for the Nation; and

Whereas, the Labor Management Relations Act prescribes federal procedures for strikes creating national emergencies, but is silent regarding regional emergencies, and the preemption doctrine enunciated by the United States Supreme Court denies States power to deal with strikes causing regional emergencies; and

Whereas, consequently, no governmental level bears clear responsibility in the event of strikes which create emergencies limited to a single State or locality; and

Whereas, federal legislation is required to fill this gap in policy and to clarify congressional intent concerning the role and responsibilities of States in the settlement of labor disputes creating regional emergencies:

Now, therefore, be it resolved that the National Governors' Conference request the Congress to authorize States to enact legislation and establish procedures for dealing with labor disputes involving intrastate activities primarily which create regional emergencies; and

Be it further resolved that copy of this resolution be sent to the leadership and appropriate committees of the United States Congress.

EXECUTIVE-LEGISLATIVE LIAISON STUDY

Whereas, through the good offices of Governor John A. Burns, it has been brought to the attention of the National Governors' Conference that the University of Hawaii is conducting a study of liaison between the legislatures and the offices of the Governors in all States; and

Whereas, a survey of this nature promises to provide useful data which should enable Governors to evaluate the organization and practices affecting executive-legislative liaison in the several states; and

Whereas, confidentiality of individual replies from the Governors would be observed by the study team at the University of Hawaii, without identification of particular States in any published reports:

Now, therefore, be it resolved by the National Governors' Conference that all Governors be urged to cooperate in the study of executive-legislative liaison by responding to questionnaires that may be distributed by the study group at the University of Hawaii.

STATE EXECUTIVE REORGANIZATION AUTHORITY

Whereas, the ever-increasing demands placed on state government for expanding traditional services and initiating new programs require periodic adjustment of the administrative structure to respond to changing needs; and

Whereas, the rapid growth of cooperative federal-state programs places additional demands on state government organization; and

Whereas, the Governors frequently are severely restricted in their authority to reorganize their States' administrative structures to meet changing conditions and demands; and

Whereas, the National Governors' Conference has in the past urged modification of the provisions of federal grant-in-aid and other legislation which restrict the flexibility of the Governor and the legislature in organizing state government to best meet their needs:

Now, therefore, be it resolved that the National Governors' Conference urge the States to consider legislation and state constitutional amendments, where needed, to authorize the Governor to reorganize the administrative structure of state government with reorganization plans subject to a veto by either House of the state legislature within a specified period of time after their submission.

TRAINING FOR EXECUTIVE AIDES

Whereas, the responsibilities of executive aides to Governors have greatly increased in magnitude and complexity; and

Whereas, training services are not now available for executive aides; and

Whereas, training for aides is needed to deal with the crucial problems faced by a new Governor in the transition period immediately after his election; and

Whereas, training for aides is needed relating to the continuing management of state government; and

Whereas, the need for and nature of a training program for executive aides is described in a staff paper attached to this resolution:

Now, therefore, be it resolved that the Council of State Governments, in cooperation with the National Governors' Conference, establish a training program for executive aides; and

Be it further resolved that the training program begin with a brief session shortly after the general elections in the fall of 1968, and with a more extensive session in the summer of 1969.

Staff Paper on Training for Executive Aides

This is a proposal that the Council of State Governments provide a training service for key executive aides to Governors.

The Need for Training

Training is needed to serve two purposes: the first, and most urgent, concerns the transition from one administration to another; the second concerns the continuing management of state government.

The period immediately following the election of a new Governor is the most crucial period the Governor will face. It is during this period that his legislative program is framed, his budget prepared, his staff and cabinet selected and placed, and his pattern of legislative relationships determined. It is during this period, in short, that the basic policies and directions of his administration are set. And time is desperately short.

Ineffective action during the transition can have highly serious consequences for the Governor and for the state government. Some of these consequences are:

1. Many decisions must be and will be made, with or without gubernatorial direction. The state bureaucracy, pressure groups and other organizations can, by default, establish policies for which the Governor will have to accept responsibility.
2. The Governor can suffer a loss of prestige and leadership capacity which can hamper his effectiveness for the remainder of his term.
3. Mistakes on individual decisions, such as cabinet appointments and the budget, can be extremely difficult to correct.
4. State government can suffer a serious loss of efficiency through disruption and lack of direction.
5. The morale of state personnel can suffer needlessly, resulting not only in a temporary loss of efficiency, but in the permanent loss of valuable people.
6. The confusion surrounding a transition leaves the Gover-

nor and the state government unusually vulnerable to the shrewd observers who want something from the State.

These may be seekers of jobs, contracts or other favors, or they may be advocates of policy directions.

The continuing task of managing state government is becoming not only bigger and more complex, but is becoming more and more a responsibility of the Governor. The Governor is the only official in a position to cope with the enormous management task of relating the programs of the state agencies to each other and to similar federal and local activities. Evidence of this coordinative position of the Governor is provided by recent actions of the federal government.

The federal agencies are inviting Governors: to designate agencies to administer new federally-financed programs (comprehensive health planning, economic development planning, outdoor recreation, as examples); to serve on federal-state boards, such as regional economic development commissions; and to designate multicounty boundaries to guide the planning and operation of numerous federally-financed programs functioning on a regional basis.

Although it is the Governor upon whom these responsibilities rest, his burdens are shared to an increasing degree by his key aides. Organized training services are not now available to these officials.

The Training

Because the transition period presents special problems, it calls for specially designed training. A training program which, because of time constraints upon executive aides, must be highly condensed, should include at least the following:

- **The Fiscal Program.** In virtually every State, the Governor must submit a budget very soon after taking office. Some understanding of the budget system in a State, including the relevant statutes, traditions and institutional resources, is essential if the Governor is to direct this task effectively. While a training program serving people from many States cannot deal in detail with circumstances in each State, the program can provide the tools for grasping quickly the situation in a particular State.

- **Executive Personnel.** Techniques are available to help select and place people in cabinet and other executive positions. A general understanding of these techniques can be imparted in a short session.

- **Other Personnel.** In addition to top executives, decisions must be made concerning other positions subject to the discretion of the Governor. Included are members of boards and commissions and, in most States, some positions subject to patronage consider-

ations. A training program can, as a minimum, identify methods of developing in organized form the positions which are subject to gubernatorial discretion (and those which are not).

- **The State Government.** While time does not permit a detailed consideration of state government, some of the problems peculiar to a transition can be considered. An understanding of the reaction of state employees during a transition would be particularly helpful in reducing problems of morale and loss of efficiency.

- **Intergovernmental Problems.** Some immediate problems of an intergovernmental nature must be dealt with. A prominent example is the designation of state agencies and officials to deal with federal agencies on specified matters. Another example of a more routine nature is the extradition of prisoners. A training session can identify many of these problems and provide some guidance to their solution.

- **Office Procedures.** Procedures must be established immediately for dealing with correspondence, arranging appointments, communicating with departments, and similar matters which will eventually fall into a routine. A training session can provide suggestions which will prove helpful.

The training sessions should utilize the experience of: (1) persons who have served a Governor through a transition; (2) college professors with experience in dealing with state officials and their problems; and (3) professional administrators in state government who have worked closely with Governors through transitions.

The training sessions should be conducted within a few weeks after election.

Training related to the continuing management of state government, while requiring emphasis particularly relevant to executive aides, should be similar in basic nature to training programs provided for budget and other personnel involved with the central management of state government. The Council of State Governments has had extensive recent experience with such programs and could, with little difficulty, design an institute specifically for executive aides. Such an institute, which should be of one to two weeks in duration, should be conducted soon after the Governor's first legislative session. The summer months will, for most States, be the most convenient.

Proposed Beginning

It is proposed that the Council of State Governments provide a three-day training session for executive aides after the elections of 1968, and a one to two week session in the summer of 1969. The sessions should be designed according to the guidelines suggested above.

COUNCIL OF STATE PLANNING AGENCIES

Whereas, the National Governors' Conference Committee on State Planning has documented the need for a strong planning capability in each State; and

Whereas, the Conference has adopted the Planning Committee's two reports calling for such capability; and

Whereas, effective institution of a strong planning capability depends to a large extent on cooperation with, and full provision of secretariat services by, the Council of State Governments as the umbrella organization for all functions of state government, and to continued attention to effective state planning in every State; and

Whereas, the Council of State Governments now provides secretariat services to organizations of other state officials whose duties include provision of executive and legislative staff services, including the National Association of State Budget Officers and the National Legislative Conference:

Now, therefore, be it resolved by the National Governors' Conference that it recommend to the Executive Committee of the Council of State Governments that it extend affiliate status to the Council of State Planning Agencies.

ASIAN DEVELOPMENT BANK

Whereas, the Asian Development Bank is an international financial institution, the members of which are governments, established under an agreement between the United States and thirty-one other countries in North America, Europe and Asia; and

Whereas, legislation providing for United States membership in the Asian Development Bank and authorizing an initial United States subscription of \$200 million was signed by the President on March 16, 1966, following prompt bipartisan approval by Congress; and

Whereas, the Asian Development Bank is patterned on the International Bank for Reconstruction and Development (World Bank) and the Inter-American Development Bank and serves the same regional development role in Asia that the Inter-American Development Bank does in the Western Hemisphere; and

Whereas, the National Governors' Conference in 1959 resolved that its members urge appropriate state legislative and administrative action to permit investment in the securities of the Inter-American Development Bank by those who are restricted by law as to investment in securities, and such action has been taken by many States; and

Whereas, the Executive Committee of the National Governors'

Conference meeting in Washington, D. C., on March 1, 1968, adopted a Motion expressing support for appropriate state legislative and administrative action to permit investment in the securities of the Asian Development Bank by those who are restricted by law as to investment in securities:

Now, therefore, be it resolved by the National Governors' Conference that its members urge appropriate state legislative and administrative action to permit investment in the securities of the Asian Development Bank by banks, insurance companies, fiduciaries, state fiscal officers and other persons who are restricted by law as to investment in securities.

INTERGOVERNMENTAL EXCHANGE ON THE ECONOMIC OUTLOOK

Whereas, the revenue outlook in the States is of vital concern to each Governor; and

Whereas, the economic climate in the Nation and the States importantly influences anticipated revenues; and

Whereas, many States in the past year or so have experienced a short fall in revenue:

Now, therefore, be it resolved that steps be taken to provide for the Governors a briefing on the economic outlook of the Nation; and

Be it further resolved by the National Governors' Conference that steps be taken, together with the Joint Economic Committee of the U. S. Congress and the federal executive agencies, to develop and publish economic indicators that would provide necessary economic information on trends in geographic parts of the United States; and

Be it further resolved that the Executive Committee be authorized to take such action, including the seeking of foundation support, as is deemed necessary and appropriate to support the implementation of this resolution.

AIR TRAVEL TAX

Whereas, one provision of H.R. 16241, a bill passed by the House of Representatives, would eliminate the exemption from the air travel tax to which state and local governments are entitled under current law; and

Whereas, enactment of this measure would curtail air travel by state and local government officials, increase the air travel costs of such governments, or both; and

Whereas, the bill would impose a direct tax on state and local governments and, therefore, may be unconstitutional; and

Whereas, to accept the rationalization that the tax is in fact a "user charge" would open a Pandora's Box of federal taxation of state government activities, and vice versa:

Now, therefore, be it resolved by the National Governors' Conference that it express its unalterable opposition to that provision of H.R. 16241 relating to the elimination of the air travel tax exemption and urge its deletion from the bill; and

Be it further resolved that a copy of this resolution be sent to all Members of the United States Senate and the President of the United States.

MULTISTATE TAXATION

Whereas, the National Governors' Conference, the National Legislative Conference, the National Association of Attorneys General, other national and regional associations of state officials and representatives of virtually every State speaking for their respective States have declared their opposition to federal legislation to restrict the jurisdiction of state and local governments to tax the business activities of firms doing business in more than one State; and

Whereas, the House of Representatives on May 22, 1968, approved H.R. 2158, the Willis bill, a jurisdictional curtailment measure; and

Whereas, through adoption of the Multistate Tax Compact by fourteen States, and Associate Membership on the Multistate Tax Commission at their own request by thirteen additional States, and through adoption of other legislative action and appropriate administrative action, the States have moved speedily, effectively and in good faith to deal with the significant tax problems of multistate businesses to the end that virtually all specific causes of complaint have been eliminated:

Now, therefore, be it resolved by the National Governors' Conference that it urge the Senate to reject H.R. 2158, and instead to approve S. 1551 to grant the consent of Congress to the Multistate Tax Compact; and

Be it further resolved that the National Governors' Conference recommend to those States that have not adopted it early enactment of the Multistate Tax Compact; and

Be it further resolved that copies of this resolution be sent to all Members of the Senate of the United States.

Whereas, the reciprocal freedom of the States and the federal government from taxation by each other is essential to the survival of our federal system of dual federal-state sovereignty; and

Whereas, this freedom necessarily encompasses the immunity of state and local government obligations from federal taxation; and

Whereas, the Revenue and Expenditure Control Act of 1968 included an unrelated rider, introduced as a Senate floor amendment without hearings, which taxes state and local obligations issued for acknowledged and traditional governmental functions and erroneously describes such bonds as "industrial development bonds"; and

Whereas, during the debate on said Act before its final passage, Chairman Wilbur D. Mills of the House Ways and Means Committee acknowledged the advisability of corrective legislation if supported by the Governors of the States:

Now, therefore, be it resolved that the National Governors' Conference urge that public hearings be held looking to the speedy enactment of corrective legislation which would:

- (1) avoid the aforesaid federal classifying, penalizing, and taxation of lawful state and local government functions by way of a limited list of certain exempt activities;
- (2) correctly define industrial development bonds to limit the term to bonds to finance factory-type and shopping center-type property under circumstances which make the nominal public issuer a mere conduit for what is viewed by the investor as private borrowing; and
- (3) prevent abuses in industrial development bond financing by taxing those industrial development bonds issued in excessive amounts or when not necessary to provide jobs in urban ghettos and rural slums or other areas suffering from substantial and persistent unemployment; and

Be it further resolved that Chairman Wilbur D. Mills is commended for his willingness to sponsor such corrective legislation; and

Be it further resolved that a copy of this resolution be sent to the President of the United States and to each Member of Congress.

SUBMISSION OF RESOLUTIONS TO 1968 PARTY

PLATFORM COMMITTEES

Whereas, Governors of both major political parties have been invited to contribute to the substance of their respective 1968 Party Platforms; and

Whereas, numerous recommendations advanced by individual Governors are non-partisan in character and substance, and deal

with governmental problems that are shared by the Nation's Governors; and

Whereas, members of the National Governors' Conference have at this 60th Annual Meeting expressed their views on a number of issues confronting the people and all levels of government serving them; and

Whereas, it is in the interest of improved governmental performance that the membership of the National Governors' Conference convey to the Platform Committees its current policy positions on these issues:

Now, therefore, be it resolved that the Executive Committee be instructed to review the resolutions of this 60th Annual Meeting of the National Governors' Conference for the express purpose of selecting those resolutions which should be made available for consideration by the 1968 Platform Committees of the Democratic and Republican National Political Conventions; and

Be it further resolved that selected resolutions be transmitted to the Platform Committees in such manner as prescribed by the Executive Committee; and

Be it further resolved that individual Governors serving on the respective Platform Committees accept responsibility for conveying the policies expressed in those resolutions selected by the Executive Committee of the National Governors' Conference.

OTTO KERNER

Whereas, Otto Kerner has had a long and distinguished public career as soldier, District Attorney, County Judge, Governor, and Chairman of the National Advisory Commission on Civil Disorders; and

Whereas, Otto Kerner served his home State of Illinois as its Governor from January, 1961, to May of this year; and

Whereas, Governor Kerner's services to this Conference were many and varied, but perhaps best exemplified by his chairmanship of the Committee on the National Guard, Civil Defense, and Natural Disasters, and its predecessor, the Advisory Committee on the National Guard, from 1963 to 1968; and

Whereas, the occasion for Governor Kerner's resignation was to enable him to accept appointment to the federal bench:

Now, therefore, be it resolved that the National Governors' Conference express to Governor Kerner its sincere appreciation for his many contributions to this Conference and to the States, and in particular, for his excellent leadership in matters relating to the National Guard; and

Be it further resolved that the National Governors' Conference

extend to Governor Kerner its best wishes as he resumes his career as jurist.

DWIGHT D. EISENHOWER

Whereas, former President Eisenhower had been invited to attend this 60th Annual Meeting of the National Governors' Conference, an invitation that he had graciously accepted; and

Whereas, the state of President Eisenhower's health prevented his being with us:

Now, therefore, be it resolved that the National Governors' Conference express regret that President Eisenhower was unable to attend this meeting; and

Be it further resolved that the Conference express the hope that he will experience a speedy and complete recovery, and that it extend to President and Mrs. Eisenhower its very best wishes; and

Be it further resolved that the sense of this resolution be conveyed to President and Mrs. Eisenhower by Chairman Volpe.

APPRECIATION TO PRESIDENT JOHNSON

Whereas, President Lyndon B. Johnson is completing thirty-one years of devoted public service; and

Whereas, during his term as President of the United States he has been host at The White House to more individual Governors and more Governors' Conferences than any other President; and

Whereas, President Johnson, acting personally and through three former Governors who have served as Directors of the Office of Emergency Planning and as his liaison with the Governors, has established the best working relationship that has ever existed between the state and federal governments:

Now, therefore, be it resolved by the National Governors' Conference duly assembled in Cincinnati, Ohio, On July 22, 1968, that the Conference express its sincere appreciation to President Johnson for all of his consideration and many courtesies to the Governors of the States and Territories, and that it pay special honor to him at the Annual Banquet on the evening of July 23, 1968, by presenting to him this Resolution and an appropriate silver plaque with the following inscription:

NATIONAL GOVERNORS' CONFERENCE
SPECIAL AWARD
PRESENTED TO
PRESIDENT LYNDON BAINES JOHNSON
JULY 23, 1968
BY THE
NATIONAL GOVERNORS' CONFERENCE
ASSEMBLED IN CINCINNATI, OHIO, JULY 23, 1968

In appreciation for his long and devoted public service and especially for his leadership in creating a more effective working partnership between the States and the federal government.

APPRECIATION

Whereas, the past year has been one of unusual activity on the part of the National Governors' Conference, one that has been culminated by this, the 60th Annual Meeting, held in Cincinnati, Ohio, the "World's New Market Place"; and

Whereas, the progress of the past year may be ascribed largely to the inspired and unstinting efforts of the Conference Chairman, Governor John A. Volpe, and his Executive Committee; and

Whereas, the sincere gratitude of the members of this Conference is owed to Governor and Mrs. James A. Rhodes, Mr. and Mrs. William C. Safford, Mr. and Mrs. Earl T. Barnes, Mayor Eugene Ruehlmann, City Manager Richard Krabach, and all the other citizens of the "Wonderful World of Ohio" who made our all-too-short visit a delightful one; and

Whereas, the Governors are deeply appreciative of the contributions made to insure the success of this meeting to the President of the United States, the Honorable John W. Gardner, the Honorable Wayne N. Aspinall and the other program participants:

Now, therefore, be it resolved that the National Governors' Conference, at its 60th Annual Meeting, held in Cincinnati, Ohio, July 21-24, 1968, extend to Honorable Lyndon B. Johnson, President of the United States, Honorable John W. Gardner, Honorable Wayne N. Aspinall, Governor and Mrs. James A. Rhodes, Mayor Eugene Ruehlmann, City Manager Richard Krabach, Mr. and Mrs. William C. Safford, Mr. and Mrs. Earl T. Barnes, the news media who diligently reported the business proceedings, and all others

who made this meeting a memorable one an acknowledgment of the debt of gratitude and appreciation we owe them; and

Be it further resolved that the Conference extend to Governor Volpe and the Executive Committee a hearty "well done" for the leadership they provided.

Supplements

Supplement A

REPORT OF THE COMMITTEE ON THE NATIONAL GUARD, CIVIL DEFENSE AND NATURAL DISASTERS*

Introduction

As the United States continued a major military involvement in Southeast Asia and strained to meet its military commitments elsewhere in the Free World, urban disorders and violence reached unprecedented levels at home. This fateful combination has produced history's sternest test of the National Guard's dual federal-state status.

No longer need the States emphasize the requirement for adequate, well-trained and equipped military forces within their borders. Such need has been tragically confirmed. The highly professional and competent manner in which the National Guard, in numerous States, assisted in the suppression of riots and other disorders in the violent Spring of 1968, has been a reassurance of its ability to restore order and maintain the law.

The mobilization of a substantial number of Army National Guard and Air National Guard units, some for service in Vietnam, others to flesh out the strategic reserve in the Continental United States, once again demonstrates the need for "early ready" National Guard units to back up the Active Army and Air Force.

Thus, for the first time in its more than 300-year history, the National Guard has been called upon to make major commitments, simultaneously, in both its federal and state status. In the late Twentieth Century, in which the complexity of government, indeed of life in these United States is awesome, the principle of Dual Status, formulated by the founders of this Nation, has proved to be sound and workable.

Perhaps the significance of this report is not so much the concept of Dual Status put to test, but that the National Guard, by virtue of ready availability, professional competence, moral strength and devotion to American ideals, has once again achieved a high mark of performance, serving both State and Nation.

To Uphold the Law and Restore Order

In two decades, 1945-1965, National Guardsmen were ordered to duty approximately 143 times to quell civil disturbances. These

* Letter of transmittal by the Chairman of the committee, Governor Tim Babcock of Montana, is appended.

ranged from relatively minor incidents up to the widespread conflagration in Watts, California, in 1965. Most required only a fraction of the total Guard force in a given State. The annual average of such incidents was six, although the rate was considerably higher during the latter five years of the period than during the preceding fifteen.

In 1967, incidents of urban disorder rose to such an extent that National Guard forces were called on twenty-nine separate occasions. At least one, Detroit, required commitment of the entire Michigan National Guard and sizable federal forces. The disorders of 1967 exhibited new and frightening aspects—looting on a massive scale, widespread arson, sniping and total disregard for law. In some areas, the rioting took on the characteristics of urban guerrilla warfare.

In the first half of 1968, we witnessed the most serious outbreaks of disorders in the Nation's history.

In April alone, as an outgrowth of the tragic slaying of Dr. Martin Luther King, more than one hundred American communities were wracked by an orgy of burning, looting, shooting, destruction and mass challenges to law and order. Approximately 95,700 Army and Air National Guardsmen were ordered to duty, in more than fifty communities in twenty-four States, to aid civil authorities. In addition, 22,500 federal troops were committed in the three hardest-hit areas—Washington, Baltimore and Chicago. By rough calculation, some half-million National Guard man-days were consumed in April's rash of riots.

One fact immediately became apparent when the April riots commenced: the National Guard had made major improvements in its ability to deal with disorder in the months since the upheavals in Detroit and Newark the previous July. Improvements of the magnitude shown required a considerable investment of time and effort, and therein lies another significant factor: the National Guard, through increased training hours, improved its riot control capability without any appreciable lowering of its capability to operate as combat forces in support of the Active Army and Air Force.

To Do a Better Job

Training was intensified in civil disturbance techniques, highlighted by a thirty-two hour crash program in August and September, 1967, an additional sixteen hour course for officers, and continued emphasis on riot control throughout the Winter and Spring. Additional, specialized training has been given to junior officers and non-commissioned officers, since these are the men who must make the critical decisions "on the street," while they are in direct contact with the rioters.

The National Guard in many States played a key role in bringing the various military and civil law enforcement agencies together for coordinated planning. Dissimilarities in techniques have been reduced,

operational procedures standardized to some extent, and mutual agreements reached in numerous areas. In some States, the National Guard is assisting in the training of police in riot control procedures.

Although equipping of the National Guard is a responsibility of the federal government, the riots have shown a need for types of equipment not normally available through military supply channels. A number of States have purchased special purpose weapons, communications equipment and munitions, particularly non-lethal chemical agents, in order that they may be better prepared to suppress large scale rioting.

In the Nation's Defense

Traditionally, the States in peace and war have played a role in the Nation's defense. Thus, as the country's First Line Reserve Force, nearly 25,000 Army and Air National Guardsmen responded to orders for active federal service in early 1968. It was the first mobilization of Guardsmen since the 1961 Berlin Crisis and defense officials have indicated calls for additional National Guard units will be issued if the need arises.

Since 1965, when the United States commenced its buildup of combat forces in Southeast Asia, sizable elements of the Army and Air National Guard have engaged in accelerated training. Units containing 119,000 Army Guardsmen and 15,000 Air Guardsmen have done this as part of a high priority, early-ready striking force.

By mid-1967, this effort had produced one of the best trained, unmobilized Reserve Forces this Nation ever possessed. These units are designated "Selected Reserve Force," for the Army, and "Combat Beef Force" for the Air Force.

Many of these priority Guard units, according to military observers, are in a higher state of readiness than comparable units in the Active Army and Air Force, which are faced with high personnel turnovers.

One point should be noted: in selecting units for mobilization, the Department of the Army has given consideration to the civil disturbance potential in the States and communities. Assurances have been given that this policy will be continued. This point has been a concern of many Governors and was discussed at a meeting of this committee held during the 1968 Mid-Winter meeting of the National Governors' Conference, in Washington.

The Army National Guard

Since the last Annual Meeting of the National Governors' Conference, a reorganization of the Army National Guard, first proposed in 1964, has been implemented. This restructuring reduced the number of combat divisions from twenty-three to eight, a move that was to some degree offset by an increase in the number of combat brigades

from ten to eighteen. There are, in addition, 1,788 other combat and combat and service support units in the new Guard structure. The reorganization resulted in a substantial reduction in the number of Army National Guard units, from 4,001 to 3,034.

The end result of this is an Army National Guard with fewer units but with the remaining units authorized appreciably higher strengths (93 to 100 per cent of war strengths). This factor, coupled with promises of high equipment levels, is intended to produce units with substantially increased readiness levels. The bulk of the Army's combat reserve remains in the National Guard.

In the final planning for the reorganization, many Governors expressed concern over the reduction of the number of units and the reduced command and staff capability in their States, being mindful of the increasing need for adequately trained and equipped National Guard units for the maintenance of law and order. These concerns expressed to the Department of Defense brought increased allocations, totaling some 12,000 Guardsmen in 137 units.

Although these allocations were made, the federal government insists no federal requirement exists for the additional units. This may, at some future date, raise the question of continued federal support.

Mobilization

Two brigades of the Army National Guard plus thirty-two other units, numbering approximately 12,000 Guardsmen, are currently in active federal service, having been mobilized in May. Presently all of these units are in the United States as part of the Army's strategic reserve. However, it is conceivable that some part of this force may be deployed overseas.

Leaders for Tomorrow

One of the Army National Guard's most productive programs is its officer training. State Officer Candidate Schools, operated under the supervision of the Army's Infantry School, continue to graduate annually nearly 3,000 qualified young officers, thus meeting 90 per cent of its own needs. In addition the state-operated schools provide this training for members of the U. S. Army Reserve.

Air Defense

The Army National Guard continues to provide 43 per cent of the Army's Nike Hercules Air Defense, with Guard units "on site" in eighteen States operating around the clock. During the past year, several Guard units made perfect scores in Army conducted firing practices. All of them continue to operate at the same or higher levels of

proficiency as their Active Army counterparts. Because of proven ability to operate effectively at less cost, the Army currently is considering an expanded role for the National Guard in more sophisticated air defense systems scheduled for deployment in the future.

The Air National Guard

The Air National Guard, long recognized as the most ready of all Reserve Forces, continues to provide the United States Air Force with its only organized combat reserve. With ninety-two flying squadrons and supporting ground elements, the Air Guard has 855 units located on 143 air bases and stations across the country. Included in its force structure are twenty-three Tactical Fighter Squadrons, the country's only Tactical Fighter strategic reserve; twenty-two Fighter Interceptor Squadrons, all of which provide pilots and armed aircraft on five-minute alert around the clock as part of the country's air defense force. There are twenty-one Military Airlift Squadrons, all of which fly overseas missions, hauling critically needed cargo to U. S. military forces around the globe. With the flood tide of crisis in Southeast Asia, these airlift units were called upon to fly additional missions in direct support of our military forces in South Vietnam. The Air Guard's five Air Refueling Squadrons provide an air refueling capability for U. S. Air Force Europe by maintaining aircraft and crews in Germany continuously.

Other units of the Air Guard fly offshore medical evacuation missions, returning sick and injured personnel to the United States; ferry combat and transport aircraft to overseas stations; provide aircrew training for Regular Air Force personnel; participate in joint military exercises overseas with NATO forces and other treaty allies.

Never before has a Reserve Component, in its reserve status, performed such a variety of missions in active support of the regular military establishment.

Although there have been no major realignments of the Air National Guard in recent years, the Department of Defense did program inactivation of a number of the Air Guard's Military Airlift units. Noting that these units at the time were flying thousands of tons of cargo to South Vietnam in direct support of U. S. Marine, Army and Air Forces, the Congress wisely mandated their retention. The committee is pleased to report that, as a result of Congressional interest, the Department of Defense has agreed to a postponement of its proposal and will continue all the Air Guard's Military Airlift units at least through fiscal year 1969. Further, it contemplates changes in missions where possible in order to retain

the trained and experienced personnel of these units permanently in the event of eventual deactivation.

Changing strategies and development of new weapons systems compel adjustments of force structures. The trend to an all missile air defense system indicates a lesser requirement for Fighter Interceptor units, twenty-two of which are in the Air National Guard. The Department of Defense has already advised the Congress of plans to inactivate a number of these units.

Any move to eliminate such a large part of the Air National Guard must be viewed by the Governors with grave concern. Jointly and individually, we must insist that, while strategic considerations may compel changes, the vast store of experience contained in the Air National Guard be preserved.

A Summing Up

The National Guard has performed superlatively when called upon to assist in the suppression of rioting and in other state duties. In addition, critically-needed units of the Army and Air National Guard have been mobilized to augment the Active Army and Air Force. This unprecedented dual burden imposes a need for greater support from the federal government.

There is a need for greater stability in force structure. The ever-present threat of reductions-in-force creates morale problems, makes the retention of high-caliber personnel difficult, and adversely affects unit efficiency.

The combat readiness of the Army National Guard, as well as its ability to provide adequate security for the States, depends in large measure on the equipment and materiel support it receives. The Department of Defense gave its assurance, in directing the recent realignment, that adequate modern equipment would be made available for training and stockpiled for mobilization. Nevertheless, serious shortages still exist and the Guard, in addition, continues to be furnished with obsolete equipment in many instances.

There is a critical need for additional spaces in Army Service Schools to assure proper professional training for officers and enlisted men. Both the Army and Air National Guard need an expanded pilot training program.

The committee notes, furthermore, that all eight of the Army National Guard's combat divisions are located in States east of the Mississippi River. It believes that consideration should be given to maintaining Division-size forces in other States where there is adequate manpower and an evident need for such forces.

The committee is concerned over failure to utilize a number of mobilized Air National Guard Groups as integral units, and to deploy them as such. Some are being used as personnel replacement pools despite the fact that millions of man-hours and many

millions of dollars were invested to prepare them to serve as functional units when mobilized for active federal service.

With respect to the Guard's state mission, the committee believes there is an urgent need to replace certain of the mobilized units with new units in those States where the potential for civil disorder is great. There also is need for continued emphasis on riot control training through an expansion of present training programs.

To effectively control violence and rioting, proper equipment is essential. The committee believes that the Department of Defense should give emphasis to the development and procurement of specialized, advanced non-lethal weaponry for use by the National Guard in controlling riots quickly and effectively, without undue loss of life.

Recommendations

The Committee on National Guard, Civil Defense and Natural Disasters recommends that:

1. The Department of Defense provide modern equipment for the National Guard in sufficient quantities and of proper type to assure maximum efficiency in the performance of federal and state missions. This should include more sophisticated and effective equipment for the humane suppression and control of civil disorders;
2. The Department of Defense project, over a period of years, greater structural stability for both the Army and Air National Guard;
3. The Department of Defense authorize the organization of new units to replace those ordered into active federal service, in States where a maximum capability for the maintenance of law and order is necessary;
4. Additional training assemblies be authorized to permit better training of National Guard units for duty in the suppression and control of massive violence;
5. The Department of Defense be urged to program the retention of all Air National Guard units in order to keep trained and experienced personnel available, even though strategic assumptions may require changes in types of organizations.

Respectfully submitted,
Governor Tim Babcock, Montana, Chairman
Committee on the National Guard, Civil Defense
and Natural Disasters

APPENDIX

State of Montana
Office of The Governor
Helena 59601

The Honorable John A. Volpe
Chairman, National Governors' Conference

Dear Governor Volpe:

The past year has been a time of discord and disorder, of disension and devastation. The nation has been engulfed in a cauldron of fire and violence. Never before has the need for strong and effective internal security been so evident. Never before have our citizens and governing authorities been so concerned with the task of maintaining law and order in their own communities. Never before have our people been so fearful that the advocates of organized violence are a real threat to the constitutional foundation of our country.

Only by upholding the law and preserving the peace can we guarantee the constitutional principles, the orderly processes of government and the safety of our citizens. This is a prime responsibility of the States.

Other Committees of the Conference will explore, I am certain, social and economic matters which may be root causes of much of the nation's unrest and turbulence. Generally, it is the responsibility of this Committee to examine the ability of the States to suppress violence when it is of such intensity and so widespread as to exceed the capabilities of municipal and state law enforcement agencies.

Specifically, this report deals with the National Guard, giving particular attention to its dual federal-state status and its capability to respond simultaneously to federal and state orders for active duty.

I am pleased to forward herewith the Report of the Committee on the National Guard, Civil Defense and Natural Disasters. In so doing, I wish to express my appreciation to the Governors who serve as Committee members for their wise counsel and assistance.

Sincerely,

Tim Babcock
Governor of Montana
Chairman

Supplement B

REPORT OF THE COMMITTEE ON STATE PLANNING

Preface

This report was compiled by the National Governors' Conference Committee on State Planning. The Institute on State Programming for the 70s served as staff to the Committee. The Institute, directed by former Governor of New Mexico, Jack M. Campbell, is an independent, non-profit organization created in January 1967, to strengthen state government by stimulating comprehensive, long-range planning activities in all the States. This report was made possible by funds granted by the Carnegie Corporation of New York. The statements made and views expressed are solely the responsibility of the authors.

As You See It

- A riot has made law and order a major issue. The highway patrol asks for half-a-million dollars for additional equipment; the cities demand block grants to convert vacant lots into playgrounds, and the state poverty director demands a summer youth program.

How much money is available? From what sources? What is the most effective way to spend it? Whom do you ask for advice? Whom do you believe?

- A report shows that something in your education system is woefully inadequate and that most industries have to import out-of-state talent. Pressures arise from a variety of sources, and prompt remedial action is imperative.

Where should you beef up the education budget? By how much? What would a raise in teachers' salaries mean, and what would be its impact on this problem? Should you develop more community colleges or better graduate schools? Is there anybody who can prepare a graphic briefing so you can master the facts in a hurry?

- Your State is centralizing its health facilities and regional TB sanatoriums must be phased out. A group from one community desires to use one of the facilities as a community college. The State Development Agency wants the same site for industrial use. The State Conservation Department wants the buildings for a stream sanitation laboratory.

What is the best and most feasible use for this particular facility? What monetary and political costs are associated with conversion to other uses? What legal consequences are involved? Who can give you these answers and develop the presentation to sell the idea?

- It is the end of the legislative session and your budget is still locked up. The legislative leadership wants to meet for breakfast to hammer out a compromise.

Where can you go to develop a range of alternatives for fall-back positions? What are the costs of these alternatives? What are their political ramifications?

- Your State is in its early stages of economic development. Tourism is your major industry. Space and beauty are among your major resources. Pressures for substantial industrial development are building up. Conservation groups are stirring.

Can your State have the best of both tourism and major industry? Which is of greater value to economic and social development? Can too much tourism cause social problems in the future? Will major industry adversely affect the environment? What about state and local revenue produced by each? Where do you turn for the answers?

- Your state road and highway matching dollars are in short supply. Your cities are growing. Your rural and small town population is declining. You have some attractive recreational areas but they are geographically isolated. Your farmers want farm-to-market roads. Your city-dwelling labor force wants better access to jobs at new factories in the suburbs surrounding your cities.

Where do you allocate the dollars? Where will they do the most good? How do federal laws and rules affect your decision? Who can help you?

These are some of the hard questions. These are examples of the day-to-day demands for informed, rather than intuitive decision-making by a Governor. This is where your state planning process stands or falls.

The Medium

State planning is the rational organization of state government activity. It is a means for defining problems, establishing goals, choosing priorities, setting policy and designing effective and efficient implementation. The state planning process should provide an authoritative source of information and material for decision makers—the Governor and the Legislature—and should be a vital and productive management tool for state administration.

The purpose of planning is therefore twofold: (1) generally: to offer more analytical and research ability to public officials who have been entrusted with the responsibility for the progress of their State and the health and welfare of their people, and (2) specifically: to improve the effectiveness and efficiency of government by producing the maximum desired result with the minimum cost and time.

Most of us can accept this general definition of what state planning should be, and most of us, as Governors, would agree

that we would like to have a competent staff agency performing these tasks for us. However, it is equally apparent to many of us that our state planning agencies and planning officials throughout state government are failing to realize their potential.

How can we evaluate the effectiveness of our State's planning effort, and what remedial actions can we take to bring that effort to fuller productivity? This report will examine each of these questions, and will attempt to deepen your understanding of the workings and the possibilities of the planning process, with particular emphasis on what it can do for you.

Evaluation

Evaluating a government program is exceedingly difficult and often impossible. Too frequently the benefits of certain courses of action do not manifest themselves within a decade, and by then there is no way to compare their impact against alternative programs which were not used. Too many extraneous factors have intervened; too many unforeseen conditions have obtained; too many external forces have applied.

Planning runs directly into this problem. Its impact is in the future. The results of good planning are pitfalls missed, disasters averted, and mistakes unmade. Naturally, the results of bad planning are easier to spot. When success or failure occurs, however, it is also necessary to determine whether the outcome is actually the result of planning, or whether it is attributable in large part to the actual performance of the line agency involved.

All of these factors, and more, impinge on the evaluative process and complicate objective judgments concerning the effectiveness of the planning agency.

But, every Governor can and must measure the effectiveness of his State's planning efforts. The criteria are simple: namely, Relevance, Reliance, and Realism.

Relevance

Is state planning relevant to decision making? A fifty-state survey,* conducted by the Institute on State Programming for the 70's last year, on the scope and status of planning, indicated that state planning agency activities are often not viewed as relevant to the decision-making process by many of the 695 state government officials interviewed.

* The survey was made possible through an Urban Planning and Research grant awarded by the United States Department of Housing and Urban Development, under the provisions of Section 701(b) of the Housing Act of 1954, as amended.

By comparing the planning agency orientation and activity with the decision-makers' stated areas of concern, the Institute found only twenty-three States' planning agencies attuned to the decision-making process. In the remaining twenty-seven States, government officials readily admitted their planning agencies are conducting programs and performing functions which are not relevant or significant. In contrast, the Institute survey found that in forty-one States the Governors themselves are alert to the advantages and the potential of an effective state planning process. This indicates a gap between what is hoped for and needed at the top and what is actually produced by the agencies.

The message is clear. State planning must focus on the issues and problems confronting the state leadership, and must work to aid that leadership more directly.

Relevance is a tricky concept to grapple with, but it is an essential element of good planning. The lack of it serves as a solid indicator for a negative evaluation of effort.

Reliance

How much reliance is placed on the state planning agency by other agencies and officials of the state government?

First, we should note that the growing trend since 1960 has been to place the planning agency closer to the Governor and his immediate administrative staff. In eighteen States, as of 1967, the enabling legislation for the state planning agency stipulated that the director of the planning agency be directly responsible to the Governor, and in six States he is responsible to the Governor's director of finance, administration or budget.

Since 1960, twenty-one States have changed the location of the authority for state planning, twelve have created the authority, while only fifteen maintained the same arrangement during the period. The table, "Location of Agency with State Planning Authority," indicates the locational history for each State for the years 1960, 1965, and 1967.

The Institute's survey found in twenty States that the Governor, his legal advisor, administrative or executive assistant, or top staff members in the department of administration, finance or budget are among the persons in the State most receptive to state planning programs and activities. In four States it is the Governor himself. Thus, in thirty of the States, the most receptive people to the planning agencies' activities are not members of the immediate staff closest to the Governor.

Thirty state planning agency directors indicated they see the Governor daily or weekly in carrying out their official duties. In sixteen States this contact with the Governor is monthly, seldom, or even nonexistent. While contact with members of the Governor's

TABLE I
 LOCATION OF AGENCY WITH STATE PLANNING AUTHORITY
 1960, 1965, and 1967

	1960	1965	1967
Alabama	D		
Alaska	G	D	G
Arizona	-	-	-
Arkansas	X	I	
California	A		
Colorado	X	D	G
Connecticut	D	I*	I
Delaware		G	
Florida	D		A
Georgia	D		G
Hawaii	I	D	
Idaho	D		
Illinois	X	D	
Indiana	D		
Iowa		D	G
Kansas		D	
Kentucky		G*	
Louisiana	X		
Maine	D		
Maryland	G		
Massachusetts		D	A
Michigan		D	G
Minnesota	D	G	
Mississippi	D		X
Missouri		D	C
Montana	I		D
Nebraska			D
Nevada	I		
New Hampshire	D	G*	D
New Jersey	D		C
New Mexico	A	G	
New York	D	G*	G
North Carolina		A	
North Dakota	D	I	
Ohio	D		
Oklahoma	D		
Oregon	D		G
Pennsylvania	G*		
Rhode Island	D		
South Carolina	D		G*
South Dakota		D	G
Tennessee	I		
Texas		G	
Utah		G	
Vermont	D	G*	I
Virginia	D		A#
Washington	D		G#
West Virginia	D		
Wisconsin	D		A
Wyoming	I		D

Symbols

- A Administration or finance departments.
- C Community affairs departments.
- D Commerce, development, or planning and development agencies.
- G Governor's offices.
- I Independent planning agencies.
- X Other agencies.

- * Indicates located by Executive Order; all others by legislative action.
- # In Virginia the authority is located in the Governor's Office, but under the supervision of the Commissioner of Administration. In Washington, the agency is also responsible for community affairs.

immediate staff is frequent in thirty-six of the States, in only a third of them is the planning director in frequent contact with the budget director.

If the efforts of state planning agencies are indeed significant, it seems to us that other state administrative offices would have developed a greater reliance on them. But the Institute survey indicates this is not the case. In fact, in many States these other offices are major roadblocks to the state planning process.

Finally in terms of the State Legislatures, the survey found that in only nine States was the chairman of the Senate or House Appropriations Committee, a member of the leadership of the Senate or the House, or a representative of the Legislative Research Council or Commission among those persons in the State highly receptive to state planning programs and activities. In only seventeen States is the planning director in frequent contact with members of the Legislature.

It is equally depressing to note that in eight States the Legislature itself is seen as a significant obstacle to an effective state planning process because of its lack of concern, understanding, or cooperation. Thus, at the very source of statutory authority and financial support, there appears to be little reliance on the state planning agency and its activities.

Realism

How realistic are state planning agency activities in relation to the goals established for it? Whether or not the planning agency is attempting to fulfill the mandate outlined in the legislation creating it provides one good measure.

The table outlining "Legislative Intent and Agency Activities," based on the Institute's analysis of state planning agencies' enabling legislation and reports of last summer's survey, indicates how few planning agencies are meeting their legislative charge.

It is evident that there are gaps between those responsibilities assigned and those carried out. This is especially true in certain areas: preparing state functional plans (eighteen States); preparing a comprehensive state plan (seventeen States); advising the Governor on policy or programs (seventeen States); and providing information and research services (seventeen States). It can be argued that preparing state functional plans is too broad a charge: less than a third of the state agencies are assigned this type of responsibility in five or less program areas, a third are assigned responsibility in six to fifteen areas, and a third are assigned a role in as many as sixteen to twenty-five areas. It must be seen as a serious indictment, though, not to be involved in the other three activities. These should be key areas of any state planning agency's job if assigned the responsibility.

TABLE II
 LEGISLATIVE INTENT AND PLANNING AGENCY ACTIVITIES
 (By Number of States)*
 Summer 1967

Activity	Those assigned the activity by legislation	Those assigned but <u>not</u> performing the activity	Those <u>not</u> assigned the activity by legislation	Those <u>not</u> assigned but <u>are</u> performing the activity
Local planning assistance	40	8	6	1
Regional planning assistance	41	8	5	2
Coordinating state agency programs	28	6	18	9
Preparing a comprehensive state plan	36	17	11	2
Advising the Governor on policy and programs	39	17	8	3
Preparing state functional plans	30	18	16	3
Providing information or research services	43	17	3	3

*Totals will not equal 50 as figures reflect information from 46 States in five activity areas and from 47 States in two activity areas.

The creditability of any agency lies in its attempt to carry out its responsibilities, regardless of the size of the job. The failure to perform assigned functions means they have to be carried out elsewhere in state government, or not at all. Given the many problems confronting the States, we would guess that for the most part they are not carried out.

This brings us full circle, for the Institute's survey also indicated that those state planning agencies specifically attempting to meet the responsibilities delegated to them by their enabling legislation are those most frequently judged to be involved in activities which are relevant to the decision-makers.

These criteria, however, do not allow us to explore the quality of the functions which are performed by the planning agencies. It would be a major task to test and evaluate every function of each state planning agency, but there are several indirect measures. In seventeen States the planning agency itself was considered a significant obstacle to an effective state planning process. According to the Institute survey, the offices are hindered by self-imposed inadequate definitions of the state planning process; by programs and activities which are not relevant to decision-making; by a lack of staff capability; and by being so uncertain of their role as to make no significant contribution to state government.

Another indicator lies in the education process any agency must adopt to sell its product or services. Support must be found and developed for its activities, and a favorable "climate of opinion" created for the agency. It seems remarkable, that after several years of planning activity, in twenty-two States the climate of government is a significant obstacle to an effective state planning process. These agencies are hindered by the obsolete structure of state government (nine States); by lack of concern, understanding and cooperation throughout government (five States); (this is in addition to the eighteen States in which other executive agencies or the Legislatures are each seen separately as major obstacles); by a feeling that planning is unnecessary (three States); by the fact that planning is not widely understood, accepted, and employed (three States); and, by a general anti-government and anti-planning bias (two States).

In total, only three States were seen without some significant obstacles to a planning process. Thirty-four had at least one significant obstacle, and thirteen had at least two significant obstacles to fulfilling their role.

The extent of the obstacles posed by the state planning agency itself or presented by a negative climate of opinion in state government seems to indicate that the proper fulfillment of role and function has not occurred. It is not surprising then that the necessary support has not developed for the planning function.

When relevant activities are performed which are realistic to the charge of the agency and the problems the state government faces, a support for, and reliance upon, the state planning agency should develop. The evidence seems to indicate that most States have some distance to travel before achieving these goals in their planning process.

Relevance, Reliance and Realism. Each is a good measure in itself; each bears heavily on the other two; and all provide a basis for judgment of the effectiveness of a state planning agency.

As a Governor you can judge your planning agency with these criteria, but we must be aware that the criteria are general and the remedial actions must be specific.

Components

It is evident by now that the single most important factor influencing Relevance, Reliance or Realism is the functions the planning agency is involved in. Most of these functions are obvious and familiar to all of us. They need neither further study nor additional elaboration. There are, however, several often overlooked components of a good planning process which we feel can materially enhance the effectiveness of the planning agency and the state administration. By examining some of these components, we may further refine our definition of what state planning is by seeing what it does. This would be no mean accomplishment, for confusion certainly seems to abound about what state planning is, who should do it, and what it does.

Historical perspective on the function and location of state planning activities will not answer these questions. They demand a new approach. State planning must be viewed as a series of staff needs to be performed somewhere in the state government organization. We suggest that Governors elevate their aspirations for planning, basing them not on what planning has been in the past, but on what they need and want from the planning process in the future.

In October 1965, former North Carolina Governor Terry Sanford, while conducting "A Study of American States," asked each Governor what he felt were the major limitations on his abilities to carry out his programs.* Responses from thirty-nine States, thirty-two from the Governors themselves and the rest from immediate aides to the Governors, were quite revealing. The limitations assigned the highest priorities were appointment power (twenty-six States); reorganization power (eighteen States); veto (twelve States); and turbulent executive-

* See Terry Sanford, Storm Over the States (New York: McGraw-Hill Book Company, 1967), for the report, suggestions and activities of a "Study of American States."

legislative relations (ten States). Budgetary powers (three States) and planning (two States) had significantly lower priorities.*

This seems like a poor reading as far as planning and its sister staff function, budgeting, are concerned. But a closer reading and interpretation of these data provide some insight to problems Governors face.

First, it is obvious that control and coordination of the executive branch itself is of highest priority to us as Governors. In effect, we were saying that we lack the ability to concentrate the State's resources and activities on chosen goals and priorities. We cannot take direct aim at problems because of the diffuse nature of the State's activities and administration. Secondly, we feel hindered in our ability to translate policy into legislative action, so that the two branches can work in tandem to provide services and alleviate problems which the State may face. Competition rather than coordination is too often the nature of executive-legislative relations. Thirdly, we apparently feel that the budget is an adequate accounting control device in all but a few States. Finally, we do not seem to think that planning, as we now know it, can add much to our ability to govern.

This analysis strongly suggests that there is a staff need that requires clear definition. It is a need which can be pinpointed in terms of functions, but not necessarily in terms of a particular location in a State's organizational chart. We suggest that the following components are included:

1. Goal Setting and Issue Formulation: Every state government has certain goals it is attempting to achieve, e.g., educating its citizens, providing for their health, safety and welfare, ensuring continued economic well being, and developing adequate means of communication and transportation. These are broad, all-encompassing goals. Which specific directions we must take in each area is the question which confronts us as decision-makers.

In education, for example, will the scarce resources available be best spent to create a state-wide kindergarten system, a system of pre-school centers, more facilities for primary and secondary education, better teacher salaries, a system of community colleges, an increased university capability, more emphasis on graduate training—some of these, all of these, or what? Each area of state governmental concern and responsibility has its series of questions and decisions. Totalled across the range of state government responsibilities, they are the crux of gubernatorial and legislative concern. The decisions you make on these sorts of issues will determine the imprint your administration places on the future of the State.

* See Thad L. Beyle, "Gubernatorial Power: A View from the Governor's Chair," Public Administration Review, Summer, 1968.

At some point in the system, these questions, in the terms of goals and alternatives to achieve these goals, must be raised, debated, costed-out, interrelated, and presented to Governors and legislators, who are ultimately responsible for making the decision. It is no easy task to translate a mandate from the electorate into possibilities for action. We must know the range of possibilities, the inner conflict between alternatives, and the implications involved. The procedure requires good staff work.

Both long and short range goal setting are a part of this, but more emphasis should be placed on shorter range goals and alternatives, for they will lead toward the achievement of the longer range goals.

2. Problem Solving Research. This component, closely allied to the first, is often neglected in state government, but simply means applying the research capability available to specific problems. Government must seek out problems, isolate the most proximate causes, and turn the results of such findings into remedial action. Often this will lead to innovative approaches and organization; at other times it will suggest only adjustments in existing systems. It may mean creating an experimental program to probe for solutions which can then be applied statewide.

Regardless of the form, someone should be monitoring the present state of the State—worrying and brooding about the future of the State, its resources and, above all, its citizens. Someone must constantly look for gaps in services, the lost potential, the underachievement of state programs. The research questions are endless, but they must be asked and pursued rigorously.

The research capabilities available to state government are extensive but too often untapped! Universities and colleges, research institutes, consulting firms, and specialists both inside and outside government could and should be mobilized to aid the State in obtaining its full value for resources expended.

3. Information Creation. Every state agency collects and maintains data on its own activities, which it uses to protect and evaluate its position. State governments need to turn some of these particular data into usable information for all agencies of the State. More adequate means of collection, manipulation, projection and communication of information must occur so that goal setting, policy development, and research components can be based on the fullest, best, and latest information.

Using new computer technology, predictive models of the State's economic structure, fiscal situation, population structure, mobility patterns, and physical characteristics can be created and kept up-to-date. These models can be used to indicate, to the extent possible, the implications of various decisions or events. Networks for information flow of various types can insure that each agency is operating on the basis of the most sophisticated informa-

tion available, rather than random guesses or misleading and outdated statistics.

We do not suggest massive, new data collection efforts, since for the most part, the necessary data is already being collected. Existing data is not being fully utilized and is not being made available to all state agencies. Issue mapping and briefing rooms may aid in demonstrating the utility of better information for decision-makers. The technology is on hand and the data is being collected. Only the development of adequate information systems is lacking.

4. Coordination of Effort. The need to focus and coordinate the efforts of government agencies at all levels has become an overriding concern in the 1960's and will become even more important in the future. Interagency committees, councils, and task forces have proven only a partial answer. The punishments and rewards implicit in the budgetary process are also only a partial answer. And executive orders, decrees, tantrums and head-knockings achieve little more than temporary respite, if that.

The concept of a commonality of effort must be made to affect every particular agency role. It should be maintained by the Governor's immediate staff and communicated through the state line agencies. This does not occur at a particular point in time, but is a day-by-day undergirding of the entire process.

Goals, plans, programs, projects and activities all must be placed in one evolving framework based on a coordinated planning process. It means that the Governor, who is the chief planner in any State, must have at his disposal not only a planning staff capable of focusing the state effort, but an adequate planning capability throughout the functional line agencies of state government.

In a sense, this describes a relationship between functions which are labeled comprehensive state planning and functional planning. But it suggests that the comprehensive planning function previously outlined can also serve as the capstone for the various functional planning activities, both programmatic and agency.

There is a great need as well for this staff to be the capstone for area type-planning, represented by local, metropolitan, regional and multi-state planning efforts. Depending on the particular circumstances, the emphasis can range from communication, review, and technical advice to coordination, direct aid and direction. But it should be integrated with the overall state planning process.

Individualized planning efforts, unrelated and uncoordinated, can cause as many problems and mischief as totally unplanned activities. Planning cannot occur in a vacuum. It must relate to other collateral planning efforts.

5. Organizational Planning. Institutional response to challenge is generally so conservative that any progressive change has been labeled "reform." State constitutions, the organization of the executive branch, and personnel systems have seriously

lagged behind current needs. When the federal government and large industry were responding to challenges by adopting new systems and methods, state governments remained mired in politics and public apathy, without either the will or the internal know-how to adopt the new techniques.

In this somewhat chaotic milieu, decisions are made daily on who shall carry out what activities and services, where they will be located, and how they will be designed. These decisions substantially affect the order of priorities, location of facilities, and funding of the effort. While many of these decisions are of necessity political and/or administrative, they, no less than any others, need an adequate planning base, for such decisions can have an enormous impact on the ultimate outcome.

It is incumbent on the States, in thinking about what constitutes state planning, to include an overview function of the very structure and activities of state government. A continuing study of state government itself is essential. Constant attention must be focused on the most effective structural alternatives possible to carry out state governments' charge, and as old needs and functions disappear, someone must call for change and updating. This is a need perhaps greater than the need for planning of functions and services, for the outmoded structures of the past can severely obstruct the creative possibilities for handling the problems of the future.

Planning does not operate outside of the institutional framework in which it is placed. Even in those situations where there exists an unusual degree of competence in planning or administration, the relative impact or chance for success will be minimal if public confidence is not placed with the political leadership, or if the institution does not have the capacity to react. Planning the institution itself is therefore the first responsibility of those who would affect progress.

The central planning agency of each State should, therefore, provide for a competent and continuous review of the constitutional, organizational, and personnel needs of the State. Adequate monies must be made available for study, training, public education, and consultation. Perhaps the central agency could annually develop flexible guidelines indicating which areas are deemed to be most critical. And local universities, research institutes, and private consulting firms could submit proposals in response to the annual guidelines, and develop into a source of immediately available know-how.

In most States this is now done sporadically by ad hoc executive or legislative commissions which are often subject to overt political considerations. What we are suggesting is a continuous planning and administrative input so that structure, rather than

becoming anachronistic and unrealistic, is tailored to meet problems and needs.

6. Education. Probably the most important component of the planning function is education—the translation of planning into action by making it relevant, realistic and reliable. The product of the planning process must be available and understandable for those who need it in their decision-making and administrative efforts. This means creating a climate of opinion which makes the planning inputs not only acceptable, but an integral part of the activities of state governments, as budgeting now is. It means communicating and receiving inputs in the best possible fashion depending on the particular requirements of the organization situation.

For the Governor, it may mean a situation briefing room where problems, alternative methods of attack, and costs are so arranged as to provide a rational basis for a decision.

For the administrative budget process, it may mean a mechanism closely akin to a Planning-Programming-Budgeting (PPB) system, where non-dollar considerations such as program goals and effects are equally part of the budgeteers' decisions.

For the Legislature it may mean a "State of the State" message based on goals and progress toward these goals.

For all parts it means bringing to bear the most relevant and advanced techniques of providing planning inputs and information. In some cases it may mean spectacular, "showy" presentations; in others a simple continuing analytical process on computer. The proof of planning's effectiveness is in implementation. This can be done in three ways—gubernatorial decisions, legislative action, and administrative effort. These are the processes of government.

This will require us to sell the concept of planning. Training programs, symposiums, courses, and other techniques must all be brought to bear to create the climate of need and acceptance for planning, so decisions of all types can be framed within a broader view of goals and priorities. This speaks as much to the level of competence of all our state government personnel as it does to the planning staffs. The California experience with systems analysis, as well as other experiences with such techniques acquired on a consultant basis, speaks volumes. It has become most evident that the crucial point in the process is the translation of reports and recommendations to the personnel of state government. Until personnel competence and acceptance of these and other innovative aids for the States can be created, the States will only be deluding themselves in pressing them. Education and selling must be placed at the top of the list of priorities in attempting these increased planning efforts.

The budget officer of one southeastern State estimates that his State's variant of a PPB system will take at least seven years to be-

come workable—and then not in all agencies. He is realistic, for his estimate is based not on the budget division's capabilities, but on personnel competence and the acceptability of these new concepts throughout state government administration and in the Legislature. His prime goal is education and building—then implementing. This we suggest is crucial for the development of the planning function so needed in the States—educate, communicate, and build on a solid base.

Summary

It should be obvious that no state planning agency can conduct or be responsible for all the activities spelled out in the previous section. It is beyond any one agency's ability and, further, would be administratively and politically impossible. But, we must call on our state planners to serve as the catalysts to ensure that each of these activities is carried out by the most relevant part of the state government.

The state planning agency should serve as the key advisor to the Governor, the Legislature, and the state executive agencies in organizing and coordinating the functions and applying them in the State. In some cases the planning agency may carry out several of these functions, but at no time should the broad overview be lost in administrative morass.

There should be no protective efforts of "empire building" notions here—it does not matter whether the PPB system is in the budget process, or local planning assistance is in the Department of Urban or Community Affairs, or financial models and projections are in the Department of Finance or Revenue. The job at hand is to see that these functions are performed somewhere and have an impact throughout state government.

The charge of the state planning agency is clear—make sure the state planning process is operating and affecting the activities of state government. This can only be done by all parts of state government working together, not just by a group of isolated planners.

There is one further key ingredient. If the planning process is to gain broad acceptance throughout state government, planners must be issue-oriented. They must operate within the political framework of government. Those planners who would desire to be "professional" in the tradition of the early reformers, avoiding politics, political controversy and issues, will find themselves working outside the context of modern government.

The genesis of planning and the primary motivation of political action is one and the same—the desire to shape the patterns of society for the greatest benefits to all. This means controlling the forces affecting us, channeling the changes sweeping us forward, reordering the institutions hindering us, and predicting the chal-

lenges yet facing us. By its very nature, government, a political institution, deals in issues, problems, and controversy. If planning is to serve government, and that is its only rationale, it must operate within this context.

If the state planner would adopt an issue-orientation and curb his emphasis on the master or comprehensive planning document, he will discover himself to be a planner, not an information scientist. The information scientist is a spectator who produces a status report or a statistical analysis; the planner is a participant who produces real-world decisions or prepares for a contingency. There is far too much mere reporting and commenting on the state of affairs. Planning today needs men who advocate causes and press for solutions.

Charge to the Governors

- Establish your state planning agency as a staff function closely related to your key administrative and management functions.
- Charge your planning agency to brief you fully on major issues facing the State and to prepare graphic presentations on these issues for you, the Legislature and the public.
- Charge your planning agency to assist you in establishing goals and priorities, and ask it to suggest alternative approaches for achieving these goals.
- Install a Planning-Programming-Budgeting system to enhance policy implementation and to increase budgetary control and functional coordination.
- Charge your planning agency with the responsibility for establishing a management information system which would make all germane data available and usable to all parts of state government.
- Direct your planning agency to make a continuous study of structural and constitutional constraints, and to recommend administrative reorganization and constitutional revision.
- Charge your planning agency to stimulate and coordinate adequate multi-state and sub-state planning programs, and to serve as the capstone of this process.
- Charge your planning agency with the responsibility to educate your state government—all parts—to the need and benefits of effective planning.

Your planners are there to serve you, so do not be constrained in what you ask them to do by preconceived notions of the planning function. Define their role on the basis of your needs.

Respectfully submitted,
Governor John A. Love, Colorado, Chairman
Committee on State Planning

Supplement C

REPORT OF THE COMMITTEE ON FEDERAL-STATE RELATIONS

The National Governors' Conference years of 1967 and 1968 have been generally regarded as a turning point toward improved federal-state relations. As Governors, we have had an exciting part in it. Our 1967 theme—"Strengthening the States in the Federal System"—was vigorously and productively pursued. Gains were made as we persistently stressed the pivotal role of the States in our intergovernmental structure.

"The Modern State in the Federal System: Challenge and Responsibility" is a natural sequel to last year's Conference theme. Changing times bring new, pressing problems that demand new and better solutions. Therein lies both our challenge and our responsibility. For as our States gain in strength—fortifying their partnership position in the federal system—we are even more on trial in proving the adequacy and competency of state government to meet the critical problems in these times of unprecedented change.

Although much remains to be done by state government, blanket allegations aimed at "the impotent State" are not as commonplace today as in the past. Slowly, the realization is spreading that the State is the essential element in the federal system, not an obstacle or roadblock to future progress. This change in attitude results from the growing evidence of state initiative:

- in coordinating programs to aid the troubled cities and by providing them financial and technical assistance, activities which are now carried out through comprehensive departments of community affairs or other appropriate organizational devices;
- in protecting the citizens through strengthened consumer protection laws and well-enforced regulations;
- in developing professional competence in the state public service through sophisticated training programs and career enhancement;
- in utilizing the full range of communications and management tools available to upgrade and modernize the services traditionally envisioned as the State's responsibility;
- in initiating governmental reorganization and constitutional revision to strengthen the capacities of both state and local governments to respond effectively to current and prospective problems;
- in taking the sometimes painful actions to raise adequate revenues to meet ever-increasing public demands placed on state and local governments; and
- in providing a more positive role for state governments in the employment and housing fields.

The 60th National Governors' Conference Year has been a short one—only nine months long—but a full and rewarding one. In October 1967, our predecessor committee, the Advisory Committee on Federal-State-Local Relations, made several recommendations. We are pleased to say that those recommendations have either been implemented or are in the process of being realized. At our 59th Annual Meeting, the committee suggested:

- that Governors become more directly involved in the federal legislative process;
- that the Conference reorganize to provide a more functionally-oriented committee structure;
- that a special meeting on federal-state relations be held in Washington early in each Congressional year;
- that the Conference anticipate major problem areas to be able to act positively on the issues of the day;
- that the focus of the Washington Office be expanded to inform federal officials of gubernatorial actions and state developments—in addition to its primary mission of informing the Governors of Washington developments.

These were not isolated points—but interrelated segments of an overall program to increase the involvement of the States in federal and intergovernmental activity. Implementation of each recommendation, therefore, has aided implementation of the others.

Gubernatorial Participation

Through the coordination efforts of our Office of Federal-State Relations, more Governors than ever before went to Washington over this past year to testify before Congress, and to consult with Cabinet officials and other members of the executive branch.

Governors from every region presented their views before Congressional committees on the full range of subjects affecting the States, such as the housing bill, new education proposals, measures on water quality, highways and transportation legislation, the proposed act on intergovernmental cooperation—as well as on the appropriation measures to fund these programs.

When busy schedules precluded their presence, written testimony was submitted for the record. At crucial points of decision-making, Governors telephoned, wired and wrote letters to their Congressional delegations.

And it became evident that the weight of gubernatorial views was felt. Governors were nearly unanimous in seeking a block grant provision in the Omnibus Crime Control and Safe Streets Act. This provision was adopted. Governors showed their concern over sweeping legislation to eliminate the tax exemption on industrial development bonds, and it was promised that alternatives would be considered. Remedial legislation on this issue was just recently introduced by

the Chairman of the Ways and Means Committee of the House of Representatives. Governors called for modification of some of the provisions of the 1967 Social Security Amendments, and modifications were made.

Committee Reorganization

At our committee's suggestion, the Executive Committee reorganized the Conference committee structure to provide greater, more specialized attention to subject areas. It was acknowledged that federal-state relations are all inclusive, and must be considered in dealing with most problems confronting a state's chief executive. At the same time, intrastate and interstate ramifications must be considered when federal-state issues are approached.

Therefore, the structure was reorganized to provide a subject-by-subject approach to most issues, enabling greater in-depth analyses of the problems confronting Governors and their States. The Executive Committee established eleven functionally-oriented committees. The eleven chairmen became members of the Federal-State Relations Committee; a Chairman and a Vice Chairman were designated to coordinate overall committee activity.

The new structure accounted in part for the increase in gubernatorial participation. Responsibility was pinpointed, and individual involvement with a particular subject area was heightened.

Mid-Year Meeting

The Mid-Year Meeting on Federal-State Relations was held February 28-March 1 in Washington, D. C. Forty-eight Governors assembled in concurrent committee sessions to discuss the major issues before the Second Session of the Ninetieth Congress, to talk with Congressmen and Administration officials considering these issues, and to draw some conclusions about the state role in all relevant program areas. [A copy of the "Summary of Recommendations" adopted by the Conference at the Mid-Year Meeting is included as an Appendix.]

It was generally agreed that the Mid-Year Meeting provided enlightenment for both state and federal officials. All parties were able to sit down and discuss reasons for Congressional submission of some proposals and state reaction to their implications.

Conclusions drawn from these frank discussions placed the National Governors' Conference in a more positive position to advance new ideas, as well as to suggest remedial action in existing programs.

The Washington Office

Our Office of Federal-State Relations in Washington has embarked upon its second year of operation. Its staff has been organized to meet the needs of the Conference's new functional orientation.

The Washington Office has continued its information services to the Governors through the weekly Governors' Bulletin, monthly Congressional Box Score and Status Report on Appropriations, and timely "Special Letters" on major issues. Topics given greater depth by "Special Letters" included industrial development bond financing, federal-state tax relations and fiscal autonomy, the housing and planning bills, anti-crime legislation, education measures, and the proposed legislation on occupational safety and health.

The staff has begun to work even more closely with the federal departments and Congressional committees, translating our resolutions and decisions reached at the Mid-Year Meeting into amendments to legislation on crime control, health, welfare, transportation, education and other program areas.

The Washington Office has been working closely with the Federal-State Coordinators in each of our respective States. Nearly every Governor has designated a responsible official—frequently a key member of his personal staff—as Coordinator of Federal-State Relations. Our Office of Federal-State Relations held a second workshop for the Coordinators in November. It focused primarily on coordinating federal aid for state technical assistance to local governments. The staff has tentatively scheduled another workshop for late September this year.

A major activity of the staff has been to work closely with other structures designed for promoting federal-state relations.

Federal-State Relations Structures

At both state and federal levels, additional structures have developed aimed at improving federal-state relations. At the state level, the Federal-State Coordinators in the Governors' Offices are continuing their attempts to bring a rational approach to the coordination of federal assistance programs. In addition, more and more States are establishing their own Washington offices. Thirteen such offices now provide on-the-spot liaison for their respective States on individual problems. Our National Office of Federal-State Relations and the individual state offices work in close harmony, thereby complementing and supplementing one another's services and functions.

Under the guidance of former Governor Price Daniel, Assistant to the President for Federal-State Relations, the Office of Emergency Planning continues as the principal federal agency endeavoring to enhance federal-state relations. Governor Daniel and his staff have been

especially helpful as trouble-shooters for the States in meeting specialized problems with individual federal agencies.

During this past year, the Advisory Commission on Intergovernmental Relations has intensified its efforts to identify areas of tension in federal-state-local relations. The Commission recently completed two major reports on domestic problems of overriding importance: Fiscal Balance in the American Federal System, and Urban and Rural America: Policies for Future Growth. At present, four Governors serve on the twenty-six-member Advisory Commission: Governors Agnew of Maryland, Dempsey of Connecticut, Ellington of Tennessee, and Rockefeller of New York. Governor members are nominated by the National Governors' Conference and are appointed by the President.

Additional procedural devices that attempt to improve federal-state relations are directives of the Bureau of the Budget, contained in Circulars A-85 and A-80. Circular A-85 was just beginning to be implemented when we reported last October. It is still too early to evaluate its effectiveness. This Budget Bureau directive establishes a procedure whereby federal agencies provide drafts of their projected rules, regulations and guidelines for review and comment by elected heads of state and local governments. The "prior consultation" directive also has provisions for reopening discussions of rules and regulations already in force, but this procedure or its overall effect is yet to be tested. This circular of the Bureau of the Budget has great potential. Maximum cooperation of federal agencies is still lacking, but progress is being made.

Bureau of the Budget Circular A-80 is designed to carry out the President's Executive Order on the coordination of development planning. It calls for coterminous boundaries of regions that are established within States for purposes of planning and coordinating federally-assisted development programs. Responding to the National Governors' Conference request for more aggressive implementation of Circular A-80, the Bureau of the Budget on June 1 issued instructions to all federal agencies directing them to abide by the planning decisions of the Governors. As of the present time, seven Governors have established sub-state planning boundaries.

With this brief report on the structures of federal-state relations, let us now move to the substance of it: federal legislation and administration. The Committee on Federal-State Relations wishes to report that current editions of our regular publications, Congressional Box Score and Status Report on Appropriations, were distributed to all Governors at this 60th Annual Meeting. These publications present legislative developments in tabular form. Given the unique assignment of the Federal-State Relations Committee this past year—to coordinate the intergovernmental aspects of the eleven subject matter committees—it is appropriate to discuss the sub-

stance of federal legislation and administrative developments on a committee-by-committee basis.

Legislative and Administrative Developments

Constitutional Revision and General Governmental Organization

Major legislation in the general government organization field includes the Intergovernmental Cooperation Act and the Joint Funding Simplification Act. Both were considered by committees in the Senate and the House, where they appear to be stalled. The Intergovernmental Cooperation Act—supported by the National Governors' Conference—has been introduced into several Congresses. It once passed the Senate. In brief, this proposed legislation would enhance intergovernmental cooperation through improved administration of grants, special and technical federal services to state and local governments; provide authority for Presidential action to consolidate grant programs; enhance Congressional review of existing grant programs; and seek more uniformity in certain urban policies.

The proposed Joint Funding Simplification Act, a relatively new measure, was developed at the direction of the President in consultation with the National Governors' Conference Washington Office and other associations of state and local officials. This proposal, if enacted and successfully implemented, could represent a significant first step toward consolidation of numerous grant-in-aid programs.

The proposal for a mid-decade census would provide needed statistics and other regular census data every five years. This bill passed the House in the first half of the current Congress, and is presently in Senate Committee. It is not likely that the mid-decade census bill will be reported out of committee, thus precluding passage this year. Other legislative proposals deserving special attention are measures that would lower the voting age and liberalize residency requirements for eligibility to vote.

Education

A positive step in the education field has been the apparent acceptance on the part of Congress to provide for advanced funding of education programs to permit longer-range, rational planning. Provisions for advanced funding were first included in the Elementary and Secondary Education Amendments approved during the last Session. The concept is also included in the education proposals now before the Congress.

Two major education bills are now in the final stages of Congressional consideration. The Higher Education Amendments passed by the Senate provide for a \$14 billion, four-year extension of college

aid programs. The House is scheduled to consider this measure in the near future. The Vocational Education Amendments passed by the House on July 15 include language authorizing the Governor to appoint the state advisory councils required by the legislation. As the Senate companion went to the floor, it did not include the gubernatorial appointment provision. This language was recommended by the Chairman of the National Governors' Conference Education Committee in testimony before the House General Education Subcommittee.

In the area of executive implementation, the United States Office of Education is developing a joint funding procedure for state administration of education grants.

Health and Welfare

In the area of welfare, Congress this Session modified certain sections of the 1967 Social Security Amendments, passed last Session. Three revisions were attached as riders to the Excise Tax Bill which was recently enacted as the Revenue and Expenditure Control Act of 1968. These amendments extended the date of the freeze on AFDC children to July 1969; modified the restrictions on unemployment compensation under the Unemployed Fathers' Program; and, in effect, postponed until January 1970 the deadline for state buy-in to Part B of Medicare.

In addition, the Food Stamp and School Lunch Programs have been extended and expanded. The Congress has held inquiry hearings on proposals for guaranteed income. And the Supreme Court has handed down several decisions with broad ramifications, including one invalidating state Man-in-the-House provisions. It has on the docket for the next Session cases seeking to strike down residency requirements for welfare.

As for health programs, there has been little Congressional activity since adoption of the Partnership for Health Amendments last fall. Those Amendments—while providing more funds for comprehensive health planning—severely restricted state flexibility originally envisioned in the 1966 Comprehensive Health Planning Act.

A Health Manpower Act, to provide funds for training health manpower, is nearing Congressional completion. Measures to extend the Hill-Burton program and to provide a Child Health Act have not progressed.

Another recent development in the welfare field was the creation of a Presidential Commission on Income Maintenance. A federal-state task force is now examining Medicaid cost reporting and estimating. In addition, the Advisory Commission on Intergovernmental Relations has been conducting a study on intergovernmental responsibilities in Medicaid, and the Department of Health,

Education, and Welfare is pursuing a study on reduction of hospital costs.

Law Enforcement and Criminal Justice

In the field of law enforcement and criminal justice, some of the most positive federal-state action has taken place. It is also in this area that there has been significant unanimity of gubernatorial expression on legislation. Two major measures are the Omnibus Crime Control and Safe Streets Act and the Juvenile Delinquency Prevention Act. The crime control enactment provides funds for planning and action programs in the form of block grants to be administered by gubernatorially-appointed state agencies. Preliminary "unofficial" guidelines covering major aspects of this new legislation were recently sent to all Governors by our Office of Federal-State Relations in Washington. Gubernatorial comments were invited—indeed, urged. In addition, the Council of State Governments and the Justice Department are co-sponsoring a meeting in August regarding implementation of the new legislation. Governors and other state officials have been invited to participate. The juvenile delinquency measure requires the States to pay one-half of the non-federal share in order to receive block grants.

Approaches to firearms and weapons control are still being debated in Congress. The President at first called for federal legislation to ban interstate sale of all firearms, and urged state legislation to control intrastate sale and possession of guns. The Administration later submitted legislation for federal registration and licensing of all firearms and their owners, offering to States a grace period of two years to develop conforming state laws.

An additional enactment by the 90th Congress provides federal assistance to state correctional institutions.

Manpower and Labor Relations

Another measure that has received National Governors' Conference endorsement during its multi-year history in Congress is the pending Intergovernmental Manpower Act, once a part of the Intergovernmental Cooperation Act. Although passed last Session by the Senate, it appears to be thwarted in the House with little hope of passage this year. Basically, the manpower proposal would provide grants to help improve state and local personnel administration and training, and would facilitate intergovernmental exchange of personnel.

In the field of general labor relations, Congress has had before it the Administration-sponsored Occupational Safety and Health Act. In its original form, the measure would have preempted state jurisdiction in setting safety standards and in enforcement. As amended

in the House, it now would provide planning and operating funds for States to improve their own programs. The version of the Occupational Safety and Health Act reported to the House also restricts the broad standard-setting authority originally delegated to the Secretary of Labor and provides other protections against abuses.

A bill to extend provisions of the Manpower Development and Training Act is now in the final stages of legislative consideration. In addition, Congressional investigating committees have been holding hearings on emergency manpower programs.

The Supreme Court decided Maryland v. Wirtz, upholding the constitutionality of the 1966 Fair Labor Standards Amendments which extended minimum wage and overtime provisions to certain state and local employees. Twenty-eight States joined in the appeal against the 1966 law, charging it to be an unconstitutional burden on the State and noting the difficulty of administration. The Court ruled that the act was a proper use of the Commerce Clause. A bill was introduced in the Senate to reverse the effect of the 1966 law—but no action has been taken on it.

National Guard, Civil Defense, and Natural Disasters

The 59th Annual Meeting of the National Governors' Conference endorsed the National Guard Mutual Assistance Compact in virtually its final form, and requested that the Compact be made available to the States for their consideration. This Compact—enacted by a few States at their 1968 legislative sessions—would make it possible for National Guard forces to be used more effectively and efficiently across state lines, without the need to federalize them. Congressional consent is required for the National Guard Mutual Assistance Compact, and consent legislation will likely be introduced in the next Congress.

At the request of the National Governors' Conference, the Interior Department has undertaken a study of wildfire emergency provisions.

The Congress extended expiring authorities under the 1950 federal Civil Defense Act that were due to lapse this year. It also has completed action on measures to increase aid to veterans' homes.

Regional and Interstate Cooperation

Major federal-state activity of concern to the National Governors' Conference Committee on Regional and Interstate Cooperation focused in two areas: consumer protection and environmental control. Congressional measures aimed at consumer protection have been extending the federal government into areas formerly controlled and regulated by the States. Recently, the Congress passed a comprehensive truth-in-lending measure, the Consumer Protection Act, to

provide for full disclosure of interest on purchases of consumer goods. Beginning July 1, 1969, it provides for disclosure in dollars-per-hundred. And beginning January 1, 1971, disclosure must be expressed in percentage points. The eighteen-month interim is provided to afford States an opportunity to change their usury laws.

Late in the first half of the 90th Congress, the Wholesome Meat Act was adopted. It gives the States two years—with a possible one-year extension—to adopt meat inspection standards at least equal to federal standards, and provides 50 per cent federal grants to help the States improve their own inspection programs. Early this Session, poultry and fish inspection measures—very similar to the meat inspection law—were introduced. The poultry bill has been passed by the House of Representatives.

The National Gas Pipeline Safety Act is nearing enactment. It authorizes the Secretary of Transportation to set national standards for pipeline safety. Also in final stages of legislative consideration is the Radiation Control Act which is proposed as an aid to the States in developing training and licensing programs for X-Ray technicians and to establish standards limiting radiation emissions from consumer products. In present stages, the Senate version of this measure is much stronger than the House proposal.

Turning to environmental control, the water pollution legislation adopted in 1956 was the federal government's first significant extension into this area. Subsequent legislation brought federal control to air pollution. The Air Quality Act, enacted during the last Session of Congress, authorizes the Secretary of Health, Education, and Welfare to set national criteria and establish air quality control regions. States are now in the process of developing standards and enforcement programs.

The Administration's Water Quality Improvement Act was submitted early this Session to provide additional federal aid for waste treatment facility construction. Another Administration proposal would place controls on surface mining, but the measure has not progressed in the legislative process. In a manner similar to the Wholesome Meat Act of 1967, the strip mining control measure would delegate authority to the Secretary of the Interior to set strip mining and reclamation standards, and would allow the States two years to develop programs at least equal to federal standards.

The Congress this year amended and extended the Land and Water Conservation Fund to continue the Fund's previous sources of income and to add \$200 million a year from general revenues, insured by oil and gas receipts from the Outer Continental Shelf. A bill currently under consideration in the Senate would affirm the right of state control over resident fish and wildlife.

Revenue and Taxation

Numerous developments in the area of revenue and taxation were viewed adversely by most States. The House passed the Interstate Taxation Act, a product of several years' investigation by a special House subcommittee. It had been reported out of Committee last July, but because of determined opposition from state governments and others, it was not scheduled for floor debate until May. Strong opposition to an initially broader measure prompted the removal of provisions relating to federal performance of administrative and judicial functions. What remains is primarily a proposal to limit the jurisdiction of States to tax multistate business. This measure—the Willis bill—is now pending in the Senate Finance Committee.

The Revenue and Expenditure Control Act of 1968 contained an amendment to eliminate tax exemption on industrial development bond issues over \$1 million. At the request of the National Governors' Conference Executive Committee, the Chairman of the House Ways and Means Committee promised to hold hearings on alternative measures that would curb the abuses of industrial development bond financing, but not hinder the positive aspects of this fiscal device. Remedial legislation has already been introduced by the House Ways and Means Committee Chairman, and it may be possible to obtain hearings before the 90th Congress adjourns.

The House passed still another bill which would eliminate a state and local tax exemption—the Air Travel Tax bill, introduced as a measure designed to help ease the balance of payments by placing a 5 per cent levy on foreign air travel. But in Committee, a provision was added to eliminate the tax exemption on domestic air travel of state and local government officials. In opening testimony before the Senate Finance Committee, the Secretary of the Treasury supported the provision, describing it as a "user charge."

Other measures to repeal the tax exemptions on municipal securities and on construction bonds for rural waste treatment facilities appear to be stalemated.

State Planning

Major steps have been taken in this past year to centralize multi-jurisdictional state planning in the Governor's Office. The Housing and Urban Development Act provides that all grants for multi-county rural planning be allocated to the state planning agency. A recent Bureau of the Budget directive supplementing Circular A-80, regarding sub-state regional planning, has the effect of placing authority in the Governor's Office for all coordination of multi-jurisdictional planning. As noted earlier, seven Governors have taken the initial step of making a formal statement initiating this action under

this program. During the past year, the number of state planning agencies rose to forty-eight.

In another executive measure, the Bureau of the Budget was developing a joint funding procedure for aiding state development of integrated information.

State-Urban Relations

The key legislative development in this area would be the enactment of the Housing and Urban Development Act. It greatly increases funding for the Model Cities Program, initiates new programs in rent subsidization of low income families, and provides other methods of increasing the quantity and quality of housing for moderate and low income families. The measure also creates an urban insurance and re-insurance program for the central cities, a program supported by the Governors at the 1968 Mid-year Meeting. A flood insurance program to be administered in the Department of Housing and Urban Development was also established by this new legislation. This program, like others in the new Housing and Urban Development Act, was supported by the National Governors' Conference Committee on State-Urban Relations.

Transportation

The Administration's Federal Aid Highway Act of 1968 is the major transportation legislation in the second half of the 90th Congress. It extends the construction program of the Interstate and Defense Highway System, provides for state highway construction in advance of allocation, and includes major relocation assistance. The measure also makes extensive provisions for urban highway programs. It repeals the 10 per cent penalty clause previously incorporated in the highway safety program. It provides emergency funds for repairs necessitated by natural disasters. In addition, the act includes a bridge inspection system and forbids toll roads on the Interstate System.

In other action, the Congress authorized a two-year, \$2 million comprehensive study of the auto insurance business, with particular attention to federal-state relations in auto insurance regulation.

Several measures before the Congress would provide for airport development financed by a variety of methods, including user charges, a trust fund, increased taxes, or loans.

Some Significant Trends

Several trends emerge from examination of national government activities as they relate to States.

It would appear that Congress is giving increasing attention to

gubernatorial recommendations, and is often responding affirmatively to them. Governors were almost unanimous in their attitude toward the method of funding the recently enacted Crime Control Act. The block grant approach was approved by the Congress. The Governors expressed their opposition to certain policies enunciated in the 1967 Social Security Amendments, and provisions were made to modify the Amendments. Gubernatorial views are regularly being sought as the federal agencies develop regulations and guidelines to administer new and old programs.

But, notwithstanding many positive steps in federal-state relations, several other trends—reversals of a general "cooperative federalism" pattern—are discernible. A tendency toward greater centralization of decision-making at the federal level has continued. This has resulted in greater dependency of all other levels on the national government, and has thus been a source of increasing intergovernmental tension.

One area of severe friction has been federal interference with state fiscal autonomy. Several proposals before Congress this Session would have coupled federal guarantees and interest subsidies—for the federal share of the cost of federal-state projects—with a requirement that the state share be financed by taxable obligations. In an era of increasingly expensive capital construction projects, bond financing has been generally regarded as an orderly way for States and cities to complete major projects. In the interest of collecting possible "lost" tax revenue, these proposals would jeopardize the completion of vital public projects by tying them to the restrictions on the federal budget and the national debt.

Moreover, one bill, already passed by the House, would limit the capacity of state and local governments to raise revenue by restricting their jurisdiction to tax firms engaged in multistate business activities.

Federal entry into areas previously under state supervision has not been limited to revenue and taxation. It has been especially evident in regulatory fields and in the spate of consumer protection legislation. A pattern has emerged from such legislation as Air Quality Control, the Wholesome Meat Act, the proposed Occupational Safety and Health Act, the Strip Mining bill and the proposed weapons registration measure.

It generally has begun with an outcry that "not enough is being done" in an area traditionally considered within the purview of the States. Agitation for immediate federal takeover, as the only solution, has followed. A compromise has been reached to set national standards and to give the States two years or less to conform. Actions of this nature presuppose that uniform national standards will in fact correct the alleged deficiency, and that federal enforcement will be superior to state standards and enforcement.

Another observation—a highly disturbing trend—is that federal

programs, both new and old, have not been fully implemented or funded. Legislation is enacted, programs are established, and those who have pressed for the specific measures appear to be pacified. But administrative provisions aimed at program implementation are often developed at too slow a pace, and the programs are funded at a fraction of the authorization. This compounds the dangerous illusion that a problem has been solved by an almost unilateral act of the federal government, while in actuality the situation may be deteriorating.

Implementation of new legislation presents another trend that has often frustrated the States. Bold, flexible programs are created by Congress, only to be made rigid through unduly restrictive implementation. An example is the 1967 Amendments to the Economic Opportunity Act. The Congress called for active state participation in the administration of Community Action Programs when it adopted the Amendments last December. But guidelines promulgated this spring were admittedly devised to maintain previous patterns of administration through private organizations. Most of the States that have formally applied for a major role in coordinating OEO programs have been denied the opportunity to participate meaningfully.

Another example can be found in the Comprehensive Health Planning measures. The 1966 Act establishing a program was the first significant legislation to provide block grants to the States. Each State was to develop its own public health plan with a design to meet its own varied needs. In 1967, Congress hailed the Act and extended it, but at the same time, began to pare away at the "comprehensiveness" of comprehensive health planning. The measure dictated categories that must receive aid, and maintained that certain segments of the fund allocated to the States must be used for certain services.

Suggestions for the Future

As your Committee on Federal-State Relations has attempted to convey in this report, the years 1966 and 1967 may be described as a turning point toward improved intergovernmental relations. Substantial progress has been made, but we have noted signs of tension, thereby indicating that much work remains to be done to ease the major points of friction. It is vastly important that we continue to build on our enthusiasm for strengthening the posture of States and their Chief Executives in our federal system. It is to this end that your committee offers certain suggestions and recommendations.

As indicated in our report last year, your committee re-emphasizes the need for Governors—in greater numbers—to participate more directly in national government activities that relate to state-administered programs and intergovernmental relations. An enviable record of gubernatorial participation was evidence during this past Conference year, but it can be improved; and it is our job as Gover-

nors to support our Office of Federal-State Relations by participating in Washington activities on all possible occasions.

We applaud the National Governors' Conference Executive Committee for its decision to revamp the Conference committee structure. Based on a previous recommendation of this Committee, eleven subject matter committees were formed this year, and each has made major contributions in the field of federal-state relations. The committee recommends that the Conference retain a functionally-oriented committee structure, much along the lines of our present arrangements. It is in this manner—through diligent work by subject matter committees—that the National Governors' Conference can make its maximum contribution in fostering better relations among federal, state and local levels of government.

The committee is pleased to note that most Governors have appointed Coordinators of Federal-State Relations. We recommend that all Governors fully utilize this important post and elevate it, where appropriate, to a highly significant position within the state government structure.

The committee suggests that the National Governors' Conference conduct another Mid-year Meeting on Federal-State Relations as early as possible in the 1969 Congressional Session. By meeting at an early date in the 91st Congress, the Conference will be in a good position to set a course of action after major programs have been introduced, but before Congressional hearings and other consultations have solidified legislative approaches.

The Job Ahead

Your 1967-68 Committee on Federal-State Relations has enjoyed its assignment. It has been a good year. And with the continuing cooperation of all Governors, we can expect much greater progress in the future. The job ahead has been expressed well by one of our colleagues in recent testimony before the United States Congress:

The states no longer have the option to choose whether they want to assume responsibility and become involved; nor does the federal government have the option to choose whether it will involve the state if creative federalism is to have any meaning.

Respectfully submitted,
Governor John Dempsey, Connecticut, Chairman
Committee on Federal-State Relations

APPENDIX

Summary of Recommendations

The National Governors' Conference—at its first Mid-year Meeting on Federal-State Relations, February 28-March 1 in Washington, D. C.—adopted recommendations:

On The Cities

Calling for new and expanded job and job-training programs;

Supporting the proposed Housing and Urban Development Act of 1968 with amendments to provide incentive grants to States for state housing programs; to allow full state participation through grants to States for planning, programming and supplemental assistance to Model City applicants; state coordination of multi-county planning grants; removal of 100,000 population ceiling on state information and technical assistance to localities;

Backing the National Insurance Development Corporation to provide statewide riot insurance programs;

Urging States to correct local and regional zoning abuses and develop model building and housing codes;

Calling on the Council of State Governments to provide research and other services to State Directors of Community Affairs.

On Crime

Urging immediate action on the proposed Safe Streets and Crime Control Act, amended to avoid bypassing the States in dealing with localities;

Insuring that the Safe Streets bill be a comprehensive and coordinated package covering programs to control organized crime, riots, electronic devices and juvenile delinquency, as well as others;

Requesting that state officials be given the discretion of dividing Safe Streets funds between police activities and court and correction activities.

On Health and Welfare

Calling for removal—or at least postponement—of the freeze on AFDC children;

Urging Congressional action to include women heads of household in the Unemployed Parents Program; to liberalize the definition of unemployment for eligibility for training; and include non-AFDC recipients in work-incentive programs;

Seeking the development of incentives to cut rising hospital costs;

Requesting extension of the time limit for States to buy into Part B of Medicare;

Urging more grant consolidation in health and mental health programs;

Recommending renewal and expansion of expiring health manpower and facility programs;

Calling for better federal planning to avoid sudden cutbacks in welfare funding;

Urging state cooperation with the President's Commission to Study Income Maintenance.

On Education

Commending the Administration and Congress for the advanced funding provisions of the 1967 Elementary and Secondary Education Amendments;

Urging increased funds for the proposed Partnership for Learning and Earning Act of 1968 (Vocational Education Act), Titles I and II, Elementary and Secondary Education Act and Title III of NDEA;

Supporting the proposed Higher Education Amendments of 1968;

Directing the Education Commission of the States to study the feasibility of federal aid programs for teacher salaries as well as the problem of teacher strikes;

Calling for adequate federal funding of the Higher Education Facilities Act to prevent a shortage of classroom space.

On Manpower and Labor Relations

Urging revision of the proposed Occupational Health and Safety Act to remove preemptive provisions and to incorporate the philosophy of federal-state relations reflected in recently adopted legislation such as the Clean Air Act and the Meat Inspection Act of 1967;

Reaffirming support for the proposed Intergovernmental Manpower Act, as amended by the Senate;

Calling for additional Congressional funding for new temporary and permanent job and training programs;

Calling on Governors to explore possibilities for more effective state employment services and statewide cooperative area manpower planning.

On Transportation

Recommending full state cooperation with the U. S. Department of Transportation in its proposed Auto Insurance Study;

Calling for studies of vital issues such as federal highway trust funds, highway safety and beautification, urban mass transit, national airways trust fund, pipeline safety, small boat safety.

On Natural Resources

Reaffirming Resolution 2 of the 59th Annual Meeting in 1967 urg-

ing that resident fish and wildlife should remain under the jurisdiction of the State.

On the National Guard

Calling for a retirement program and other fringe benefits for full-time technical Guard personnel.

On Planning

Calling on Governors to take the final responsibility for establishing effective statewide planning;

Urging provision of 701 funds for grants to establish planning-programming-budgeting systems at state and local levels;

Requesting basic sustaining grants to assure adequate staff for all state and multi-county regional planning agencies;

Urging steps to allow direct state involvement in all federally-aided sub-state planning activities including state coordination of all multi-county and regional planning grants;

Requesting a more aggressive federal implementation of Circular A-80 which requests that State Planning Agencies be informed before federally-assisted sub-state districts are formed.

On Fiscal Federalism

Calling for a survey on block grants to determine, from the state point of view, which grants should be consolidated.

Requesting a survey on financing of state planning, to determine the need for federal support of state planning under the 701 program, and to determine how such grants should be set up to provide discretionary authority to the Governors in their administration;

Suggesting continuing study of proposals for federal revenue sharing;

Calling for study of state-local fiscal relations to determine ways in which States can redistribute total revenue sources to lessen disparities created by unequal distribution of wealth and unequal burdens of required services;

Urging the U. S. Treasury Department to seek the participation of interested state and local organizations in the formulation of any ruling to remove the tax exempt status of industrial development bonds;

Urging Governors of all States which have not adopted the Multi-state Tax Compact to give serious consideration to this interstate agreement relating to the taxation of interstate business;

Urging revision of 701 program to provide administrative and management procedures to coordinate the federal aid system;

Reaffirming support for Congressional action to allow for joint funding, beginning with the proposed Joint Funding Simplification Act;

Urging Congress to adopt the Intergovernmental Cooperation Act;

Seeking extension of Federal Telecommunications Service to Governors (H. R. 14744);

Calling for passage of mid-decade census, emphasizing the need for comparability of data with the decennial census.

Supplement D

REPORT OF THE COMMITTEE ON CONSTITUTIONAL
REVISION AND GENERAL GOVERNMENT
ORGANIZATION*

Preface

This Report is a sequel to the 1967 Report to National Governor's Conference by the Study Committee on Constitutional Revision and Governmental Reorganization. There are two major aspects to the present work: a model constitutional article for the state executive, and model organizational arrangements for the activities of the state executive.

Numerous persons have contributed directly and indirectly to what is advocated here. Recognition must be given to those scholars of public administration who, especially in the last thirty years have been developing ideas and literature in the field. More specifically, over the past few months we have been aided by commentaries and evaluations furnished by the following professors of political science: Paul Beckett, Robert Warren, Fred Gantt, Jr., Thor Swanson, Alex Gottfried, Herbert Kagi, and James Best.

Finally, we express appreciation for the cooperation rendered by many Governors and their staff members, with whom we have corresponded and conversed at length about A Model State Executive. Over half of the Nation's Governors were personally involved in discussions of this subject at the 1968 Western and Southern Governors' Conferences.

We have been impressed by the overwhelming interest the Governors have shown in this subject, which seems less urgent than taxes, education, highways, law and order, and other critical issues of the day. The fact is, of course, that the organization of government is basic to its performance in all functional areas, and therefore to the role of the States in the federal system. That role, we believe, should be an active and creative one.

George A. Condon
Hugh A. Bone
Staff Directors

* This is the preliminary report as distributed at the annual meeting. A final report was printed subsequently, and is on file in the office of the Secretary.

Background and Purposes of This Study

The Governors' Committee on Constitutional Revision and Governmental Reorganization, predecessor group to the present committee, submitted to the 1967 National Governors' Conference a report on developments since 1963 in the fields of state constitutional reform and executive reorganization. That report pointed out that, in spite of the progress of the last five years, the Committee for Economic Development could correctly observe in 1967:

The States have an average of 85 separate state agencies and five independently elected department heads. Administrative boards are numerous; members commonly have terms that overlap and extend beyond the Governor's, and in many cases they are elected or chosen in ways beyond the Governor's control.*

The 1967 Governors' committee also recommended a number of "guidelines" to those who would be concerned with these matters in the years ahead. In the field of executive reorganization, these included proposals for: a limit of two elective executive officials, the Governor and Lieutenant Governor, to be elected jointly; the reorganization of state services into approximately twenty departments, grouped by major function, and headed by single directors serving at the Governor's pleasure; expansion of Governors' personal staffs; organizing personnel management, along with budget and planning, as staff resources of the Governor; a system of executive initiative in reorganization, subject to legislative veto. In addition, the committee took note in its report of the often expressed need for an effective cabinet as part of the state executive structure.

The response to this report was such that the National Governors' Conference chose to continue the committee for another year, with a new mandate and a slightly altered name and membership. The result was the committee as presently named and constituted, under the chairmanship of Governor Evans of Washington, who also chaired the 1967 committee. The committee's new assignment was twofold: First, preparation of a model constitutional article on the state executive; and second, development of model organizational arrangements for state executive functions.

There are obvious hazards in the development of governmental "models." It is appropriate to cite here John E. Bebout's comment in introducing the National Municipal League's Model State Constitution (1963 edition): "Strictly speaking there can be no such thing as a 'Model State Constitution' because there is no model state. . . the ideal state would probably need no constitution or, rather, no

* Committee for Economic Development, Modernizing State Government (New York: The Committee, 1967), p. 50.

written constitution."^{*} And in the Council of State Governments' publication entitled State Reorganization in 1950, the authors observed: ". . . It is commonly recognized that no universal, standard list of number or types of departments can be applied to all States. Needs in this regard inevitably will vary according to prevailing tradition and sentiment and according to the social and political climate."[†] By definition a "model" presumes a social, economic, and political vacuum which seldom exists in fact. Yet that is no reason to abandon the search for an ideal—recognizing that the implementation of it inevitably involves compromise and imperfections.

An initial assumption was that our proposals might vary considerably for "large" and "small" States. But we have concluded that the size of a State—whether it be "large" or "small" in population, geographic, economic, or other terms, has little or no bearing on "models" which would be at least theoretically valid. We are, after all, concerned with the flow of authority and responsibility in a democratic polity—not with the increments of dollars or men which might be necessary to effect this flow in particular time, economic, social, or geographic circumstances.

It is, however, relevant to mention that these model provisions do assume general conditions of increasing population (forty-eight of the fifty States gained residents between 1960 and 1966) and government activity. It follows that the provisions must be adequate in the face of stresses which demand and sometimes threaten executive leadership, as well as the prerogatives of other components in our system.

The Model Constitutional Article

In preparing the article we first reviewed constitutional provisions in some twelve States of varying sizes from Alaska to New York, and including at least one State from every section. A "model" executive article was then prepared, based upon the principles of a strong executive and with administrative authority to operate the executive branch in a manner capable of meeting modern problems. The article leaned heavily on the language and provisions of the Model State Constitution of the National Municipal League and on the constitutions of Alaska, Hawaii, Michigan, and New Jersey.

The proposed executive article and six sets of questions dealing with the crucial issues of state constitutional provisions for the executive were sent for critical review and analysis to several pro-

^{*} National Municipal League, Model State Constitution (6th ed.; New York: The League, 1963), p. vii.

[†] Council of State Governments, State Reorganization in 1950 (Chicago: The Council of State Governments, 1950), p. 7.

fessional political scientists who specialize in state government and administration. After all replies were studied and suggestions evaluated, some refinements were made in the draft article. The experts were in essential agreement on nearly all of the main points. The final text of the model executive article follows:

Section 1. Election. A general election for Governor and Lieutenant Governor shall be chosen on the first Tuesday after the first Monday of November 1970 and quadrennially thereafter. Voting for Governor and Lieutenant Governor shall be as a unit and the candidates for these offices in the unit receiving the greatest number of votes shall be Governor and Lieutenant Governor respectively.

Section 2. Qualifications. The Governor and Lieutenant Governor shall be at least thirty years of age and qualified voters of this State.

Section 3. Term of Office. The term of office of the Governor and Lieutenant Governor is four years and shall begin at noon on the second Monday in December following their election.

Section 4. Succession. If the Governor-elect dies, resigns or is disqualified or fails to assume office, the Lieutenant Governor shall become Governor and hold office until the next gubernatorial election. In the event that the office of Lieutenant Governor becomes vacant the Governor shall nominate a Lieutenant Governor who shall take office upon confirmation by a majority of both houses of the Legislature. Provision shall be made by law for succession to the office of Governor in the event that neither the Governor nor Lieutenant Governor is able to fulfill the responsibilities of the office. The Supreme Court shall have original and final jurisdiction to determine the absence or disability of the Governor or Governor-elect and to determine the existence of a vacancy in the office of Governor and concerning succession to the office as to its powers and duties.

Section 5. Compensation. The compensation of the Governor and Lieutenant Governor shall be prescribed by law and shall not be increased or diminished during a single term of office.

Section 6. Executive Authority. The executive and administrative power of the State shall be vested in the Governor. He may, by appropriate court action or proceeding brought in the name of the State, enforce compliance with any constitutional or legislative mandate, or restrain violation of any constitutional or legislative power. This authority shall not extend to any action or proceeding against the Legislature.

Section 7. Military Authority. The Governor shall be commander-in-chief of the armed forces of the State except when they may be called into the service of the United States. He may call out these forces to execute the laws, to preserve order, to suppress or prevent insurrection, or to repel invasion. He shall appoint and commission officers of the armed services.

Section 8. Clemency. The Governor shall have the power to grant reprieves, commutations, and pardons, after conviction, and may suspend and remit fines and forfeitures, subject to such procedures as may be prescribed by law.

Section 9. Messages to Legislature. The Governor shall, at the beginning of each legislative session, and may at other times, give the Legislature information and recommend measures he considers necessary.

Section 10. Executive Departments. All executive and administrative offices, agencies and instrumentalities of the executive branch of the state government and their respective functions, powers and duties, shall be allocated by law among and within not more than twenty principal departments. They shall be grouped as far as practicable according to major purposes. Regulatory, quasi-judicial and temporary agencies established by law may, but need not, be allocated within a principal department.

Exclusive of the departments and agencies heretofore prescribed, there is established a Board of Regents for Higher Education, constituted according to law, except that one member shall serve as chairman at the pleasure of the Governor. A chancellor shall be appointed by the Board as its chief administrative officer. All units of higher education, beyond twelfth grade, shall compose a single system subject to the Board of Regents for Higher Education and legislative enactments.

Section 11. Department Heads. The head of each principal department shall be a single executive unless otherwise provided in this constitution or by law. The Governor shall appoint and may remove the heads of all administrative departments. All other officers in the administrative service shall be appointed and may be removed as provided by law. Each principal department shall be under the supervision of the Governor and its head shall serve at the pleasure of the Governor.

Section 12. Executive Reorganization. The Governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. Such orders shall be submitted to the Legislature, which shall have sixty days of a regular session, or a full session if of shorter duration, to express its disapproval. Unless modified or disapproved by resolution concurred in by a majority of the members of both houses, the orders shall become effective at a date thereafter to be designated by the Governor.

Section 13. Recess Appointments. The Governor may make appointments to fill vacancies occurring during a recess of the Legislature, in offices requiring confirmation by the Legislature.

Section 14. Budget. The Governor shall submit to the Legisla-

ture at a time fixed by law, a budget for the ensuing fiscal period setting forth in detail, for all operating funds, the proposed expenditures and estimated revenue of the State.

Crucial Issues of the Executive Article

Consideration of revision of a state constitution's executive article involves confronting the basic question as to whether it should be the "best" possible in terms of administrative theory and responsibility or the most politically feasible. On many provisions there is no conflict between the two. In other cases, exemplified by the number of elected statewide administrative officials, the short ballot meets widespread opposition for diverse political reasons.

A "model" article or constitution should not be assumed to mean that only one solution is equally applicable to all States. Socio-economic, cultural, and political differences among States are significant enough to suggest that revisers and drafters of state constitutions should be aware that their particular state systems might be better served by alternatives to some of the provisions proposed in the model article. An essentially one-party State, for example, might operate better under a particular provision than would be the case in a highly competitive State.

State governments are not miniatures of the national government. The President has a much wider talent pool to draw from and a greater capacity to induce high caliber individuals to accept public office than a Governor. One therefore need not impose the same practices and organizational arrangements as are found in the national government. It is a well established principle that States should be free to experiment. One of our evaluators, for example, writes that:

. . . the experience of Canadian Provinces with a parliamentary form of government suggests that this possibility could be considered in the United States with some seriousness and might invigorate state governments within a federal system.

Elective Offices and Terms

It is illustrative of the growing belief of experts in the desirability of the integrated executive that, with one exception, our evaluators agreed on the election of only the Governor and Lieutenant Governor. If a third or fourth person were to be elected, the Attorney General and Auditor in that order are suggested. One expert would retain the office of Attorney General on the ballot because his role "is potentially and actually our variation on the ombuds-

man." Moreover his opinions can have a "significant impact in the more complex areas that are not easily subject to over-generalized political interpretations" of the Governor.

The election of only the Governor and Lieutenant Governor meets the criteria of strengthening the Governor's role in controlling the administrative apparatus and strengthening party responsibility. Justification for the election of several other statewide officers can be made in quite different political terms, the validity of which would vary from State to State. Potentially, the availability of several statewide officers allows a minority party to maintain some foothold at the state level. In many States there may be no position in the Legislature which provides the type of political base necessary to gain statewide stature and engage in party-building.

In modern times it is important that adequate and clear provisions be made to determine succession—the United States Constitution was recently amended to this effect. A succession article is likely to be cumbersome, but it is hard to formulate a clause which is at the same time both clear and concise. One solution to the problem of premature vacancy in the office of Governor by both the Governor and Lieutenant Governor who assumed the former's office is to have succession devolve upon the Speaker of the House or the Senate President Pro Tem. A defect in this arrangement arises if the legislative leader is a member of the opposition party. A more certain way of guaranteeing a continuity of unified control is to keep the office of Lieutenant Governor filled, when necessary, through appointment by the Governor with confirmation by the Legislature. A provision could be inserted to the effect that a special election be held for Lieutenant Governor provided more than six months of the term remained. To do so, however, would provide the opportunity for the lieutenant governorship to be controlled by the opposition party.

Current thinking of students of state government is that the term of office should begin approximately one month after the election in order that the new chief executive can be somewhat established before the Legislature convenes, usually in January. As a general proposition they also prefer leaving the number of terms a Governor or Lieutenant Governor can serve in the hands of the electorate.

Most experts think it desirable to retain the traditional constitutional provision against increasing or decreasing the salary of an official during any single term of office. Likewise by including an age requirement of thirty years any question of the applicability of the thirty-five year-old age requirement for the presidency to that of Governor is eliminated.

Powers

Constitution-drafters face the problem of which of the powers of the chief executive should be placed in the executive article and which in articles elsewhere. For example, does the veto power more properly belong in the legislative or executive article; should budgetary powers appear in the financial or executive article?

Our analysts showed some differences of opinion on this matter and the model article reflects some compromises. Brief statements of budget and legislative powers are left in the executive article with expected fuller details to appear in other articles. Executive clemency and military authority do not seem to merit separate constitutional articles and appropriately appear under the executive article.

The case for separation of other powers into different articles was stated by one evaluator in these terms:

As to the Governor's budgetary powers and responsibilities, I prefer to see these dealt with under the heading of finance. It may be worth noting that the Model State Constitution, as well as the Alaska and Hawaii constitutions embrace this option. It seems to me logical that all matters relating to fiscal problems, policies, and procedures should be under one heading. Comparable argument could be made for placing the convening of special sessions, the veto power, details on the number of days given a Governor to review a bill and so on in the legislative article.

Most of our reviewers favor this approach and it has been followed. Parenthetically, the power of item veto for all types of bills and up to fifteen days to consider a bill are favored and it is recommended that such provisions should be placed in the legislative article. Overall, as one reader points out, the location of powers should not be particularly contentious—"so long as the powers are granted somewhere, that may be all that is important."

On the other hand, if the total of the Governor's powers and functions were placed in one article, commented one reviewer, "the executive article would provide an accurate functional description of the Governor as chief executive and the aggregation of the powers of the Governor within a single article might have symbolic value." To date no state constitution (nor the Model State Constitution) has included such an all-encompassing executive article but the idea seems worth examination by those preparing such an article.

The Lieutenant Governor should serve as President of the Senate with power to vote in case of a tie. This provision would appear more appropriately in the legislative than in the executive article.

Administrative Organization

All reviewers favor the principle of executive initiative in ad-

ministrative reorganization, but they showed considerable disagreement over the limitation on the number of departments to twenty. One would place the limitation at twelve. He writes:

It seems to me that with the interdependency of things we can among a category of 12 find virtually all functions and activities covered. This may, in the long run, facilitate co-ordinate mechanisms which are desperately needed as state government continues to grow and its efforts in coping with social and economic problems. It seems further validated on the grounds that the article calls for continuation of independent regulatory commissions and the like that would not be housed in a principal department. The problem of fragmentation, dispersal of power on the executive side of the federal government as well, and perhaps by reducing the departmental numbers from 20 to 12 we could preclude some of that fragmentation.

While most of our evaluators prefer the figure of twenty departments some felt it too restrictive and held the opinion that more might be needed. One proposal (not included in the article as drafted) which would give a Governor flexibility to provide more than twenty departments would authorize him to propose additional departments, subject to the same legislative veto, with the provision that any such reorganization plan would expire automatically at the end of the proposing Governor's term, at which time all units would revert to their status before implementation of the plan, unless otherwise provided for by a further reorganization plan or by law.

Other aspects of the administrative organization section are likely to engender controversy and should be reviewed in each State in light of their political characteristics. These are:

1. Whether quasi-judicial agencies should be included in the executive article or be treated separately in other articles. Reference to these agencies is made in the model article. Generally, as one reader commented, "the fewer specific agencies given any constitutional status the better."

2. Should constitutional reference be made to Governors' and citizens' councils, defining the extent of their roles—ideally only advisory? The subject is omitted from the executive article.

3. Should the governing bodies of institutions of higher learning be exempted from the twenty principal departments? Educators so advocate but students of administrative theory question it. The second paragraph of Section 10 offers a compromise of gubernatorial control balanced with a system of integrated higher education which lends itself to legislative oversight and to such matters as imposition of common budgeting procedures.

4. One reviewer writes he would favor a constitutionally required budget message. "Although this would probably be done anyway . . . it might give the budget message a greater significance for both the general public, political scanning, and a seriousness

of which the Governor would approach such a message."

5. Should there be senatorial or other legislative confirmation of major gubernatorial appointees? As one evaluator argued:

This would provide a general check against gross abuse by the Governor, particularly if virtually all statewide elected positions are eliminated. This would also allow for the airing of basic policy questions by members of the Legislature . . . and have some importance to the vigor of the Legislature vis-a-vis the executive.

6. Should there not be somewhere in the constitution explicit direction to the Legislature to provide by permanent statute for the financial and other support needed by an incoming Governor to prepare properly for the tasks confronting him? The policy is a sound one and a Legislature should do so on its own. But should this be placed in the constitution? This has not been the practice.

Views of Governors

The model executive article was discussed at the Western and Southern Governors' Conferences and a number of Governors answered a questionnaire eliciting their views. The Governors as a general rule agreed with virtually all of the basic principles and provisions of the article which provides for an integrated executive. There were differences of opinion on four sections, though in only one of the cases did a majority disagree with provisions. This concerned succession. A slight majority seemed to prefer leaving the Lieutenant Governor's office vacant until the next general election with succession to the governorship devolving in the meantime upon one of the presiding officers of the Legislature.

Several Governors felt that the constitution should contain a provision authorizing recall of the executive and a few favored more than two statewide popularly elected offices. A few also disagreed with integrating all higher education into a single system under one governing board; the suggested alternatives were to assign higher education to a line department, or to have a separate governing board for each institution or group of like institutions.

Models For the Governor's Staff and Executive Departments: Methodology

The process of developing model organizational arrangements for the state executive raises three separate, yet closely related subjects for examination. These are: (a) organization of the specific entity designated here as the "Office of the Governor"; (b) effective arrangements for gubernatorial leadership and coordination of all administrative units; and (c) the optimum number of administrative units, and how functions should be apportioned among them. A prime

consideration in each case is the need for compatibility between proposed solutions to these problems and the model constitutional article on the state executive.

To supplement the material already accumulated from the committee's 1967 study and other sources, two major communications were sent to the Governors. The first letter, sent in February to all Governors, asked simply for copies of recent organizational charts and major studies of Governors' offices and state executive structures in their entirety. The second communication, mailed to a group of twenty Governors in April, asked for detailed answers to specific questions in the fields of gubernatorial staffing and interdepartmental coordination. The particular twenty States were selected because of population, economic and governmental factors believed to be relevant to the situation of States likely to be considering our "model" conclusions. And at two regional Governors' Conferences (the Western in May, and the Southern in June, 1968), over half of the fifty Governors were able to express their views of "model" provisions.

It should be noted that we have relied especially heavily on data supplied by States which have undergone major executive reorganization in recent times. These States are Alaska, California, Colorado, Hawaii, Michigan, and Wisconsin. Other valuable references have included the National Municipal League's Model State Constitution (1963 edition) and a variety of authorities on state government. All of these adhere to the concept of an "integrated" administrative structure, incorporating a clearly defined hierarchy of agencies under the Governor.

Standard Nomenclature For State Administrative Units

There is a clear need for adherence to a common set of terms to designate the various kinds of agencies which are either purely or quasi-administrative in nature. From State to State, and even within single States, chaos exists to the point that only by chance does an agency's designation indicate its actual relationship to the Governor, to other agencies, or in the case of boards and commissions, whether they are administrative or advisory, part-time or full-time. The same criticism can be made of terminology applied to subordinate elements within agencies. A "model" organizational pattern surely includes a standard vocabulary to be applied to agencies within the pattern.

We propose to use the term "Executive Office of the Governor" to encompass the chief executive, members of his personal staff, and any administrative entities which might be assigned there, rather than to a department or other agency. A "department" is a principal administrative unit of state government, subject to the Gover-

nor and headed by a single individual, unless otherwise specified. (The proposed model constitutional article on the executive limits the number of departments to twenty, which need not include regulatory, quasi-judicial, or temporary agencies.) The word "agency" is a general term used to refer to a department or comparable major units. The term "director" applies to all heads of departments, except where another title (e.g., "Attorney General" in the case of the Department of Justice) is specifically provided. The primary sub-unit of a department or other major agency is a "division." The immediate project requires little nomenclature beyond the divisional level, but it is suggested that in actual practice the term "bureau" be applied to a unit within a division, and that bureaus be composed of two or more "sections" as necessary.

A guide to usage of the designations "board," "commission," and "council" also appears to be in order. The term "board" is meant to apply to a governing body of a part-time nature, whose principal activity is the formulation of policies to be implemented by an executive officer who is normally employed full-time. The term "commission" denotes a full-time governing body which, collectively or through a single executive officer (who could be its own chairman), is directly engaged in an agency's administration. A "council" is a part-time, unpaid, often quasi-private body which functions in an advisory capacity to an administrative entity.

Finally, the "cabinet" is composed of the Governor, Lieutenant Governor, principal department heads, and others who may be invited by the Governor. It is the formal structural device by which the Governor seeks to lead and coordinate his administration.*

Model Executive Organizational Arrangements

Executive Office of the Governor

In addition to the Governor himself, the "Executive Office of the Governor" includes the members of his personal staff, staff members in regional offices, if any, and the employees of any staff units which may be attached directly to the Governor's office. Services of a line nature should be performed within the framework of a major department, where they can be integrated with other services of a similar nature.

The particular approach used to organize an individual Governor's office is clearly dependent upon a variety of factors. Of these,

* A more extensive discussion of state administrative nomenclature is contained in the South Dakota Legislative Research Council's A Proposal for Standard, Statutory Definitions for Units of South Dakota State Government (Pierre: The Council, 1966).

his personal wishes are not the least important. Other considerations include the availability of funds, physical space, workload requirements, the standard of service desired, and statutory prescriptions. In general, however, the components of a model "Executive Office" are of two types: the Governor's "personal staff," and units with a staff relationship both to the Governor and the executive branch as a whole.

As "chief of staff" there should be an Executive Assistant to the Governor, through whom communications between the Governor and the remainder of the staff would normally be routed. The other personal staff functions would be assigned to six sections.

Although present practices seem to be to the contrary, it is recommended that regular staff meetings be held, involving the Governor, the Executive Assistant, and the principal persons in the six staff sections. The Administrative Section would include management of the Governor's office itself (its budget, correspondence, files, and the like) and maintenance of records pertaining to position vacancies subject to gubernatorial appointment. The Schedule Section would be responsible for the Governor's itinerary, including travel arrangements for him and his staff. The Information Section would be in charge of the Governor's relationships with news media and it would coordinate informational activities throughout the executive branch. The Legal Section would process executive clemency and extradition requests and, in general, it would advise the Governor on matters requiring legal counsel. The Legislative Section would develop the Governor's legislative program, maintain liaison with the legislative leadership, and advise the governor concerning executive disposition of measures passed by the Legislature. The Cabinet Section would be the "secretariat" to the Cabinet, with principal responsibility for communications and coordination between the Governor's office and the other executive agencies.

In quantitative terms, each of these sections would consist of at least one professional staff member, with the title of "assistant" or "secretary," as appropriate, plus the necessary supporting secretarial-clerical personnel. This model presumes that the minimum needs of even the smallest State's Governor require the services of these six professionals, plus the Executive Assistant to the Governor. When required by workload conditions, additional professional aides could be assigned specialized tasks within this six-section framework, or new sections could be created. Legislative sessions, for example, commonly dictate temporary staff expansions in the legislative and legal areas.

The data supplied by Governors suggests 1:1.5 as a "standard" current ratio of professional to secretarial personnel. One informed source recommends a 1:2.5 ratio as the optimum. The relative numbers of secretarial to professional staff members depend on numerous, often changing factors, and they pertain to staff-wide needs in a

Governor's office rather than to the needs in each functional section. All in all, however, a professional-secretarial ratio of at least 1:2 seems to be a reasonable goal. Office space for the personnel making up the Governor's personal staff should, of course, be in close physical proximity to the Governor and the Executive Assistant.

Besides these personal aides, four key staff services should be legally and administratively, if not physically, within the "Executive Office of the Governor." Each of these services relates in a substantial way to the Governor's policy and managerial responsibilities. At the same time, each will have operating relationships, within their respective spheres of activity, with the line departments. These services and their possible designations are: Central Budget Agency, Central Personnel Agency, Planning and Programs Agency, and State-Federal Relations Agency. With the "Executive Office" vested with responsibilities in these four areas, and with the Governor having adequate personal staff assistance, he has the major internal components of a "chief executive." From information supplied us by Governors, it is clear that there is very strong support among them for this conception of staff services in the "Executive Office."

It should be observed, however, that no single "model" can be valid indefinitely. Governmental organization changes, or should be susceptible to change, as demands upon the output of government change. Information supplied by Governors suggests that their greatest workload increases during the 1963-1968 period were in the fields of legislation, research and planning, press relations, and intergovernmental relations. Continued pressures in these and other areas are likely, and staffing patterns must allow for necessary readjustments.

From time to time special circumstances make it desirable to give special emphasis to a particular state effort—recent years provide such examples as civil rights, urban problems, economic opportunity, and education. An effective way of providing this emphasis is through the appointment of special assistants to the Governor—highlighting his personal interest in especially critical areas of state activity. To provide for adequate communication and, furthermore, to safeguard the morale of line agencies operating in these same fields, special assistants should be attached to the Cabinet Section.

Where the Governor maintains one or more branch offices throughout the State, each should be headed by an Assistant to the Governor responsible to the Executive Assistant.

Departmental Structure

The organizational pattern of the Governor's personal staff is normally within his province to change as he sees fit. If there are

deficiencies, he usually has authority to take corrective action, even if problems in implementation prevent or delay his exercise of that authority.

The same cannot be said of organizational arrangements for state services. Many services and their assignments to particular agencies are the subjects of constitutional provisions. Most, however, have been dealt with by statutes necessarily based on earlier statutes and present realities. Few additions to organization charts have been accompanied by thorough administrative reorganization of the status quo. Instead, the new arrivals have been grafted to a structure involved in the administration of ongoing problems. The result has been, quite understandably, "gerry-built" organization of line functions in most States.

In October, 1967, in our report to the National Governors' Conference and again in the model constitutional provisions presented earlier in the present report, this committee has advocated principles for use in designing a State's executive structure.* Among these "guidelines" are the following:

1. Authority and responsibility should be integrated hierarchically under a single, elective chief executive. This means that the Governor should be able to exert policy leadership over the various agencies comprising the executive branch, without challenge to his authority by other elective executive officials or by "independent" agencies.

2. Departments should be organized along functional lines, with minimum overlap between agencies. What is the principal social purpose of a program, or of several programs in common? What program interrelationships result from federal procedures, convenience in reaching the principal clientele of programs, or other factors? The answers to these questions, though not likely to emerge with scientific precision, should determine the particular combinations of programs and units which ultimately share a single department or other major agency.

3. Major administrative units should be headed by single individuals appointed by and responsible to the Governor; boards and commissions should serve only in advisory roles, except when they perform quasi-legislative or quasi-judicial functions. The regulation of public utilities and settlement of workmen's compensation appeals are examples of the latter. In addition, there is long-standing support in this country for the notion that schools, especially institutions of higher learning, should be "insulated" from "politics." Whether this objective is desirable, or even possible, is a fair subject for debate—but the tradition can scarcely be ignored.

* Report to the National Governors' Conference by the Study Committee on Constitutional Revision and Governmental Reorganization (Chicago: Council of State Governments, 1967).

4. The number of agencies reporting to the Governor should be limited—probably to twenty. Many authorities on public administration agree that twenty is the maximum number of agencies which a Governor can effectively coordinate and supervise. This ceiling has been accepted by the framers of the National Municipal League's Model State Constitution, and also by several States in their constitutional provisions affecting the state executive. It is as defensible a standard as any that could be offered, though others are clearly possible.

5. Auxiliary (housekeeping) services, such as accounting, purchasing, and property management, should be centralized under the Governor. This arrangement lends itself to the policy orientation of a particular Governor, as well as to long-range efficiency and economy in basic state facilities and operations.

6. There should be a functioning cabinet, through which a Governor can establish coordination and provide direction to his administration. The cabinet should be an active entity which meets regularly, with a prescribed agenda, and with staff support from the Cabinet Section in the Governor's office.

7. The Governor should be empowered to reorganize the executive branch on his own initiative, subject to legislative veto. It is he who is finally responsible for the record of his administration. That record should not rise or fall on an inherited administrative structure which, at best, is the handiwork of fallible men who have grappled with current, yet often temporary, circumstances. In the final analysis, a "model" organizational structure is, in large part, what any individual Governor conceives it to be. But he must have the opportunity, subject to reasonable restraints, to design it.

The agencies suggested here reflect, first of all, application of the major purpose principle—but not to the exclusion of all other factors. We have taken into account overriding American political tradition, where it is relevant and not damaging to the "major purpose" theme. Examples include the departmental arrangements proposed for commerce, labor, and education. We have also studied carefully those States which have recently reorganized, and tried to benefit from their experience. The need for compatibility with the federal agency structure, especially in cases of major grant-in-aid programs, has guided our recommendations in the areas of health and welfare, local affairs, and transportation. Finally, this structure has been influenced by opinions expressed by academic critics, and by the Governors who discussed preliminary versions of this Report at the 1968 Western and Southern Governor's Conferences. We have tried to devise an agency scheme which would be defensible in terms of theory, and at the same time workable within the cross-currents which are "given" in a state government's managerial environment. The following

model departmental structure is a synthesis of all of these considerations.

Twelve principal agencies of state administration are proposed, including eleven executive departments plus the Board of Regents for Higher Education. Each department would be headed by a single individual appointed by the Governor to serve at his pleasure. The Board of Regents would be selected in a manner prescribed by the Legislature, but the chairman of the board would be designated by the Governor. As a part-time policy-making body, the board would select its own chancellor as chief administrative officer for the higher education system. Communications between the departments and the Governor would be routed through the Cabinet Secretary and the Executive Assistant to the Governor.

These twelve major agencies and certain of the more likely sub-units in each are detailed below:

1. Department of Commerce
 - Division of Agriculture (councils for principal agricultural commodities)
 - Division of Corporate Registration
 - Division of Professional Licenses (secretariat for professional boards, if retained)
 - Division of Liquor Control
 - Division of Finance Regulation (bureaus for banking, insurance, and securities)
 - Division of Industrial Development
 - Division of Tourism
 - Division of Athletics
2. Department of Education
 - Division of School Finance
 - Division of Instructional Standards
 - Division of Libraries
 - Division of State Museum
 - Division of Vocational Education
 - Division of Education for the Handicapped
3. Department of Finance
 - Division of Revenue (bureaus for principal taxes; secretariat for Board of Tax Appeals)
 - Division of Treasury
 - Division of Disbursements
 - Division of Accounting
 - Division of Retirement Systems
 - Division of Tax Research
4. Department of General Services
 - Division of Elections
 - Division of Purchasing
 - Division of Communications (including data processing)

- Division of Records and Archives
- Division of Printing
- Division of Facilities Planning
- 5. Department of Health and Welfare
 - Division of Communicable Diseases
 - Division of Health Facilities
 - Division of Food and Drugs
 - Division of Vital Statistics
 - Division of Mental Health
 - Division of Vocational Rehabilitation
 - Division of Social Services (bureaus for principal welfare programs)
 - Division of Fire Marshal
 - Division of Special Facilities
- 6. Department of Justice (headed by Attorney General)
 - Division of Corrections (bureaus for adult and youth corrections; secretariat for Board of Probation and Parole)
 - Division of State Police
 - Division of Legal Services
 - Division of Civil Rights
 - Division of Uniform State Laws
 - Division of Consumer Protection
- 7. Department of Labor
 - Division of Labor Standards
 - Division of Workmen's Compensation (secretariat for Employment Appeals Board)
 - Division of Unemployment Compensation
 - Division of Mediation
 - Division of Employment
 - Division of Industrial Inspection
 - Division of Labor Statistics
- 8. Department of Local Affairs
 - Division of Planning Assistance
 - Division of Housing
 - Division of Economic Opportunity
 - Division of Local Finance
- 9. Department of Military Affairs
 - Division of Army National Guard
 - Division of Air National Guard
 - Division of Civil Defense
- 10. Department of Natural Resources
 - Division of Air Quality
 - Division of Water Resources
 - Division of Game and Fish
 - Division of Parks and Recreation
 - Division of Mines
 - Division of Public Lands

11. Department of Transportation and Utilities
 - Division of Highways
 - Division of Bridges and Ferries
 - Division of Mass Transit
 - Division of Motor Vehicles
 - Division of Ports and Docks
 - Division of Aeronautics
 - Division of Utilities Regulation (secretariat only, if regulatory functions assigned to a "Public Service Commission")
12. Board of Regents for Higher Education (with advisory councils as desired)
 - Division of Postgraduate Education
 - Division of Undergraduate Education
 - Division of Extension
 - Division of Higher Education Facilities
 - Division of Student Financial Aids
 - Division of Sponsored Research

The Cabinet

In 1950, the following observation was made in a publication of the Council of State Governments:

It has been suggested further that overall coordination of interdepartmental programs can be attained by making fuller use of the cabinet system.

Collectively, major department heads can be a fruitful source of advice for assisting the chief executive in formulating and executing policies and objectives. Informal cabinet meetings could be called by the Governor from time to time for discussion of interdepartmental programs, for advice, and for more extensive participation in public policy formulation.*

As in 1950, executive arrangements in most States today put unnecessary barriers in the path of interaction between agencies. In part, this is an effect of a profusion of independently elected officials. Other causes include the large number of agencies which are either within or independent of the executive branch itself, and limitations on the Governor's power to appoint and remove agency heads.

A model executive department should include a formal, operative cabinet. The cabinet proposed here would consist of the Governor, the Lieutenant Governor, the directors of the eleven principal departments, and the chairman of the Board of Regents for

* Council of State Governments. State Reorganization in 1950 (Chicago: The Council of State Governments, 1950), p. 6.

Higher Education. Others could participate upon the Governor's invitation. The Cabinet Secretary, a member of the Governor's personal staff, would provide staff services for the cabinet and channel communications between its members and the Governor.

This model cabinet can be a viable, effective instrument for gubernatorial leadership and interagency coordination. Few States have such a mechanism today. A larger group than that proposed here is unlikely to be productive. Smaller "sub-cabinet" groups could easily be formed by informal combinations of functionally-related agencies—possible groupings would include "general government," "social services," and "economic affairs." These groups could convene regularly and on special occasions, to deal with problems of lesser import or scope than would normally concern the entire cabinet.

An ideal system might well involve concurrent cabinet and sub-cabinet arrangements, with the groups meeting systematically and with advance preparation by the participants and the Cabinet Secretary.

Concluding Comments

Any model such as is proposed here is necessarily highly abstract, and it assumes a variety of ideal conditions which are seldom, if ever, found in an actual governmental situation. The proposals included in this Report must, wherever they are considered for implementation, be adapted to local traditions and preferences. One member of a Governor's staff, responding to our inquiry concerning staffing arrangements in his office, put the issue well:

The organization of an Executive Office by any Governor is very much an individual matter. So much depends on the Governor's personal 'style' and his ability to attract competent people that it is difficult to generalize about what a 'model' structure might be.

Perhaps the most important consideration is that a State should provide its chief executive with the resources and the flexibility to put together the kind of staff organization which he believes he needs to do his job effectively. The main thrust of that statement—flexibility for the best use of resources—applies with equal force to constitutional and statutory provisions affecting the state executive. A Governor's administration must have a chance to deliver on its program and to experiment with new ideas. Yet there should be, and there are, "checks" against unwise or inept conduct by those in executive authority: legislative oversight, judicial review, publicity and public opinion, impeachment—and the polls.

Few political jurisdictions are likely to find the millennium

in this or any single model approach to governmental form and structure. But as has been demonstrated repeatedly in the course of this study, the typical state executive branch today is beset with administrative complications which cause delay and frustration in program implementation. Reform in constitutional provisions, and also in staff and departmental patterns, can do much to invigorate executive leadership in state governments.

In proposing this integrated model encompassing the several elements which interrelate to constitute the "state executive," it is hoped that a useful direction of change will have been suggested, irrespective of the merits of particular recommendations.

Respectfully submitted,
Governor Daniel J. Evans, Washington, Chairman
Committee on Constitutional and General Govern-
ment Organization

APPENDIX

In his recent, widely publicized book, Storm Over the States, former Governor Terry Sanford of North Carolina listed ten specific recommendations for strengthening state governments. Since these "Tools of State Leadership," as he called them, conceptualize many features of a model state executive, they are cited here in the Governor's words:

1. Make the chief executive of the state the chief executive in fact.
2. State constitutions . . . should be revised or rewritten into more concise statements of principle.
3. The two-year term for governors should be replaced with a four-year term, and a governor should be allowed to seek to succeed himself at least once. Maybe, if succession is not favored in some states, a six-year single term might be considered.
4. The governor should be given the dominant authority in the budget process, preferably as budget director.
5. The governor, as chief planner for his state, must conduct his administration to enable his state to look beyond his term of office to the future.
6. Like the President of the United States, each governor should have the authority to reorganize and regroup his executive agencies, subject to legislative veto within a specified period of time.
7. The executive committees, state councils, and separately elected executive officers and independent boards and commissions should be eliminated, in authority if not in fact.

8. Merit systems and civil service, a strength for government when properly structured, must be disentangled from an overzealous past, and liberated from an over-protective philosophy that smothers the best talent, prevents rapid promotions, and often penalizes assertive leadership.
9. The governor must have adequate staff to represent adequately the public interest.
10. The governor's office should be organized to be receptive to new ideas and should use the experiences of other states in seeking fresh solutions to problems.*

*Terry Sanford, Storm Over the States (New York: McGraw-Hill Book Co.), 1967.

Supplement E

REPORT OF THE COMMITTEE ON EDUCATION

Categorical Aids and Block Grants

In response to a directive by the Education Commission of the States at its Annual Meeting in May, 1967, and a request to the commission by the National Governors' Conference last October, the staff of the commission has undertaken an examination of the federal system of categorical aids for education and the ramifications of proposals for block grants for education.

The commission staff has found that the interests of the Governors' Conference and its own preliminary analysis have coincided with a keen interest on the part of the Administration and a number of Congressional leaders in reducing the complexities of the categorical aid system and movement toward more generalized federal aid in education and other fields, probably in the form of block grants initially. Thus an independent detailed study by the staff was not necessary.

The staff found a near-consensus among Administration and Congressional leaders that no sweeping, revolutionary approach to the block grant question was likely to receive broad support, but, to the contrary, progress was likely to be evolutionary. Specific improvements within broad fields of education and within existing programs, together constituting significant progress toward consolidation and simplification of the categorical aid structure, were considered to be the means by which movement toward more generalized aid would be accomplished. Such improvement, presumably, would coincide with a corresponding improvement in the capacity of state education agencies to administer federal funds granted to the States on broader and broader bases.

Investigation also revealed:

First, that there was little likelihood of adoption of a general aid program until the availability of additional funds made it possible to establish equalization formulas without effecting an absolute reduction in the amount of aid any States was receiving, and

Second, that there was also little likelihood that the subject of aid for elementary and secondary schools and pupils—the area in which there had been the greatest activity in recent years in support of broad block grants and general aid approaches—would be reopened before the 1969 Congressional session.

The education block grant proposal introduced by Representative Quie of Minnesota during the 1967 Congressional session unquestionably gave impetus to efforts to broaden and improve categorical aid programs for education. Yet a number of Administra-

tion activities and Congressional proposals emphasized the federal preference for a step-by-step approach. These included:

Advance Funding: A task force headed by Assistant Secretary Kelly of HEW recommended an advance funding procedure which would drastically reduce, if not eliminate, the uncertainty and tardiness of funding under present programs. As a result, authorization for funding one year in advance was incorporated into the Elementary and Secondary Education Amendments passed in December, 1967.

Simplification: A Joint Funding Simplification Act was drafted on the basis of studies carried out under the supervision of Assistant Secretary Kelly. This bill would require federal agencies to simplify the administrative requirements applying to activities funded by more than one aid program.

Consolidation: Other studies, still incompletd, have been underway for some time within the Administration on consolidating grant programs for education. The goal is reputed to be proposals for consolidation of all programs within an area of activity with a single set of administrative procedures, one set of requirements and regulations, a single application, and one administrative entity for the States to deal with. Implementation of such a proposal would require substantial legislative changes.

Personnel and Planning Assistance: Probably the most significant development to date is still the Education Professions Development Act. A number of activities are underway to increase and improve federal assistance in the planning area. Among bills aimed at assisting States and local agencies in securing, training, and maintaining qualified personnel are the Intergovernmental Cooperation Act, the Intergovernmental Manpower Act, the Intergovernmental Personnel Act, and the Education for Public Service Act.

Planning Packaging: The idea of federal administrative packaging of aid funds for States within the provisions of master educational plans devised by the States received limited endorsement from the Steering Committee of the Education Commission of the States last December. While the idea is now overshadowed by the consolidation provisions included in legislation proposed by the Administration early this year, a number of applications of planning/packaging, notably packaging of administrative funds available under a variety of state planning programs, are in use or in development. The purpose of packaging is to pull together, within the limits set down in the laws governing aid programs, the federal funds available for carrying out major elements of state plans and to shift to the federal level a substantial degree of the administrative burden inherent in the numerous complex categorical aid programs.

Major Legislation: The Administration submitted major bills on vocational-technical and higher education. Both were aimed at introducing a major degree of consolidation and simplification into

their respective areas of education. Congressional action in these areas since introduction of the bills is discussed below.

Status of Federal Legislation

Early this year the Administration introduced its omnibus bills for covering vocational and higher education, the Partnership for Learning and Earning Act, and the Higher Education Amendments of 1968. The Education Committee of the Governors' Conference and the Education Commission of the States have contributed at several points as the legislation in these fields has progressed.

The Administration's vocational education bill would consolidate all vocational programs, remove the present ceiling on appropriations for those programs, eliminate state program-by-program matching in favor of single statewide matching, and provide for advance funding. The Education Committee, at the mid-year meeting on federal-state relations, commended the Administration for those provisions. At the same time it called for substantially increased funding for vocational programs.

The higher education bill provided for advance funding, improvement of graduate programs, special services for disadvantaged students, networks for knowledge, education for the public service, and consolidation and expansion of student loan programs.

At the mid-year meeting the committee urged Congressional support of those provisions and called, in addition, for adequate funding for higher education facilities, for which a substantial reduction had been proposed.

As Chairman of the Education Committee, Governor Rampton testified on the vocational education bill in March and entered testimony in the record on the higher education bill, in both cases along the lines earlier approved by the committee. In testifying on the Partnership for Learning and Earning Act before the House General Education Subcommittee, Governor Rampton proposed that the state advisory councils, which under the act would recommend and evaluate vocational education program plans, be appointed by the Governors.

Subsequently Representative Pucinski of Illinois, Chairman of the subcommittee, introduced his own vocational education bill. Governor Rampton, in lieu of testimony, wrote to Chairman Pucinski in April, commenting favorably on the expanded and additional programs and more generous funding proposed in the new bill and calling his attention to his earlier suggestion. As the bill neared subcommittee action, he again wrote to stress the desirability of gubernatorial appointment of advisory council members.

As of this writing, the subcommittee has approved a vocational education bill similar to Chairman Pucinski's and containing Gover-

nor Rampton's proposal. Action on the House floor is expected in the very near future.

However, the Senate Education Subcommittee, which did not have the Pucinski bill before it in any form, reported out its own vocational and higher education bills shortly afterward. The vocational bill did not contain Governor Rampton's proposal. It did contain a provision for allowing access to the federal courts to local education authorities in disputes with state education agencies concerning action on local applications to the state agencies for grants from federal funds. It appears that amendments from the Senate floor would be the only way to add Governor Rampton's proposal to the Senate bill and eliminate the federal court provision. Further, favorable action in the House and Senate on the bills originating in each house, and hence Conference Committee action, appear likely.

Meanwhile, the Senate has passed the higher education bill prepared by its Education Subcommittee. The House bill, considerably different, approved by the Special Education Subcommittee, is awaiting floor action. Student aid provisions had previously been separated from the main bill by the House in an effort to keep funding authorizations from expiring June 30. Although the bill passed the House, the effort was not successful, and the student aid provisions are now reincorporated in the main House bill.

Again following the lead of the Education Committee, Chairman Rampton entered testimony before the appropriate subcommittee of the House Appropriations Committee in April. He urged support of the Administration's advance funding request for Title I of the Elementary and Secondary Education Act in the fiscal year 1969 budget, but urged extension of advance funding to all ESEA programs. Further, he urged the subcommittee to increase ESEA appropriations from the level requested to at least the 1968 levels plus an amount corresponding to growth in the number of pupils during the coming two fiscal years.

Due to a great extent to the \$6 billion expenditure cut incorporated by the Congress as a condition of the anti-inflationary tax increase proposed by the President, education has not fared well in appropriations in the House. Education appropriations are awaiting floor action in the Senate. While vocational education received practically all of the \$250 million requested (\$248 million), and education for the handicapped received \$79 million of the \$85 million requested, the Teacher Corps was cut from a \$31 million request to \$15 million and the Education Professions Development Act was reduced to \$127 million from the \$216 million requested. The Administration requests had been regarded as bare minimum in most cases.

Elementary and secondary education programs were cut from requests of \$1.542 billion to \$1.363 billion. Title I, aid for disad-

vantaged students, was reduced from a \$1.2 billion request to \$1.073 billion. Materials and equipment and guidance, counseling and testing, with requests of \$18 million and \$22 million respectively, were not funded. Higher education appropriations are deferred pending action on the bills mentioned previously.

In a second supplemental appropriation for fiscal 1968, aid for impacted areas was restored at the level of \$90 million. But, in conference, Head Start funds were drastically cut to \$5 million and summer job funds were reduced to \$13 million.

The Chairman of the committee and the Education Commission of the States mobilized substantial opposition among the Governors to the \$6 billion spending reduction. However, these efforts were not successful.

Beyond the two major bills and the school lunch program and vocational rehabilitation amendments, both of which have been signed into law, favorable action appears unlikely on most other education bills and bills affecting education during this session. Education for the public service and the work-study amendments have been incorporated in the higher education bill. But neither the Intergovernmental Manpower Act nor the Intergovernmental Cooperation Act is expected to become law, though the former has passed the Senate. No action is expected on the National Education Association's \$6 billion proposal for general aid, including aid for teachers' salaries. Nor is action expected on Representative Perkin's bill to inaugurate a comprehensive national education study. The Joint Funding Simplification Act appears stalled in both houses.

The Chairman and the staffs of the Governors' Conference and the Education Commission of the States are authorized to continue their efforts to secure passage of vocational and higher education bills which are consistent with positions previously adopted by the committee and the conference.

Long-Range Goals

In order to consider additional positions and action, the committee needs some long-range goals in addition to its shorter-term legislative aims. The following have been identified tentatively:

Public Education: Provision of opportunity for sixteen years of free public education for all students who want it, consisting of two years of pre-school training, on Head Start and kindergarten principles (in contrast to nursery school), and two years at the post high school level, in addition to the usual twelve years of graded education. The time period might well be raised to eighteen years for severely disadvantaged children. This would require abandonment of the common "6-to-16" compulsory education period on the well-substantiated grounds that age six is much too late to start

education and age sixteen is much too early to stop. At the upper level, public education should include programs of assistance for living expenses, part-time training-related employment, and the like for students who cannot otherwise afford to remain in school.

Urban Education: Individualized instruction for all urban children who need it or can benefit from it. With the rapid growth of cities, the concentration of children of disadvantaged minority groups in urban slums, the continuing trend toward impersonality between appropriate education and individual adaptation to social, economic and political realities in the country, this goal becomes an integral and indispensable part of any program of public education. Movement toward this goal will entail more school counseling—both in quality and in quantity—administrative reorganization of urban school districts, greater innovation in instructional processes in the classroom, closer relationships between schools and the communities they serve, and greater cooperation among governmental agencies at all levels serving the needs of urban populations. The implementation of many of these means rests on public acceptance of the fact that effective education for urban populations will require higher expenditures per pupil.

Federal Aid: The single most effective federal contribution toward achievement of the previous goals would be a program of general aid to education. Consolidations of aid programs which we would, in current circumstances, regard as intermediate block grants would become in effect broad categorical aid programs. These categories might include special and compensatory high-cost education, special programs, research and experimentation, vocational-technical education, materials and equipment, education personnel, planning and management, and strengthening state education departments.

Higher Education: Opportunity for higher education for all students with the desire and capacity to absorb it. This would include the junior college level and post-secondary vocational-technical education as well as four-year college and university education. It would include funds for facilities and staff, financial assistance to students on the basis of ability and need, assistance for remedial and compensatory training, and continued aid for research.

Private Education: Continued and increased provision of funds for assistance to pupils in private pre-school, elementary, secondary, and post-secondary institutions under the pupil-benefit theory.

Retraining: Timely provision of accessible facilities for continual retraining of adults to meet their changing employment needs and the evolving needs of the economy and society, at minimum cost to those undergoing training.

Educational Opportunity: Full and equal opportunity for all persons regardless of any circumstances, including race, age, sex, economic circumstances, and geographic location.

Recommendations of the Advisory Commission
on Intergovernmental Relations

The committee has considered the report of the study of Fiscal Balance in the American Federal System by the Advisory Commission on Intergovernmental Relations. While most of the recommendations of the study apply generally to government activity at different levels, a number of them are particularly applicable to federal-state relations in the field of education aids and are worthy of consideration as immediate and intermediate goals by this committee.

To broaden the mix of federal aids, assure greater flexibility of state and local response, and gear aid techniques to objectives, ACIR recommended a triple-layer system of aids:

A reformed system of categorical grants-in-aid to stimulate and support programs in specific areas of national interest . . . and to promote experimentation and demonstration, where the national interest dictates.

Bloc grants, through the consolidation of existing categories (along the lines of the Partnership for Health Act of 1966) to give States and localities greater flexibility in meeting needs in broad functional areas.

General support payments (revenue-sharing on a per capita basis, adjusted for variations in tax effort) to allow States and localities to devise their own programs and set their own priorities to help solve their own unique and most crucial problems.

General support payments, ACIR suggested, could be made either to States or to major local units of government, provided that their use did not conflict with existing state plans.

ACIR recommended a number of means for implementing its proposals, including the following:

Congress should authorize the President to submit grant consolidation plans, such plans to go into effect unless vetoed by either house within a period of ninety days.

Congress and the President should reduce the number of separate authorizations for federal grants—as a general goal, a reduction by at least half the number, starting with consolidation in the fields of vocational education and water and sewer facilities.

Congress should enact legislation proposed by the Administration to authorize a single grant application by state and local governments for interrelated projects and joint funding of projects containing components deriving funds from several federal sources. The States should enact similar legislation where necessary.

The U. S. Bureau of the Budget should simplify and systematize the varied matching and apportionment formulas for existing grant programs.

Coordination of federal grant programs being administered by a variety of federal departments and agencies should be strengthened through the Executive Office of the President.

The authority to review and approve plans developed as a condition of federal formula-type grants to state and local governments should be decentralized to federal regional offices, and the wide variations in boundaries of federal administrative regions should be reduced.

Reducing disparities in educational financing is particularly urgent, ACIR found. It recommended:

1. State school aid formulas should be amended to reflect higher per pupil costs for disadvantaged children, especially in densely populated areas; and the Elementary and Secondary Education Act of 1965 should be amended to authorize use of available grant funds in support of such action.
2. States should authorize establishment of regional school property taxing districts to assist in equalizing the property tax burdens of school financing between central cities and suburbs.
3. States should authorize and provide financial aid for specialized education facilities on a multi-district basis.
4. The federal government should encourage and provide financial assistance for multi-district educational arrangements.

Finally, the committee has taken note of the proposed plans of the U. S. Office of Education. The staff of the Education Commission of the States has enumerated the following probable areas of USOE priority in the period ahead:

—Greater attention to the training of teachers of the disadvantaged and more focusing of funds (particularly Title I, ESEA) on the severely disadvantaged; also high priority for the disadvantaged in the fiscal 1970 budget.

—A modest investment to promote national assessment; possibly a more comprehensive program of national testing to assess the effectiveness of federally financed programs.

—More specific program emphasis to increase effectiveness, mainly in the areas of leadership, priorities, target populations, and consolidation, in the expectation that vast sums will not become available even if the Paris peace talks are successful.

—A proposal for general aid, perhaps at the level of about one-third of current USOE expenditures.

—Legislation to consolidate elementary and secondary education programs, administrative and management funds, and discretionary development funds.

—Pending success in those legislative endeavors: administrative packaging of management funds; comprehensive program planning for all programs and all States, including funds for training state educational planning staffs; use of discretionary funds for

emphasizing a limited number of target areas: and technical assistance in packaging program funds at the local as well as the state level.

Program Recommendations

Federal Action

The Education Committee endorses the following program, expressed in resolutions, Action Programs of the Education Commission of the States, and additional recommendations:

Federal Aid: Congress should enact a comprehensive program of federal aid to education which embraces both general and categorical aids, a program characterized by major participation at the state level in policy formulation, full advance funding, and maximum administrative simplification of application, allocation, and accounting procedures. General aid would, in part, subsidize teachers' salaries (the committee requested the Education Commission of the States to study the feasibility of federal aid programs for teachers' salaries).

State control of education and federal participation in its support are essential and compatible elements of a nationwide educational policy. Joint policy formulation which makes possible both continued state control of education and maximum utilization of national resources to meet national priorities is the only way to assure a true "partnership" approach.

General aid is needed for accomplishing broad educational purposes and assuring maximum flexibility of state application of these funds to state problems. At the same time, categorical aids are needed as a necessary and complementary part of the general support program for public schools.

The present categorical aid programs, often designed without adequate participation by the receiving States, are notoriously fragmented, overlapping, and overspecialized. Funding of these programs is inadequate, late, and uncertain; administrative practices with respect to application for and approval of the many specialized grant programs are almost totally unsatisfactory, both from the standpoint of the state education systems and the U. S. Office of Education itself.

Vocational-Technical Education: Congress should enact legislation which would both consolidate all vocational-technical education legislation into one comprehensive program and provide for a single administering agency. While current efforts to secure adoption of a comprehensive vocational education bill should be continued and should include consolidation of vocational programs under one act, the thrust of this recommendation would be to future legislation consolidating and placing under one agency all vocational-technical programs.

An excessive number of authorizations, programs, and administering agencies make a coordinated, planned approach to the development of vocational education difficult, if not impossible. Public school personnel, state departments of education, and federal agencies are hampered by the unnecessarily complex administrative machinery which accompanies the present variety of regulations and policies necessitated by the fragmented programs now in existence.

Current piecemeal legislation promotes duplication of programs, facilities, and faculty by providing support for area trade schools, vocational-technical institutes, junior colleges, and extension centers of four-year colleges by funding similar programs in different kinds of institutions often serving the same area.

Comprehensive Planning: Congress should include funding for formulation of comprehensive long-range statewide plans (including training and manpower development for planning) as an integral part of all federal aid programs.

The educational needs of all States are almost overwhelming, and unplanned educational systems can neither meet present needs nor change fast enough to meet identified future needs. Educational programs in nearly all of the States suffer from lack of coordinated planning, resulting in serious educational gaps, uneconomical duplication of efforts, and divided and even competing authorities administering unrelated parts of an unplanned program.

Education is but one of many interrelated governmental agencies designed to meet the total human needs of the State. Educational planning must be made a part of overall statewide planning.

Financial considerations alone demand planning that is both comprehensive and long-range. State resources must be put to the most effective uses and combined with all available federal resources to improve the total state educational enterprise.

Action Programs: By overwhelming majorities, commissioners voting at the recent Annual Meeting of the Education Commission of the States endorsed a group of Action Programs, of which several would place a major responsibility for action on the federal government. Some of these overlap the above-mentioned resolutions. Others particularly deserving the support of this committee are:

Early Childhood Education: Congress should increase early childhood education funds for disadvantaged pupils, provide incentives for more state and local financial effort, and consolidate federal programs in this area.

Equal Opportunity: The federal government should eliminate legislative and administrative gaps from all federally financed programs, including not only education programs but also those, such as housing and employment, where certain provisions contribute to segregation and discrimination.

Urban Education: Congress should fund fully Title I of the Elementary and Secondary Education Act, increase support for programs for training teachers to work in disadvantaged areas, and provide matching incentive grants to States for improving facilities and teaching in disadvantaged areas. Presumably such improvement would include bilingual education.

It should be noted that the Action Programs place major responsibilities on the States and the Education Commission of the States as well as the federal government. (See Appendix at end of this report for text of Action Programs.)

Consolidation: Efforts to secure both administrative and legislative consolidation of federal programs must continue. Specific activities will be defined after the results of the current Congress' work in the fields of vocational and higher education are known.

Funding: Federal programs and funding authorizations were enacted by the Congress to meet specific urgent needs in education. Efforts must be intensified in the next Congress to secure full funding of these programs and increased authorizations where they are inadequate.

State Action

States must continue to bear the major responsibility for insuring that educational programs are meeting the needs of their citizens. While the federal government has an important role in stimulating efforts and enhancing financial capabilities, and local authorities have the operating responsibility, the States must establish broad policies and assist in insuring the availability of adequate financing. Accordingly, the committee makes the following recommendations to the States:

Teacher Militancy: The Education Commission of the States recently concluded its annual meeting, on the subject of teacher militancy. Detailed background materials prepared for the meeting, including draft legislation designed to serve as the basis for discussion, have been distributed to Governors and other commissioners. The August issue of the ECS magazine, COMPACT, will report the proceedings of the meeting in detail.

The committee recommends that each State take the necessary administrative and/or legislative steps to establish procedures and guidelines for the resolution of teacher-board-administrator conflicts.

Members of the teaching profession are demanding higher pay and a stronger voice in the educational policy-making process. However, no single factor can be said to bear full responsibility for causing teacher militancy. In fact, the causes are deep-seated, complex and interrelated.

The problems resulting from teacher militancy are moving from the local district to the state level. The successes of the union labor movement in the private sector of the economy, the open rivalry between the American Federation of Teachers and the National Education Association, and the high visibility of the civil rights movement will continue to give impetus to increasing teacher militancy.

The effectiveness of our education system is vital to the social and economic welfare of the Nation. Continued unresolved conflict between teachers and boards of education is detrimental to the Nation's welfare.

Urban Education: States should place high priority on the development of legislative programs and the strengthening of state education departments to remedy the overwhelming problems of the large city school systems. State Legislatures should take compensatory action to adjust for the high density of disadvantaged children in urban areas and revise state aid formulas to make more funds available to urban areas.

The present national urban crisis underlines the inequities existing in our educational system and emphasizes both unprecedented need and unprecedented opportunity for action in an area urgently demanding attention.

The problems of large city school systems, almost without exception, have not received adequate recognition at the state level, even though States have a clear responsibility for urban education. It is increasingly evident that the cities alone cannot cope successfully with these problems.

Per capita local taxes in central cities are generally higher than in surrounding areas, while public school expenditures on a per capita and a per pupil basis are generally lower than in surrounding areas. Urban schools must educate a disproportionately greater number of "high cost" underprivileged children.

Interstate Teacher Certification: States should enact the Interstate Agreement of Qualification of Educational Personnel to facilitate state certification of teachers and others working in education when they have been certified in other States.

Shortages of classroom teachers and other educational personnel are acute throughout the country. While mobility of teachers and other educational personnel continues at a high level, few States have made adequate arrangements to facilitate certification of newly arriving educational personnel.

Ten state education departments jointly worked out the Interstate Agreement which, without interfering with state prerogatives, would authorize designated state officials to enter into contracts with other States with similar standards to facilitate meeting school personnel needs by eliminating certain delays in fulfilling qualifications and other requirements on which the contracting

States could agree in advance. An advisory committee of state legislators from the regional conferences of the Council of State Governments has approved the agreement in principle, and the Governing Board of the Council has concurred in the advisory committee's action.

Federal Aid: States should move legislatively and administratively to strengthen the capacity of their state education agencies to plan for and utilize such federal funds as are made available. They should enact legislation designed to increase the productivity of state financial efforts through broadening, equalizing, and assuring the effective administrative management of state tax sources.

Vocational-Technical Education: States should move to modify current statutes, administrative practices, and organizational patterns so that maximum benefit can be realized from expanded and consolidated federal legislation.

Comprehensive Planning: Political and educational leaders in the States should work for the establishment of state planning mechanisms, organized to involve all parts of the educational system and other administrative and legislative agencies of state government, supported to assure adequate access to needed data, and funded to assure adequate time and manpower for truly comprehensive and long-range planning.

Action Programs: Among the Action Programs described earlier which include major state responsibilities, those on the following subjects are particularly worthy of endorsement by this committee: Early childhood education, equal educational opportunity, free textbooks, post high school education, vocational-technical school accreditation.

ACIR Recommendation: This committee calls the attention of the States to those recommendations of the ACIR bearing on school aid formulas, property taxes, and financing of educational facilities.

Education Finance: The committee has taken note of the education finance study to be conducted under the direction of Professor R. L. Johns of the University of Florida, with the assistance of federal funds, and the study of state financial support of public services projected by the Education Commission of the States. These research projects will add greatly to the information the States need to make important future financial decisions bearing on education. The committee calls on the various States to cooperate in these projects if requested to do so in order that they may be carried out as accurately and as fast as possible.

Respectfully submitted,
Governor Calvin L. Rampton, Utah, Chairman,
Committee on Education

APPENDIX

Report of Votes By Commissioners on Action Program—Position Papers

<u>Position Paper</u>	<u>Agree</u>	<u>Agree With Reservations</u>	<u>Disagree</u>	<u>Total</u>
1. Advance Funding	89	4	0	93
2. Comprehensive Statewide Long- Range Planning	81	10	2	93
3. Early Childhood Education	66	15	10	91
4. Equal Educational Opportunity	73	15	5	93
5. Federal Aid to Education	76	10	5	91
6. Free Textbooks	80	7	6	93
7. Interstate Certification	83	6	4	93
8. Post High School Education	84	6	0	90
9. Urban Education	78	12	2	92
10. Vocational-Technical Accreditation	71	15	4	90
11. Vocational-Technical Education	76	11	5	92

Totals vary because not all those who turned in a ballot voted on each paper. A few people voted both "agree" and "disagree" on the same action paper cancelling their vote on that particular paper.

Many of the reservations which were listed were lengthy and complex and will require careful analysis by the staff when the conference is concluded. If there is substantial consensus among the reservations and they alter the intent of any of the action papers, a written report of any changes will be made available to all commissioners. Our first reading of the reservations indicates that major changes in the substance of the papers will not be required.

Ballots were received from thirty-seven States, the Virgin Islands and Puerto Rico.

Alaska-1	Massachusetts-2	South Carolina-1
Arkansas-2	Minnesota-3	Tennessee-2
California-1	Missouri-4	Texas-1
Colorado-2	Nebraska-2	Utah-2
Connecticut-3	New Jersey-1	Vermont-3
Delaware-2	New Mexico-2	Virginia-2
Florida-2	New York-2	Virgin Islands-1
Hawaii-3	North Carolina-1	Washington-3
Idaho-2	North Dakota-2	West Virginia-3
Illinois-4	Ohio-3	Wisconsin-4
Indiana-3	Oklahoma-4	Wyoming-1
Kentucky-2	Oregon-1	Commonwealth of Puerto Rico-1
Maine-3	Pennsylvania-5	
Maryland-4	Rhode Island-3	

Advance Funding

The Education Commission of the States takes the following position:

The States should take steps to insure that advance funding becomes an integral part of all federal aid programs for education.

For these reasons:

Because the federal funding cycle is based on a fiscal year which is not coordinated with the usual academic year, and because Congress has often delayed in appropriating aid funds, federally supported education programs have experienced significant financial problems detrimental to program quality and effectiveness (school budgets are prepared nine to ten months ahead of federal funding, and frequently commitments to spend occur six months ahead of funding). Late funding is complicated by the fact that aid distribution formulas have been changed frequently and expiring programs often have not been extended until just before—or even after—they expired. Serious problems have resulted:

1. Inadequate utilization of increased federal support and interference with both federal-state coordination and state and local planning have developed.
2. Short-term authorizations and abrupt changes create uncertainties for education agencies; schools don't know whether to expect federal support at the same level—whether to accelerate, slow down, or stop.
3. Program quality and achievement of program objectives are adversely affected.

And urges these actions be taken:

States: Governors and other state spokesmen should testify before the Congressional appropriations committees in favor of advance funding for educational programs. Governors, legislators, commissioners, and educational leaders should impress the U. S. Office of Education and their Congressional representatives with the need for advance funding.

Federal: Congress should approve advance funding of education programs to the extent already authorized and extend it to other programs as well as authorizing funding farther in advance. Representatives of government agencies should press for advance funding in dealings with Congress.

ECS: Working through Governors' offices, State Legislatures, and education leaders, the commission should encourage state governments and education organizations to actively support the advance funding concept.

Comprehensive Statewide Long-Range Planning

The Education Commission of the States takes the following position:

States should move at once to improve their procedures and capabilities for long-range, comprehensive, statewide educational planning.

For these reasons:

Educational programs in nearly all of the States suffer from serious lack of coordinated planning, resulting in serious educational gaps, uneconomical duplication of efforts, and divided and even competing authorities administering unrelated parts of an unplanned program.

The educational needs of all States are almost overwhelming, and unplanned educational systems can neither meet present needs nor change fast enough to meet identified future needs.

Since education is but one of many interrelated governmental agencies designed to meet the total human needs of the State, educational planning must be made a part of overall statewide planning.

Financial considerations alone demand planning that is both comprehensive and long-range: state resources must be put to the most effective uses and combined with all available federal resources to improve the total state educational enterprise.

Planning is not a restrictive function, but one which increases the number of options open to political and educational decision-makers within the State.

And urges these actions be taken:

States: Governors, legislators, and educational leaders should work for the establishment of state planning mechanisms organized to include internal linkage among all parts of the educational system and external linkage with all other administrative and legislative agencies of state government, supported to assure adequate access to needed data, and funded to assure adequate time and manpower for truly comprehensive and long-range planning.

Federal: Congress should authorize sums which would allow the U. S. Office of Education to continue to include money for formulation of comprehensive, long-range, statewide plans (including training and manpower development for planning) as an integral part of all federal aid programs.

ECS: Continue to work directly with the U. S. Office of Education in formulating the procedural bases and technical systems needed by States in their planning; continue to work individually with States requesting services in the design of planning mechanisms and the formulating of state educational plans.

Early Childhood Education

The Education Commission of the States takes the following position:

States should place high priority on the development of kindergarten and prekindergarten programs and set long-range objectives to lower compulsory school age to four.

For these reasons:

Research shows clearly that the greatest learning potential of children occurs at preschool age. Children at ages three, four, and five learn certain concepts extremely rapidly. The base for language usage is laid extensively during these years; self-image, or the lack of it, is established extensively. Both wholesome self-image and basic concepts about the world of knowledge are necessary for productive learning in later years.

Deficiencies in this regard are particularly acute in children from deprived segments of the population as well as from homes where improper attention is given to children. Prekindergarten and kindergarten programs are designed to create the foundations for later academic learning. Children who miss these early experiences are handicapped in meeting the increasing educational demands expected of them as they progress through the graded public school structure.

Population mobility requires that young children every-

where in the Nation be educated adequately to continue learning wherever they may relocate with their families.

Costs for kindergartens are slightly higher than for other elementary school classes, but it is generally agreed that the costs involved are merited.

And urges these actions be taken:

States: State boards of education should encourage local school districts to institute kindergarten and prekindergarten programs. State boards and departments of education should promote the case for kindergarten to Legislatures and the public.

State departments should make maximum use of federal funds under Title I of the Elementary and Secondary Education Act on kindergarten and prekindergarten programs and work to insure maximum use of poverty program Head Start funds.

State Legislatures should enact legislation to make kindergarten and prekindergarten programs an integral part of public schools and provide state aid for support of school district programs, looking forward to universal kindergartens and prekindergartens.

Federal: Congress should increase early childhood education funds for disadvantaged pupils, provide incentives for more state and local financial effort, and consolidate federal programs in this area.

ECS: Provide the States with data to keep state leadership apprised of progress in universal kindergarten and prekindergarten education.

Equal Educational Opportunity

The Education Commission of the States takes the following position:

States should make every effort to provide equal educational opportunity to all students irrespective of race, color, national origin, or economic circumstances.

For these reasons:

The growing complexity of the American society and economy requires that every citizen be educated to the limits of his capacity and desire. Future requirements for trained workers in all fields dictate that all children and youth receive an adequate educational foundation which will enable them to make effective use of vocational, technical, professional, and other academic training for productive adult life.

The report of the National Advisory Commission on

Civil Disorders is only the latest documentation of the growing alienation of minority groups. Experience has shown that the primary route from depressed and alienated minority status to full participation in our society is through economic opportunity via education.

And urges these actions be taken:

States: If such a structure is not already in effect, each Governor should appoint an equal educational opportunity commission, broadly representative of the socio-economic and ethnic makeup of the population, to devise a statewide equal educational opportunity plan. State educational leadership—along with other state governmental agencies should participate actively as the commission plan is developed. The State Legislature should then enact appropriate legislation to facilitate the plan.

Federal: Eliminate legislative and administrative gaps from all federally financed programs, including not only education programs but also those, such as housing and employment, where certain provisions contribute to segregation and discrimination.

ECS: Press for tightening and improvement of federal programs and enforcement. Assist States to fullest capacity in legislative, planning, and administrative efforts to improve opportunity and eliminate discrimination. Report and publicize state progress in these efforts.

Federal Aid to Education

The Education Commission of the States takes the following position:

States should endorse and encourage Congress to enact a comprehensive program of federal aid to education which embraces both general and categorical aids, a program characterized by major participation at the state level in policy formulation, full advance funding, and maximum administrative simplification of application, allocation, and accounting procedures.

For these reasons:

State control of education and federal participation in its support are essential and compatible elements of a nationwide educational policy. Joint policy formulation which makes possible both continued state control of education and maximum utilization of national resources to meet national priorities is the only way to assure a true "partnership" approach.

General aid is needed for accomplishing broad educa-

tional purposes and assuring maximum flexibility of state application of these funds to state problems. At the same time, specialized or categorical aids for specific purposes and to accomplish specific priorities is a necessary and complementary part of the general support program for public schools.

The present multiplicity of categorical aid programs, often designed without adequate participation by the receiving States, are notoriously fragmented, overlapping, and over-specialized. Funding of these programs is inadequate, late, and uncertain. Administrative practices with respect to application for and approval of the many specialized grant programs are almost totally unsatisfactory, both from the standpoint of the state education systems and of the U. S. Office of Education itself.

And urges these actions be taken:

States: Governors, legislators, and educational leaders should work through their national organizations to have the state view represented in testimony before Congress. Concurrently, States should move legislatively and administratively to strengthen the capacity of their state education agencies to plan for and utilize such federal funds as are made available. States should support legislation designed to increase the productivity of state financial efforts through broadening, equalizing, and assuring the effective administrative management of state tax sources.

Federal: Congress should enact appropriate legislation supporting the kind of federal aid system the States want and need. The U. S. Office of Education and other federal agencies administering educationally-related programs should vastly simplify their present complicated administrative requirements.

ECS: Continue to encourage testimony before the appropriate congressional committees; continue to work with the U. S. Office of Education and other federal agencies; and continue to assist States with individual problems in school finance.

Free Textbooks

The Education Commission of the States takes the following position:

Every State should provide free textbooks to all public school pupils.

For these reasons:

Parental purchase of textbooks has worked a particular

hardship on pupils from less fortunate families in communities in all States. Along with various hidden family costs connected with public school membership, the need to buy books has contributed to school dropouts.

A welfare-type distribution of school books according to financial means is not an acceptable substitute for free distribution to all pupils because it unfairly singles out less fortunate children.

Approximately half of the States have enacted legislation to provide free textbooks to all children. Several others seem to be moving rapidly toward such programs.

Titles I and II of the Elementary and Secondary Education Act express Congressional concern that economically deprived pupils should have free access to textbooks. However, the amounts of federal funds distributed under these titles do not cover all needy pupils.

And urges these actions be taken:

States: State boards of education should endorse free textbook policies.

State education departments should provide cost data for public and legislative use to project costs of free textbook legislation and place them in perspective.

Local boards of education should endorse free textbooks and publicize their positions to support state legislation.

State Legislatures should enact appropriate legislation to insure free textbooks for all pupils.

Federal: The U. S. Office of Education should continue to recognize free textbook expenditures as a legitimate part of state plans for use of funds under Titles I and II of the Elementary and Secondary Education Act and should assist state education departments in preparation of plans and statistical data for free textbook programs.

ECS: Disseminate survey data to give state decision-makers information about free textbook programs in other States, including costs involved, and report progress toward free textbook programs in States as state laws are enacted.

Interstate Certification

The Education Commission of the States takes the following position:

State Legislatures should enact the Interstate Agreement on Qualification of Educational Personnel to facilitate state certification of teachers and others working in education when they have been certified in other States.

For these reasons:

Shortages of classroom teachers and other educational personnel are acute throughout the country. While mobility of teachers and other educational personnel continues at a high level, few States have made adequate arrangements to facilitate certification of newly arriving teachers. Needless administrative delays remain to hamper the flow of teachers and other personnel to the schools where they are needed.

The Interstate Agreement would attack this problem but would not interfere with state prerogatives. By authorizing designated state officials, usually chief state school officers, to enter into contracts with other States with similar standards, the agreement would facilitate meeting school personnel needs by eliminating delay over fulfilling qualifications in advance. Thus it would assure virtual automatic certification of teachers and other personnel who have graduated from state-approved programs in contracting States.

Teachers need the option of mobility to enhance their professional development and personal welfare. Education needs teachers and other personnel with keen interest in professional development and firm hope of advancement. Further, the teacher shortage focuses attention on the great pool of qualified but non-teaching teachers (usually married women) who do not seek certification after an interstate move because of the difficulties involved.

And urges these actions be taken:

States: Governors and state education leaders should endorse and work for passage of the Interstate Agreement, urging their Legislatures to act promptly on the legislation (as Maryland and New York have done). State officials designated in the agreement should cooperate closely in putting into effect contracts to implement it.

Federal: The U. S. Office of Education should intensify its efforts to serve State Legislatures and designated state officials with technical resources under the Interstate Certification Project financed under Title V of the Elementary and Secondary Education Act.

ECS: Continue to publicize and promote the agreement and the Interstate Certification Project. When funds for the project expire in June, 1969, provide assistance to Legislatures and state officials, using contractual documents and information developed under the project and by States which have adopted the agreement.

Post-High School Education

The Education Commission of the States takes the following position:

The States should place high priority on a community-centered post-high school education program which is available to most or all of the people within the State wishing to study on either a full- or part-time basis and which is fully integrated with the State's total educational needs.

For these reasons:

Overcoming the yearly labor force deficit of 200,000 to 300,000 journeyman workers will require much more educational opportunity beyond high school. Fully half of the 1970 labor force will consist of persons with some post-high school education.

Typically, of 100 ninth-graders, only seventy-six will graduate from high school. Of those, forty will go on to college, but only about half of them will complete either a two-year associate degree program or a four-year baccalaureate program. The remainder must be served educationally.

Currently there is duplication of effort in post-secondary education, caused in part by development of area vocational schools where comprehensive secondary schools, junior colleges, and four-year colleges and universities already offer—or have the capability of offering—comparable programs.

Careful planning, coordination, and evaluation are absolutely essential in this field if the resources of the States are to be used in the most efficient way possible.

And urges these actions be taken:

States: Governors should consider appointing the ECS Commissioners as a key group in utilizing the Commission's Guide for Evaluating State Programs in Community-Centered Post-High School Education as the basis for study and informed action.

Higher education boards, junior college boards, directors of vocational-technical education programs, and business and industrial leaders should be urged to analyze and improve their state programs.

State planning agencies should look at the relationships between the post-high school programs and other agency endeavors in education and related fields.

Federal: The U. S. Office of Education should develop federal policies and practices which will support the characteristics of good programs of community-centered post-high school education.

ECS: Compile in useful form the data which are returned to ECS by the States on the basis of the Guide and make them available as soon as possible. Respond to state requests for assistance in initiating, expanding, changing, or evaluating their post-high school programs.

Urban Education

The Education Commission of the States takes the following position:

The States should place high priority on the development of legislative programs and the strengthening of state education departments to remedy the overwhelming problems of large city school systems.

For these reasons:

The present national urban crisis underlines the inequities existing in our educational system. There is both unprecedented need and unprecedented opportunity for action in an area of urgent national need.

The problems of large city school systems have, almost without exception, not received adequate recognition at the state level even though States have a clear responsibility for urban education. Yet it has become increasingly evident that the cities alone cannot cope successfully with these problems.

Although per capita local taxes in central cities are generally higher than in surrounding areas, public school expenditures on a per capita and a per pupil basis are generally lower than in surrounding areas. Yet urban schools must educate a disproportionately greater number of "high cost" underprivileged children.

And urges these actions to be taken:

States: State Legislatures should take compensatory action to adjust for the high density of disadvantaged children in urban areas. State aid formulas should be revised to make more funds available to urban areas.

States should improve the capabilities of state departments of education for dealing with urban problems. Administrative, staffing, program, and funding patterns should reflect increased attention to the needs of central city school systems. At the same time, equal effort should be made to develop a human relations capability which will be reflected in the relationship of the city schools with their communities. Laws and regulations which hamper local authorities in their efforts should be revised.

Federal: Congress should fund fully Title I of the Elementa-

ry and Secondary Education Act, increase support for programs for training teachers to work in disadvantaged areas, and provide matching incentive grants to States for improving facilities and teaching in disadvantaged areas.

ECS: The Education Commission should continue to publicize the needs of and demonstrated gains in urban education and provide States with information and assistance necessary to secure revision of state aid formulas, including analysis of revenue resources.

Vocational-Technical Accreditation

The Education Commission of the States takes the following position:

The States should encourage all regional accrediting associations to make accreditation of vocational-technical education an accepted, regular part of their activities.

For these reasons:

The rapid growth of vocational education makes it mandatory that there be (a) quality control and (b) a formal established process for determining eligibility for fiscal support. At present, no such nationwide accrediting system is in operation.

Nonaccreditation of institutions and programs often poses job-qualification problems for students. It makes transfer to degree-granting institutions difficult and creates problems in recruitment and retention of qualified faculty.

Accreditation enhances both employment possibilities and transfer to higher-level institutions, as well as increasing enrollment. It improves faculty recruitment and retention, and it is a key element in determining eligibility for federal funds.

The major agencies concerned with accreditation of vocational-technical education agree that any solution should not:

—add to the number of agencies currently involved in accreditation: it should capitalize on existing accrediting machinery;

—centralize the accrediting function in an agency of government: it should maintain and enhance the voluntary nature of the accrediting process.

And urges these actions be taken:

States: Governors, legislators, chief state school officers,

state directors of vocational education, state directors of two-year college systems, and commissioners should inform their respective regional associations and the National Commission on Accreditation, as well as the institutions affected, of this position.

Federal: Federal agencies should recognize officially only accreditation which has been granted by the regional accrediting associations.

ECS: Urge all member States to adopt this policy and take appropriate action.

Vocational-Technical Education

The Education Commission of the States takes the following position:

The States should endorse and encourage the Congress to enact legislation which would both consolidate all vocational-technical education legislation into one comprehensive program and provide for a single administering agency.

For these reasons:

An excessive number of laws, programs, and administering agencies make a coordinated planned approach to the development of vocational education difficult, if not impossible.

Public school personnel, state departments of education, and federal agencies are hampered by the unnecessarily complex administrative machinery which accompanies the present variety of regulations and policies necessitated by the fragmented programs now in existence.

Current piecemeal legislation promotes duplication of programs, facilities, and faculty by providing support for area trade schools, vocational-technical institutes, junior colleges, and extension centers of four-year colleges by funding similar programs in different kinds of institutions often serving the same area.

And urges these actions be taken:

States: Governors, legislators, and educational leaders should continue to present the state viewpoint to appropriate Congressional committees. States should move to modify current statutes, administrative practices, and organizational patterns so that maximum benefit can be realized from expanded and consolidated federal legislation.

Federal: Congress should enact legislation necessary to consolidate the current variety of vocational-technical acts and programs and to simplify and centralize their administration.

ECS: Encourage and promote testimony before Congressional committees. Provide assistance to the States in modifying their administrative and organizational structures in vocational-technical education. Promote the States' needs in vocational education with the U. S. Office of Education and related agencies of the government.

Supplement F

REPORT OF THE COMMITTEE ON HEALTH AND WELFARE

Introduction

The Report of the Committee on Health and Welfare is divided into three parts—a status report on the Action program adopted at the mid-winter meeting, background and suggested recommendations for a new Action Program, and a report on the activity of the President's Commission on Income Maintenance Programs.

The committee has also prepared as a separate document for this meeting an informational monograph on one of the major health problems of the day—skyrocketing hospital costs.

Mid-Winter Meeting Action Program Status Report

The committee recommended:

1. That the Executive Branch and the Congress provide for more adequate planning of fiscal resources to avoid sudden cutbacks in federal funds for health, welfare and anti-poverty programs.

Status: More adequate planning of fiscal resources to avoid sudden cutbacks in federal funds is a goal which the committee should continue to pursue. At present, Congressional committees are working to decide which programs will lose funds under the \$6 billion spending cut. Some programs in the health, welfare and anti-poverty fields will undoubtedly suffer.

2. That the Committee on Health and Welfare cooperate with the President's Commission to Study Income Maintenance Programs and that the commission seek and consider the views of all Governors.

Status: The work of the commission will be discussed in greater detail later in the report.

3. That the "freeze" on the AFDC (Aid to Families with Dependent Children) program be removed, or at the minimum that the effective date be postponed to July 1, 1970, when more data are available to assess the effectiveness of other programs to assist public assistance recipients.

Status: Under P. L. 90-364, the AFDC freeze is postponed for one year—to July 1, 1969.

Also, provision is made to include within the base proportion of a State the additional cases added to the State's rolls by the second quarter of 1969 because of the State's compliance

with a judicial decision affecting state laws relating to residency requirements and man-in-the-house rules.

4. That provisions relating to the program that was formerly the Unemployed Parents Program and is now the Unemployed Fathers Program be amended so that unemployed mothers who are heads of households can, as in the past, participate in the program; and, that there be a relaxation in the severely restricted definition of unemployment which, if maintained, will result in some children becoming ineligible for assistance.

Status: Under P. L. 90-364, the prohibition against an unemployed father's receipt of unemployment compensation and payments under the Unemployed Fathers Program during the same monthly period is modified so that the prohibition shall apply only to the specific weeks in which unemployment compensation is received.

5. That the federal government match the state share of the individual's premium for those States which choose to "buy-in" for the aged medically needy under Part B of Medicare; and that, in any case, the date of January 1, 1968, which the legislation sets as the time when the federal government no longer participates in providing Medicaid payments for those aged individuals not covered by Part B of Medicare, be extended to allow States adequate time to "buy-in."

Status: The cessation of federal matching for Title XIX services which would have been available under Part B of Medicare is postponed until July 1, 1970. This will coordinate this provision with the date on which States are required under existing law to have Title XIX programs in operation and the date when they may exercise their option to "buy-in" for Title XIX eligibles.

6. That the federal government revise its present reimbursement formula to hospitals under Medicare, which is also mandated on the States for Medicaid hospital payments, so that the formula will provide incentives for efficient management and appropriate utilization of health care facilities with the objective of helping to hold down rapidly rising hospital costs.

Status: The federal government has shown some inclination to abandon the "Reasonable Cost" formula for compensation of medical costs. Due to rising concern over health costs generally and the inefficiency in administration of some health services, studies have been undertaken at the departmental, Congressional, state and private levels in an attempt to deal realistically with this problem.

The Department of Health, Education, and Welfare has asked for applications from public agencies wishing to undertake demonstration projects to arrive at a compensation formula directed to rewarding efficiency and cost reduction.

7. That Congress take steps to assure that people needing work-training who are not AFDC recipients can participate in work incentive programs, and that those living in counties with relatively few AFDC recipients are offered an opportunity to participate in "work incentive" programs administered by the Department of Labor.

Status: Effective July 1, 1968, unless a State is prevented from complying on that date by state statute, and then no later than July 1, 1969. A state plan for AFDC must provide that prompt referral of the following will be made to the manpower agency designated by the Secretary of Labor, operating a Work Incentive Program under Part C of Title IV of the Social Security Act, for participation in such a program:

Any appropriate individual, age sixteen or older, who is receiving AFDC or who lives in the same household as an AFDC recipient and whose needs are taken into account in determining the assistance payment.

Any other individual claiming aid under the program who, after being informed of the Work Incentive Program, requests such referral unless the agency determines that participation therein will be inimical to the welfare of such individual or the family.

8. That federal health manpower programs due to expire in 1968 or 1969 be renewed and expanded: (a) to provide financial assistance to encourage students to enter the medical, nursing and allied health professions including public health; (b) to provide for in-service training for those in the nursing and allied health professions; (c) to provide funds to significantly improve the quality of programs for those in the medical, nursing and allied health fields.

Status: S. 3095, the Health Manpower Act has passed the Senate. A companion bill, H. R. 15757 is expected to come to a vote in the House in the very near future. The House bill is substantially the same as the Senate version, but contains additional provisions covering pharmacy and veterinary medicine.

The Health Manpower Act contains traineeships for graduate or specialized training in public health and nursing; institutional grants; student loans for medicine, nursing, osteopathy, dentistry and optometry; grants to assist medical schools and nursing schools improve the quality of education programs; scholarships to medical and nursing students from low-income families; grants to develop new or improved curriculums for training personnel in allied health professions; traineeships for allied health

training; and institution grants for public health and nursing training.

9. That existing federal health facility programs due to expire in 1968 or 1969 be renewed and expanded: (a) to provide grants to assist in the development of new or improved types of medical facilities and construction and modernization of community medical facilities; (b) to provide grants to assist in the construction of health research facilities; (c) to provide grants to assist in the development of programs and facilities for narcotic addicts and alcoholics.

Status: The Health Manpower Act also contains provisions to provide more health facilities including grants for the construction of health research and medical teaching facilities, construction of Allied Health Professions Training Centers, grants for nursing construction, and a revolving loan fund for health facility construction including nursing construction, and a revolving loan fund for health facility construction including nursing schools.

The Alcoholic and Narcotic Addict Rehabilitation Amendments, now included in the more comprehensive Health Services Act of 1968, and awaiting final Congressional action, provide funds for the construction and operation of treatment facilities.

10. That Congress enact legislation to further consolidate separate federal health and mental health programs. The committee also recommended general support for the consolidation of federal welfare programs.

Status: There has been little activity in this area at the federal level since the winter meeting.

11. That steps be taken to make it possible for the States to effectively coordinate all resources that can be devoted to efforts to alleviate poverty.

Status: Federal OEO issued a Letter of Instruction in April outlining the responsibilities and functions of state OEO agencies. While this letter expands state involvement in some procedural aspects of poverty programs, the States remain more an administrative channel than a creative, active participant in the total poverty effort.

Recommendations for Action Programs

Health

The interim report submitted by the Committee on Health and Welfare placed major emphasis on the need to hold down rising hospital costs, provide adequate health facilities and have available a sufficient supply of health manpower.

The subject of hospital costs has been discussed in the informational monograph, "Moderating the Cost of Hospital Care." Pending legislation regarding health manpower and health facilities has been discussed in Part I of this report.

In order to further meet these needs the Committee on Health and Welfare cites the following possible actions and recommendations:

1. That the National Governors' Conference go on record as finding rising hospital costs a major concern and that individual Governors undertake to assist in finding ways to hold hospital costs down. Federal and local governments are encouraged to do their part including abandoning as soon as possible the federally mandated ratio of charge to cost formula now used for Medicaid and Medicare hospital payments.

2. That the Health Manpower Bill designed to produce both more health manpower and health educational and research facilities become law.

3. That the Alcoholic and Narcotic Addict Rehabilitation Amendments now awaiting Congressional action become law.

4. That the National Governors' Conference go on record as supporting all reasonable and effective efforts to provide necessary health care to mothers and children to encourage reduction of the high rate of infant and maternal mortality in the United States.

Welfare

The 1967 Social Security Amendments have had a significant impact on the States. Governor Evans suggested that it was important that the Governors be fully informed on problems confronting state welfare directors in implementation of the 1967 Social Security Amendments. The Health and Welfare Committee requested Mr. Wilbur J. Schmidt, Chairman of the State Welfare Administrators Council, to consult the respective state directors and inform the committee of any problems that the directors might be having in implementing the amendments. The major objections of the state welfare directors are:

- Repeal of the AFDC freeze (already recommended by the committee);

- Insufficient lead time to implement provisions such as providing different staff for eligibility and services.

- Rigid federal requirements that States implement the work incentive program and pay 20 per cent of the cost under penalty of withholding other federal funds;

- Mandated federal requirements on organizational structure of state and local welfare departments requiring a single organizational unit for AFDC and child welfare services;

- Delays in release of federal regulations; and
- Mandatory federal requirements that an Advisory Committee on Services to Children be given administrative responsibilities.

On the basis of these recommendations, the Committee on Health and Welfare cites the following possible actions and recommendations;

1. That the federal government set realistic time limits in requiring state implementation of the 1967 Amendments and that federal regulations be released to the States as quickly as possible.

2. That federal requirements that States implement the work incentive program under penalty of withholding other federal funds be amended and that States be given an option to choose whether or not they will participate.

3. That States and localities be given the option of establishing organizational structures they consider most effective to implement social welfare programs.

4. That the required Advisory Committees on Services to Children perform advisory roles and not be involved in administrative functions.

It has become increasingly apparent that revisions are needed in the welfare system. In the last five years the Nation's public welfare population increased from 7.5 million recipients to over 9 million. Costs have risen from \$5 billion to \$9 billion.

One of the major problems to date has been the inability to break the dependency cycle. This will require action to help young people on welfare so that they become self-sufficient, economically productive citizens when they reach adulthood.

Unemployment among youths in the country remains high, reaching nearly 13 per cent in 1967 for those in the 16-19 age bracket.

The Committee on Health and Welfare cites the following possible action:

1. Unless welfare youngsters are given the strengths, capabilities and resources to break that cycle, future generations will bear the high cost. The National Governors' Conference favors measures to break the dependency cycle through providing resources such as educational opportunities and health care to children and finding more jobs and job training for teenage youths.

Poverty

Title VII of the Economic Opportunity Act provides that the first \$85 per month plus one-half of the additional payments from OEO programs to welfare recipients shall be disregarded in determining the amount of their public assistance. This provision

has been repealed as to AFDC recipients, effective June 30, 1968, by the Social Security Amendments of 1967 which provide instead an exemption of \$30 plus one-third of additional earnings per month from any source. Unfortunately the new earnings exemption becomes effective in each State only when the state plan for AFDC is revised in accordance with the amendments. The States have until June 1, 1969, to make the revisions. They may act earlier but they need not do so. Thus there may be a period of a year between the repeal of one incentive scheme and the effective date of the other.

During the interim, individuals enrolled in OEO programs may lose an amount in welfare payments equivalent to their income from anti-poverty programs. To the extent this happens, there will be very little incentive for these individuals to participate in OEO programs. Throughout the country as many as 100,000 individuals may be affected.

The committee cites the following possible action:

1. That Congressional action be taken to extend the life of OEO work incentives for one year unless the States adopt a substitute plan using the WIN program established under the 1967 Social Security Amendments before the year is up.

President's Commission on Income Maintenance Program

Background

The President's Commission on Income Maintenance Programs was appointed on January 2, 1968, and directed to examine existing public welfare and income maintenance programs, propose necessary reforms, and report to the President within two years.

Mr. Ben W. Heineman, of Chicago, was named Chairman of the commission, which is composed of twenty-two of the Nation's leaders in industry, labor, universities and government.

Scope of Commission's Charter

The President gave the commission a broad and comprehensive mandate:

1. to assess existing welfare and related programs;
2. to recommend improvements wherever indicated;
3. to examine alternative programs, however unconventional, which would promise a constructive advance in meeting the income needs of all Americans;
4. to examine major reforms proposed in recent years including several varieties of a guaranteed minimum income;
5. to evaluate the costs and benefits of these proposals in terms of their effects, both on the recipients and on the economy.

Operations of the Commission

The principal activities of the commission and its staff will include:

Regular commission meetings to consider the broad range of issues and alternatives suggested by the above mandate.

Public hearings in Washington, large and small cities, and rural communities, to become acquainted with public views of existing programs and proposed alternatives or modifications.

Extensive research in analyzing the strengths and weaknesses of existing public welfare programs as well as original research concerning the possible impact of possible alternative programs on labor force participation rates, work incentives and family stability.

The preparation of reports relating to each of these principal activities and a summary report containing the findings and recommendations of the commission.

Issues and Alternatives

The Nation has a large number of programs aimed at affecting individual's income levels, including: Public Assistance; Old-Age, Survivors, Disability, and Health Insurance; Unemployment Insurance; Workmen's Compensation; Veterans Benefits; Public Housing; Rent Supplements; Agricultural Price Supports; and Food Stamps. In addition, there are manpower training and rehabilitative programs aimed at enabling individuals to increase their incomes through higher earnings.

The basic issues involved in an examination of existing programs revolve around an assessment of their major achievements and shortcomings, a determination as to what improvements in existing programs seem appropriate now, and whether such changes would be sufficient to remedy the shortcomings.

Viewing poverty as inadequate income, regardless of the cause, the many modifications of current programs or alternative new programs being considered by the President's commission include: changes within the public assistance system; expansion of social insurance programs to cover risks not now covered; family allowances; negative income tax or guaranteed income-type programs; increased minimum wage levels and coverage; wage subsidies; guaranteed employment, with the public sector as a possible residual employer.

Hearings

During the latter part of this year and the early part of 1969, the commission plans to conduct public hearings. These hearings will be a vital part of the work of the commission, and will be

personally conducted by members of the commission. This will give members and staff an opportunity to view the problems of poverty in depth. The hearings will also provide a public forum for expression of the views of the poor concerning the impact various programs have on their lives.

Research Activities

A major part of the commission's responsibility will involve research evaluating existing programs and the need for program alternatives.

In recent years there has been an outpouring of concern over poverty. Commonly held objectives for an income maintenance system include providing adequate income levels for all, maintaining work incentives where relevant, and providing income support through a non-degrading administrative structure. Questions arise with respect to evaluating program alternatives:

How are adequate income levels to be defined?

How effective would each type of program be in alleviating or preventing poverty?

What combinations of programs are appealing?

What impact would more effective manpower, training, employment, and economic development programs have on the need for changes in the income maintenance system?

Reports

Income maintenance programs have been widely discussed in recent years, in government and academic circles and by the general public. Although this is the first public commission specifically charged with examining all income maintenance programs and proposing reforms, other groups have examined related programs and made far-reaching recommendations which are relevant to all income maintenance programs. None has recommended specific programs, although all have recommended increased federal support of income for the needy.

The commission has the responsibility for submitting a report which goes beyond general recommendations to specific program development and improvements wherever indicated. Given policy choices made by the commission, the report will contain specific provisions with respect to administrative arrangements, definitions, etc., which are only one step short of draft legislation.

Respectfully submitted,
Governor Nelson A. Rockefeller, New York, Chairman,
Committee on Health and Welfare

APPENDIX

Moderating the Cost of Hospital Care (An Informational Monograph)

Americans today are spending about \$50 billion a year for health care, making this the third largest item of expenditure in the Nation today.

In recent years, there has been mounting public concern that health care will be literally priced out of people's reach and the trends of recent years lend substance to this fear.

While the general cost of living index rose seventy per cent between 1946 and 1967, medical care costs increased 123 per cent, the sharpest rising item in the entire index.

Among all of the components that comprise health care, hospitals today represent both the single largest item of expenditure and the fastest rising item of cost.

As an item of consumer expenditure, hospitals in 1965 accounted for thirty cents of the health care dollar, with physicians' care ranking second at 27.7 cents, drugs third at 16.4 cents, followed by dentists, 9.6 cents; health insurance, 7 cents; appliances, 4.4 cents; and other items, 4.9 cents.

In the years 1960-1965, consumer prices increased at an annual average rate of 1.3 per cent while hospital prices increased at 5.8 per cent. Hospital charges rose even more steeply in 1966, recording an actual increase of 16.5 per cent.

Medical economists see no immediate relief in sight. There are two schools of thought on the issue. The optimists say that in the next few years annual rate increases of hospitals will amount to from 10 to 12 per cent, followed by a gradual leveling off that will keep pace with the general upturn of the economy. Pessimists, however, see hospital costs continuing to outpace the average citizen's income until 1975.

Factors Responsible for Increasing Hospital Costs

While disagreements may persist on the future rate of increase in hospital costs, there is close agreement as to the reasons for the upward spiral. Aside from the general increase in prices that occurs in our economy and affects hospitals as much as any other purchaser, the upward spiral of hospital costs can be attributed to four factors:

Wage catch-up

Hospital payrolls, which represent about two-thirds of the expenses of running a modern hospital, have been increasing at a rate

that exceeds those in the manufacturing industries. In the past, the hospital employee was traditionally paid far less than counterparts in industry, meaning, in effect, that the hospital worker was helping to subsidize the cost of medical care.

In 1947, hospital workers were paid about half of what manufacturing workers earned. However, growing unionization within the hospital field and the increase in collective bargaining by hospital workers, have enabled the hospital worker to begin catching up.

Costs associated with increases in the quality of care

The quality of medical care has improved steadily, and with it, the cost. Two factors determining quality are (1) the number of employees in hospitals and their level of skill, and (2) equipment.

Both the number of people working in hospitals and their level of skill have been increasing. In 1946, there were 156 employees in voluntary short-term general hospitals in the United States for every 100 patients. By 1956 the number of employees had increased to 215. Today the rate probably exceeds 261 per 100 patients.

Also adding to hospital costs has been the steady addition of sophisticated, expensive equipment. A single cobalt therapy unit with protective housing costs \$400,000. Kidney dialysis units, intensive coronary care equipment and other new forms of hospital hardware all save lives, but also add considerably to the hospital's investment and overhead.

Built-in inflation

Contributing also to the increase in hospital costs is the steady rise in the cost of all goods and services in the Nation's economy. This built-in inflation adds to the expense of building and operating a hospital, just as in any other industry.

Industry, however, has one weapon against inflation that hospitals do not have: automation. By developing machines that do the work of many men, an industrial plant can offset built-in inflation. A hospital, however, must provide a service that is personally tailored to meet the needs of individual patients, a factor which limits to some degree its ability to institute production-line economies. In fact, many of the machines developed for medicine like heart-lung machines do not subtract, but add, to the need for skilled personnel in a hospital.

Increasing demand for hospitals

A final factor adding to the total national outlay for hospital care is the increasing demand for hospital service. Several generations of Americans have been educated to seek the life-saving

advantages of hospital care. Not only that, hospital care has become accessible to millions more through the growth of prepaid health insurance plans and such publicly-financed programs as Medicare and Medicaid. And finally, the United States today contains large number of the very young and older persons, both of whom need more hospitalization.

Efforts to moderate the cost of hospital care should consider the following:

—hospital wages and fringe benefits ought to increase until they reach parity with those of workers in industry, not only from the standpoint of simple equity but also because a continuing wage deficit in the hospital field would drain manpower from hospitals, lowering the quality and availability of care.

—the quality of medical care should continue to improve, as rapidly as new medical advances permit. With quality largely dependent upon additional skilled personnel and better equipment, the cost of hospital care is bound to rise as quality improves. Access to quality health care is one of the keys to individual fulfillment in America. A single, high standard of health care for all should become the unremitting national goal, for healthy citizens constitute the real strength of any Nation.

Approaches to Controlling Hospital Costs: Where to Look

If nothing can or should be done about the four cost factors just cited, the question then becomes: What can be done to slow the spiral in hospital costs? For answers, it is necessary to look at the way the health care industry, and hospitals themselves, are organized.

Health care is a non-profit personal service industry that has been disrupted by a rapidly advancing technology. Nothing in the origins of hospitals, which were founded as charitable institutions, have equipped them to take advantage of the economies to be realized by these advances.

But each hospital is, for all practical purposes, an autonomous unit within the health care system. So decentralized is the health care industry that it can hardly be said to operate as a system at all. What it amounts to is a sprawl of single units, without interlocks that join the parts together into any kind of system for marshalling resources and rationalizing consumer demand.

The size, variety, and distribution of hospital services has been decided, not on the basis of need, but on an almost random basis.

Nor have the duplications and waste that have resulted from this been subjected to the discipline of competing prices. Lacking

profit-loss incentives, hospitals have justified their bills on grounds that they simply reflect their costs. As a result, hospital reimbursement rates established through Blue Cross or by government, such as federal requirements for payment of Medicare and Medicaid bills, have been on a cost-plus basis.

This pass-through pricing pattern in effect subsidizes inefficiency and waste. It denies the very function of pricing, which is to force efficiencies, reorganizations, mergers, diversification, improvements in technology, changes in method and all the other administrative devices which can be employed to hold costs down without adversely affecting quality.

Three Ways to Fight Costs

There are several basic approaches that would moderate the rising cost of hospital care:

1. Set arbitrary limits on expenditures: This is the most common form of fiscal control. Though its effect is direct and immediate, relief is symptomatic and there is always the danger that the wrong kinds of service will be eliminated.
2. Monitor hospital costs: This method is often necessary to avoid abuses. However, the negative atmosphere created by outsiders runs the risk of restricting desired growth in a hospital's range of services and of discouraging attempts to improve quality.
3. Provide incentives to economize: This method envisions some form of state incentives that act as a substitute for profit-and-loss discipline. Hospitals that adopt sound management practices would be financially rewarded while those that cling to poor practices would be penalized. This approach provides incentives to economize without imposing intrusive government controls that might demoralize the internal administration of a hospital.

How an Incentive System Might Work

If a system of incentives to better hospital management were combined with present third-party reimbursement sources—health insurance and government medical programs—an effective substitute for profit-and-loss management for hospitals would be operative. An incentive system could be integrated into the existing governmental practice of reviewing proposed hospital reimbursement rates under prepaid health insurance.

How would such a system work?

Let's say that one hospital in a community is operating an open heart surgery service that is meeting the full extent of local need. If a second hospital in the community wanted to start the same service, the State would in effect say to it: You can inaugu-

rate this service if you wish, but you can't factor its cost into your reimbursement rate. Health departments would be given legislative authority to conduct individual reviews and base approvals on whether economies and improvements were possible.

Any service that was in excess of the community's need would be non-reimbursable, as would any service operated by a hospital that could be purchased from a centralized community service.

This could include such things as: an excess of maternity beds; use of individual "housekeeping" services like laundries, when central service was available; special services, like open heart surgery whenever the number exceeded community demand.

Services that provided no direct benefit to patients would not be factored into the reimbursement rate either, but would be subsidized by government on the basis of local need. This would include such things as a nursing school, a research program and the teaching of interns and residents. Subsidies would also go to certain hospitals for maintaining costly equipment and services not needed in every hospital within an area.

Hospitals that kept their daily patient charges below the prevailing average for their area would be allowed to keep part of the savings to spend either on improved quality or bonuses to employees. Hospitals whose rate exceeded the community average would have to make up their deficit from private sources. In no case could a hospital be reimbursed in excess of its own costs, or the average of comparable area hospitals. Nor could it exceed the prevailing rate of increase in payrolls, goods and services.

The net effect of this fiscal carrot-and-stick system would be to encourage economies and discourage waste. Hospitals would make fewer decisions on the basis of institutional pride and more on the basis of community need.

Were state governments to institute such legislation, they would be hamstrung unless improvements were made in the reimbursement formulas now prevailing under Medicare and Medicaid. While Medicare has effective procedures for identifying costs, the manipulation of costs under the formula is deficient. Payments to hospitals treating Medicare patients are based on estimated current costs. There are no ceilings, no incentives for efficiency, no requirement for funding depreciation.

The impact of Medicare and Medicaid on the prevailing hospital reimbursement system is pervasive. Millions of persons are receiving care under these programs every year. Unless incentive reimbursement methods are instituted in these two programs, there is little prospect that state-mandated incentive systems would be successful.

Improving Hospital Management

Hospitals, because of their origins as charitable institutions, have inherited an organizational structure that is unique and not always suited to new conditions. The modern role of the hospital, and its altered financial base, are not always accounted for in the administration and management structure.

Schools for training hospital administrators have developed to meet the new need, but much more encouragement is needed to ensure the growth of a fully professional hospital administration service.

Government could assist this development in several ways:

By licensing hospital administrators and training programs;

By starting training programs for hospital administrators and establishing standards of qualification;

By setting up a state hospital trustee advisory council to provide policy direction and advice on new needs;

By establishing a hospital research and management center.

Incentives for Better Utilization of Hospitals

At today's construction costs, the space for a hospital bed costs \$20,000. Hospital occupancy rates vary greatly with localities and among individual hospitals but the national average for occupancy has been estimated at 76 per cent. This means that, at any given time, there is a considerable number of unoccupied hospital beds.

Study after study has shown that hospitals vary widely in their efficiency. A study of twenty-two voluntary teaching hospitals in New York City in 1965 turned up daily room charges that ranged from \$50 to \$87. A similar study of forty-two voluntary community hospitals in the same city showed a range of \$34 to \$61 in the daily charge to patients. These differences show up even among comparisons of groups of hospitals that offer the same scope of services and quality of staff.

The National Advisory Commission on Health Manpower reports that huge savings could be realized if hospitals could become more efficient. The commission estimates that, if the average cost in general hospitals could be brought down by only 10 per cent, the savings would amount to almost \$1 billion a year, and by 1975 they would total \$3 billion annually.

The potential savings to be realized from improving the internal efficiency of hospitals justifies major efforts in this direction by government. However, any approaches must not impose intrusive government controls. Outside intervention that would inhibit the free exercise of the voluntary, humanitarian character of hos-

pitals would only replace one evil with another.

Considerable economies could be realized if hospital beds were properly used. An excess of beds not only leads to improper use of other medical care facilities but also increases the hospital's unit costs, since beds not in use still incur substantial "housekeeping" expense.

If, for instance, there is an excess of hospital beds in an area, and a shortage of nursing home beds, patients will be kept in \$58 a day hospital beds when they would be better served from a clinical standpoint in a nursing home bed that cost only \$15 a day, or in a home health care program that costs an average of \$8 a day.

Improved utilization of beds would save hospitals considerable expense. Medicare regulations require hospitals to establish utilization committees whose purpose is to ensure that no patient is admitted to a hospital bed, or kept in one, who shouldn't be, and that discharged patients are referred to the type of medical care facility that their condition warrants.

Although these committees are one tool for controlling hospital bed use, they are not the ultimate weapon. If beds are not available in nursing homes, or if outpatient clinics or home health services are in short supply, logjamming of patients will occur and the purposes of hospital utilization committees will be ultimately defeated. This is one very important reason why the master planning of medical care facilities is imperative for each area, and why various kinds of governmental subsidy or loan programs are needed to ensure balanced development of these facilities.

Comprehensive Health Planning

The comprehensive health planning that is to proceed under the Federal Partnership for Planning Act will provide a mechanism by which States can develop master plans for medical care facilities within a total framework of health needs. Many States have already established their state-level agency to administer funds under this act and assist regions to develop Areawide Health Planning Agencies.

Master planning of medical care facilities avoids two kinds of costly mistakes:

Duplication of facilities, which poses a double threat. Not only are highly skilled personnel and equipment not used at their place of maximum need, but they will also tend to be over-used where they are located.

Gaps in service, which also invite double waste. Patients deprived of certain medical services they need do not receive the kind of care required to make an optimum recovery; this incurs social penalties in more disability and premature deaths. Waste

also occurs when patients are forced into more expensive facilities when less expensive ones are indicated by their medical condition.

This logjamming can have a wasteful impact upon the entire range of medical care facilities. If an area is short of homes for the aged, then patients who would be better served in these facilities will be kept in more expensive nursing homes, which in turn will become overcrowded, forcing a back-up of patients in even more expensive hospitals.

Duplications and gaps in service are not easily corrected and the waste they incur goes on over time. Health care facilities require heavy investment in plants, which cannot be moved from one location to another once a mistake in locating them has been made. The community thus pays a long-term price when medical care facilities are not deployed in a balanced response to need.

In the past, community-wide approaches to the construction, use and deployment of balanced medical care facilities have been lacking. These imbalances have been due to diverse ownership and control of the various health care facilities.

Community planning for health facilities is needed to remedy matters. But it cannot occur without establishing a planning mechanism that can pull together the diverse agencies and interests in the health care field.

One means is to consider the use of state and regional hospital planning councils to review applications for new construction and to funnel recommendations to the state health commissioner. This could prove to be an important tool for rationalizing the construction of medical care facilities within the States.

Development of Health Facilities

There still will remain a need to encourage the development of needed health facilities.

In the private sector of the economy, capital is attracted to underwrite, as an investment venture, the development of enterprises for which a public demand is anticipated. But such is not the case with medical care facilities, since health care is largely a non-profit undertaking.

The non-profit hospitals and nursing homes are committed to sell their services at cost. This often leaves them without a depreciation fund or other surplus that can be used to finance needed expansions and diversifications.

With private sources of philanthropy steadily decreasing, this funding source for capitalizing expansion of medical care facilities has also proved inadequate to the burgeoning needs of the past two decades.

What remains, then, is government aid. This can take two

forms: the extending of low-cost, long-term loans; and direct grants-in-aid.

Loan programs

Long-term government loans at low interest rates have a unique advantage: they cost taxpayers nothing, except for minor costs of administration. So great was the need for capital expansion that when New York State authorized \$100 million in loans to nonprofit nursing homes in 1966, the program became oversubscribed within ten months of its inception and a second authorization of \$400 million was passed by the Legislature in 1968.

Building on this lesson of obvious need, New York State passed still another package of legislation in 1968 that offered loans for capital expansion of publicly-owned medical care facilities.

In addition, a constitutional amendment was passed for the first time that, pending a second passage and subsequent voter approval, will make private and voluntary hospitals eligible for state modernization and construction loans.

This entire health facilities package is to be financed by bond issue and will involve no increase in state or municipal debt.

Direct subsidies

In the absence of other controls over construction, direct government grants offer greater assurance than loans that priorities will be kept in building medical care facilities to spur construction of badly needed facilities at their place and time of need.

Government can also stimulate the development of needed health care facilities by underwriting the training and salaries of skilled personnel needed to operate home health agencies, nursing homes, out-patient facilities, preventive services and other forms of care that prevent the unnecessary hospitalization of patients.

All of the preceding devices employed by government, presuppose that a statewide master plan for the development and deployment of medical care facilities has been drafted. Without such a plan, not only statewide, but encompassing each region and medical market area of a State, development cannot proceed on the basis of balanced need.

Universal Health Insurance and Hospital Costs

Universal health insurance is another possible device for moderating hospital costs. Such legislation would assure that

hospitals and health insurance carriers are publicly accountable for efficient operation in the public interest. This goal would be achieved by incorporating in the legislation features that:

- require all government agencies and health insurers to pay for hospital services at state-certified rates that would include cost factors designed to encourage hospitals to reduce costs without impairing quality;

- mandate a minimum range of insurance coverage for virtually the entire population designed to meet the range of need for hospital care;

- incorporate provisions that discourage the placement of patients in hospital beds when they would be better served in other kinds of facilities or by a home health service;

- require the establishment of a uniform cost accounting and cost finding system for all hospitals, a development that would enable government to determine the average cost of various hospital services in a given locality.

One of the greatest advantages of a universal health insurance program would be its limiting effect upon publicly-financed programs of medical care. Publicly-financed medicine is needed to ensure that care is given to those unable to meet their medical expenses. However, there are sound reasons for seeing that it does not overwhelm and exterminate the existing health insurance system.

The greatest failing of publicly-paid medical care is its inability to curb its own excessive expansion. It is all too vulnerable to exploitation by political demagogues who promise ever greater benefits to more people.

Contributory health insurance, on the other hand, is most in keeping with the needs and wishes of most Americans. It has these advantages:

- beneficiaries have a direct stake in the prudent management of the system since their own premiums support it;

- it underscores self-reliance, thus enhancing individual dignity;

- it avoids the stigmas of public assistance that prevent some people from seeking medical care from government programs, even when they are eligible for it;

- it fosters the customary doctor-patient relationship; and

- it builds upon an existing and well-developed system of private and non-profit health insurance companies.

Universal contributory health insurance should be supported by employers and employees.

Some have objected that universal health insurance would add yet another burden to business. Others argue that the most fundamental of all economic lessons is: People, and people alone, are capable of creating, with their labor, and through

their consumption of labor's products and services, the continuing prosperity that underpins a nation's economic strength. To recognize this is to see also that the health of a populace is vital to the productivity of a nation.

So the essential argument is not: Shall health care be provided to everyone? It is: How shall health care for everyone be financed?

One way or another, the bill must be paid. If it is paid through the public treasury, business pays its share through taxation. If it is paid through a system of employee-employer contributions, business pays its share also.

Concluding Observations

The problem of moderating hospital costs is one of the most serious that the Nation faces today. Unless the life-saving advances of modern medicine are kept within the financial reach of citizens, the health of the Nation's people will suffer and loss will be measurable in lower productivity, increased expense of treating the ill, and ever higher outlays of public assistance due to the premature death and disability of parents.

Unless government acts now, we may expect the average hospital rate to go up to \$100 a day by 1970 and \$120 a day by 1975. This would be accompanied by an increase in the cost of health insurance premiums to prohibitive levels for many income earners. To be expected also would be much higher outlays of public funds for programs of public medical assistance.

Should these developments be permitted to take place, it is always possible that Congress and State Legislatures would take some kind of precipitous action to halt the spiral by freezing costs, and in the process freeze the quality of hospital care as well.

High costs also pose a vital threat to the continued existence of the voluntary hospital system and the accompanying danger of a governmental takeover of hospital facilities.

Although no one can predict the future, the potential dangers just cited are far from hypothetical.

New directions by government at all levels are needed now that will produce true economies in hospital care without sacrificing the improving level of quality that medical advances are making possible.

Though hospital costs are destined to outpace the upturn of the economy in the short haul, there is no reason why they should do so indefinitely. Such approaches as universal health insurance, a hospital incentive system, the overhauling of Medicare reimbursement formula, master planning of medical care facilities, construction aid and loan programs, and government sponsored research in hospital management are potential means of controlling skyrocketing hospital costs.

Supplement G

REPORT OF THE COMMITTEE ON MANPOWER
AND LABOR RELATIONS*

Introduction†

Significant developments in the past year emphasize that labor relations in the public sector are a continuing and urgent problem. Illustrative of these developments are the following events:

U. S. Supreme Court decision that ruled constitutional extension of provisions on minimum wage and overtime of the Fair Labor Standards Act to employees of public schools and hospitals. This decision may open the door for federal regulation of conditions of employment in state and local governments.

Labor dispute between the City of Memphis and its sanitation workers, with the accompanying tragedy of Dr. Martin Luther King's assassination. The basic issue in the Memphis dispute was recognition of the union, and this issue is still the second highest cause of strikes in public employment.

Peaceful negotiation of some thousands of labor agreements between federal, state and local governments and their organized employees without fanfare or work stoppage.

Strike by approximately 6,000 employees at Illinois state mental hospitals in wage dispute. Ironically, the previous year this same union, anxious to regularize relations with its state employer, was one of the few labor organizations in Illinois willing to accept a proposed bargaining bill with a no-strike clause.

Wyoming Supreme Court ruling that the Wyoming Fire Department Collective Bargaining Act is constitutional. The act provides mandatory and binding arbitration of disputes concerning wages and conditions of employment. The act was held to be constitutional both as delegating to special commissions the power to perform municipal functions of a city council and as delegating to arbitrators and judicial department the powers expressly reserved to the Wyoming Legislature by the state constitution.

Fact-finding panel recommendations in Detroit police dispute that because of the crucial importance of a fully manned police force to the welfare of Detroit residents, the city should place top priority on higher salaries and increase taxes to provide funds.

* This is the preliminary report as distributed at the annual meeting. A final report was printed subsequently, and is on file in the office of the Secretary.

† Letter of transmittal by the Chairman of the committee, Governor Hulett C. Smith of West Virginia, is appended to the report.

Goals of this Report

The above-listed events occurred since publication of the 1967 Report of the Task Force on State and Local Government Labor Relations. This is an attempt to sharpen up the findings of that report, review new developments, and summarize recommendations for legislation proposed by official state study commissions.

The Changing Scene

Joseph P. Goldberg, Special Assistant to the Commissioner of Labor Statistics, comments that:

The spread of work stoppages involving public employees, particularly in local government, has stirred a renewed interest in approaches to dealing with these situations. The prevailing legal view that public employees do not and should not have the right to strike has not changed over the years. But the approaches to the problem of handling such strikes when they occur have changed—from demanding punitive measures to advocating rightful opportunities for government employees to form labor organizations and obtain their recognition, while providing alternative approaches to strike-inducing impasses. The change in attitude is the product of slow but steady development at federal, state and local levels.

The change in attitude cited by Mr. Goldberg—the change from a demand for punitive measures to advocacy of positive, orderly programs—is amply illustrated by the establishment of formal labor relations policies for public employees in a number of jurisdictions. Because of the great differences from State to State, these policies display varied approaches, procedures and mechanisms. Experience in public sector bargaining is limited, and there has been relatively little research on existing programs. In effect, each State with comprehensive labor legislation for public employees becomes a laboratory or proving ground. With the diverse and changing circumstances in each of our fifty States, innovative approaches have been and will continue to be effected.

It would be difficult, if not impossible, to construct model legislation suitable to the needs and local conditions of each State. However, if individual States decide to adopt a collective bargaining law, there are a number of policy decisions which must be made on controversial matters. (See Section 2 of the 1967 report and the final report of this committee on file in the office of the Secretary.) In many States legislation is needed to regulate rather than initiate negotiating procedures.

New Legislation

The 1967 Task Force report pointed out that ten States had passed comprehensive laws dealing with employee relations and twenty others had laws that are less comprehensive or that apply only to selected groups of employees such as nurses, teachers or firemen. Because 1968 was an "off-year" for most State Legislatures, little legislation was enacted since publication of the report.

The Massachusetts Legislature granted state employees the right to collective bargaining, replacing a similar program established through personnel rules. Maryland approved negotiations for public school teachers.

In New Jersey a comprehensive collective bargaining bill applicable to all public employees was passed by both houses of the Legislature and now awaits signature of the Governor. If enacted, the bill would not become effective until April 1, 1969.

In 1967, Pennsylvania voters by referendum authorized binding arbitration for unresolved fire and police disputes at the municipal level, and in June, 1968, the Pennsylvania Legislature enacted the arbitration law. In Rhode Island recent amendments to the collective bargaining laws for fire fighters and policemen provide for binding arbitration, thus making Rhode Island and Pennsylvania among the first States with this provision for monetary disputes.

Study Commissions

Because of the difficulty in preparing workable legislation and the lack of public sector experience on which to base decisions some jurisdictions have used the study commission approach. These commissions have been established on the federal, state and local government level. After examination of the local situation and arrangements used in other jurisdictions and in private industry, the commissions make recommendations for new or amended legislation.

This year study commissions in Maine and New Jersey recommended enactment of collective bargaining legislation—in New Jersey for state and local government employees, in Maine for municipal employees.

Reporting to former Speaker Anthony J. Travia on the New York Taylor Law, Theodore W. Kheel suggests that "the Taylor Law does not work effectively because it purports to provide joint determination when in fact it continues the unilateral determination." Mr. Kheel proposes that public employees be allowed to strike, but that "techniques for resolving impasses similar to

those in Taft-Hartley for the resolution of emergency disputes" be utilized.

After the New York City sanitation strike, Governor Nelson Rockefeller reconvened the Taylor Committee. The committee reported that it would be premature at this time to make changes in the Taylor Act until more experience was gained.

The Governor's Commission to Revise the Public Employee Law of Pennsylvania recommended enactment of a single bargaining law to cover all public employees. For settlement of bargaining disputes, the committee proposed use of mediation and fact-finding. After issuance of the fact-finders' report, it would be legal for employees, except fire and police, to strike. No strike could begin or continue if it endangered the health, safety or welfare of the general public. Unlawful strikes would be subject to injunctions, with severe penalties for those who violated the injunction. The commission looked upon "the limited and carefully defined right to strike as a safety valve that will in fact prevent strikes."

Governor Spiro Agnew of Maryland established a task force to study the possibility of collective bargaining by state employees. A report is due December 1, 1968.

On the federal level the President's Review Committee on Federal Employee-Management Relations is studying experiences under Executive Order 10988. It seems likely that its report will have a significant influence on labor relations programs of other government jurisdictions.

In addition to the legislation recommended by study commissions appointed by Governors or Legislatures, a model Public School Employees Negotiating and Bargaining Act for teachers was prepared for discussion at the annual meeting of the Education Commission of the States. The American Federation of State, County and Municipal Employees, AFL-CIO, announced that revisions were being made in its model bargaining law.

Work Stoppages

Militancy of organized public employees continues to increase. At its biennial convention the American Nurses Association voted to terminate its official no-strike policy and leave it up to individual nurses and state associations to decide the issue.

A fact-finding commission of the International Association of Fire Fighters recommended that the union modify its constitutional no-strike provision. Up for action at the IAFF convention in August is the following constitutional revision proposed by the commission:

The International Association of Fire Fighters is a law-abiding organization. Because of the public character of the work

of its members and the protection of the lives and property of citizens and communities in case of fire and other hazard, no subordinate union or its members shall withhold fire protection services where collective bargaining, conciliation, mediation, fact-finding recommendations or voluntary binding conciliation or arbitration is available for resolution of disputes involving grievances, wages, hours or conditions of work. Where such procedures for resolving disputes are not available the subordinate union shall not withhold fire protection service but shall refer the matter to the International President and the International Executive Board for such further handling as may be available or necessary to secure an acceptable settlement of the dispute.

Although to date all U. S. legislation prohibits strikes by public employees, a few proposals (other than by employee groups) have been advanced that some government work stoppages might be permitted. Two proposals, previously cited, were those of Theodore Kheel and the Pennsylvania commission. Other proposals were made by scholars in the field. These suggestions for legalization of public employee strikes contain limitations depending on the nature of the work done by employees. While it appears unlikely that the proposals will be adopted formally in the near future, the fact that persons other than union officials advance them for consideration indicates a significant change in the thinking of some persons on this subject.

A Recurrent Problem

Although the fluid state of government labor relations programs makes it difficult to single out the most important problem, a brief review of the field does bring to light a problem cited again and again by both public administrators and labor officials. The problem, common to jurisdictions across the country, is the need for trained and experienced government negotiators.

The New York Taylor Committee recommended that governments and employee groups establish training programs. "These might be conducted by the various organizations, possibly with the cooperation and assistance of schools of public administration and labor relations throughout the State. We also recommend that the educational institutions preparing persons for careers in public administration intensify their programs in public employee relations and collective negotiations."

Constraints in a Government Setting

An examination of events in the past few years reveals certain differences in collective bargaining between the public and private

setting. Under present organizational structures of government there are several factors which confine the public service bargaining process. Among these are fiscal arrangements, methods of funding, diffusion of decision-making responsibility, civil service regulations, political pressures, countervailing power of parties in a dispute, and prohibition of strikes. Constraints imposed by these factors produce differences in public and private sector bargaining.

To deal with these constraints and to accommodate bargaining to the public sector, it may be necessary for some jurisdictions to refashion their organizational structures. For example, the Parliament of Canada instituted a full-scale collective bargaining program for federal employees. To make the program effective, new legislation redistributed the responsibilities of certain federal agencies. Formerly conditions of employment were determined by the Civil Service Commission, Treasury Board or department heads under the authority of various statutes. Major personnel management functions, including classification and pay, were performed by the Civil Service Commission.

Now pay and conditions of work are determined jointly by the Treasury Board and certified employee organizations. Because of its new role as spokesman for management in negotiations, the Treasury Board is established as the central source of managerial authority in the Public Service. Authority of the Public Service Commission, formerly the Civil Service Commission, is considerably reduced and many of its previous duties given to the Treasury Board. Today the Commission serves primarily in the areas of staffing and training. These changes represent a radical departure from the traditional Canadian arrangement.

The Broader Scene

Viewing the events and developments since publication of the 1967 report, the Task Force's view remains unchanged--it is in the public interest to have a clear policy statement regarding the rights and responsibilities of public employers and public employees and their organizations. The public employee is an increasingly important segment of the total work force, and public employee labor relations is an increasingly important part of government operations.

Strikes and Impasse Procedures

The strike and its alternatives for the resolution of impasses continue to be dominant topics in discussions about labor-management relations in government. Although there has been no change in the legal prohibitions against the public employee strike in the

United States, strikes continue to occur. Some academicians, mediators and public employee organizations now assert that collective bargaining is ineffective if the strike right is prohibited because the prospect of a strike moves the parties to agreement. Proponents of the conventional view do not accept this thesis but stress the need for resolving disputes through procedures compatible with the government process.

Increasing emphasis is placed on procedures and machinery to deal effectively with underlying causes of disputes rather than on punitive measures, and different procedures are being developed in the various political jurisdictions. It is probable that some work stoppages will occur whatever impasse procedures are adopted.

Professional Employees

The interest of professional employees in collective bargaining has not signified a decline in their professional concerns. These organized professional groups seek to create a new amalgam of the two sets of interests. In general, professional employees seek a wider scope of bargaining and a greater consultative role than nonprofessional groups.

A special problem is that of supervisors. At what point in the management hierarchy should a separation be made between the persons included in the bargaining unit and those excluded? Historically the professional has regarded himself as a member of a community of equal colleagues differing only in degrees of experience and prestige, not in terms of command and obey. Excluded supervisors in some areas may wish to form separate organizations for bargaining in their own interests. The administrative agencies in States with public employee bargaining laws have had to make difficult decisions on these matters and have often pursued divergent policies.

Management Decision-Making Responsibility

In the private sector the decision-making responsibility for management is ordinarily vested in the chief officers of a corporation and in their specifically designated representatives. In the public sector it is difficult to fix the decision-making authority. The division of power between the executive, legislative and judicial branches of government, the derivation of funds from other levels of government with attendant restrictions on use of those funds, and political considerations create confusion as to who has the responsibility for reaching an agreement. These factors must be carefully assessed in determining public policy. It might be

helpful if agencies were required to formally designate officials with requisite authority to make agreements. These designations would vary among agencies and also over a period of time.

Scope of Bargaining

The scope of bargaining in public employment should include wages, hours and conditions of employment limited by a management rights clause which permits bargaining over the practical impact of management decisions. The establishment of collective bargaining should not preclude discussions and consultation with employee organizations or other employees on matters not covered by the scope of bargaining.

Disputes over the scope of bargaining should be determined by administrative agencies, courts and arbitration on a case-by-case basis guided by statutory, contractual and other relevant standards.

Relationship Between Collective Bargaining and Fiscal Arrangements of Governments

A full assessment of the impact of collective bargaining on the fiscal arrangements of governments will probably not be made for some time as the experience is a new one in many jurisdictions. However, some effects are already discernable. If it is public policy to recognize employee organizations, then budgetary laws and fiscal arrangements may have to be modified.

Collective bargaining itself usually adds some costs to the budget when staff is employed to negotiate, handle grievances, etc. But public management should keep in mind that failure to employ a competent staff may be even more expensive if this failure produces less satisfactory labor agreements and less stable employee relations.

Preparation of Legislation

"The public employee has the right to organize and bargain collectively, or to refrain therefrom." In essence, this statement is found in reports of all the study commissions appointed by Governors and Legislatures. The commissions recommend that legislation establish this right as public policy.

APPENDIX

Letter of Transmittal

Because of the growing importance of labor relations in the public sector, the National Governors' Conference decided to continue its study of the subject as part of the work of the overall Committee on Manpower and Labor Relations. To facilitate the committee's work, we requested and received a small grant from the Carnegie Corporation of New York.

The results of last year's study were published under the title Report of Task Force on State and Local Government Labor Relations. Because of the comprehensiveness of that report, it was decided not to repeat material presented in it. Rather, this supplementary report underscores developments already reported and extends consideration to a number of emerging developments. It emphasizes the urgent policy problems now confronting the political leadership of state and local governments. If a State decides to establish a labor relations program for public employees, decisions must be made on a number of issues.

This interim report contains a brief introduction and highlights of the expanded report of the advisory committee which will be published later this year. The final report will examine these specific issues: strikes and impasse procedures; professional employees and collective bargaining; management decision-making responsibility; scope of bargaining; and relationships between collective bargaining and fiscal arrangements of governments. One section will cover considerations in the preparation of legislation—considerations drawn from recommendations of official study commissions appointed by State Legislatures and Governors.

We are fortunate in having had the assistance of the advisory group that prepared last year's task force report, with the addition of a representative from Governor Warren P. Knowles' office.

I wish to thank the advisory committee members who were: Arvid Anderson, Chairman of the New York City Office of Collective Bargaining and formerly Commissioner of the Wisconsin Employment Relations Board; Milton Derber, Professor of Labor and Industrial Relations, University of Illinois, and Vice-Chairman and Project Director of Illinois Governor's Advisory Commission on Labor-Management Policy for Public Employees, 1967; Carl R. Geisler, Special Assistant to Governor Warren P. Knowles of Wisconsin; W. D. Heisel, Director of Institute of Governmental Research, University of Cincinnati; Martin Wagner, Professor of Labor and Industrial Relations,

University of Illinois, and Chairman, Illinois Governor's Advisory Commission on Labor-Management Policy for Public Employees, 1967; Frank P. Zeidler, consultant on municipal administration, labor umpire of Milwaukee County, former mayor of Milwaukee, and former director of Milwaukee Public Schools.

I also wish to acknowledge the assistance of several staff members of the Public Personnel Association:

Mary L. Hennessy, Study Coordinator; Keith Ocheltree; Richard Salik; Carmen D. Saso; and Kenneth O. Warner.

Respectfully submitted,
Governor Hulett C. Smith, West Virginia, Chairman,
Committee on Manpower and Labor Relations

Supplement H

REPORT OF THE COMMITTEE ON REGIONAL AND INTERSTATE COOPERATION

Review of Interstate Compacts Recommended for Adoption by All States

Introduction

A major device to achieve cooperation among States in the fulfillment of common aims is the interstate compact. Its history is a long one—antedating the Constitution of the United States by more than one hundred years. Until the last fifty years, however, virtually all compacts were agreements between just two States, and most were concerned with political boundaries.

More recently, as the need for cooperation among States in many fields has increased, there has been evinced an increasing interest in interstate compacts. In the past decade, more compacts have been developed than in the first 150 years following the formation of the Union. The number of multi-state agreements has grown rapidly. Increasingly, compacts are entered into or are open to joinder by all the States of a region or by all States. At the same time, more and more functional areas are being served by compacts. Finally, the activities undertaken run the gamut of study and recommendation, planning, regulation and operation of interstate agencies.

Interstate compacts open to joinder by all States, and ratified by at least two-thirds of the States in each instance include the Interstate Compact for Supervision of Parolees and Probationers (adopted by fifty States, the Commonwealth of Puerto Rico and the Virgin Islands); the Interstate Compact on Mental Health (thirty-five States); the Vehicle Equipment Safety Compact (forty-four States and the District of Columbia); the Interstate Compact on Juveniles (forty-seven States); the Civil Defense and Disaster Compact (forty-nine States, the District of Columbia, Guam, the Commonwealth of Puerto Rico and the Virgin Islands); and the Compact for Education (thirty-nine States, the Commonwealth of Puerto Rico and the Virgin Islands).

Except for the Motor Vehicle Safety Compact and the Compact for Education, these agreements have been available for adoption for some years. Their widespread acceptance is sufficient recommendation. Other compacts, in the main not open to joinder for such a period of time, have not been so widely adopted. They are described in the following report.

Agriculture

Agriculture, one of the steadily dwindling voices in American affairs, remains one of its most vital. So long as the citizens at large appreciate agriculture's contributions to society, the American farm should continue to be the most abundant producer of food and fiber that the world has ever known.

If, on the other hand, agriculture is taken for granted to the point where unreasonable restraints and regulations are imposed on it, this Nation ultimately may be forced to look abroad for its supply of fiber and foodstuffs.

There are indicators that such an event could come to pass. One of the changes has come with the reapportionment of State Legislatures.

While the urban oriented point of view is vital to the effective drafting of new laws in a populous society, it would be disastrous to the society if the rural viewpoint is overlooked.

Up to the present, the American farmer has benefitted from private and institutional research and a sympathetic government, as he developed great efficiency in production. He became so efficient that a mere 5.5 per cent of our population, living today on the farm, produces the abundant supplies of the Nation, and also provides for reserves and exports to less fortunate nations.

Thirty-five per cent fewer people, harvesting 11 per cent fewer acres, are producing 20 per cent more food than ten years ago. Productivity per man hour has doubled, and productivity per acre has increased some 76 per cent during the decade.

Nevertheless, the American farmer has been less fortunate than the average wage earner. The U. S. Department of Agriculture reports that a farmer's average income in 1967 was \$1,692, while the average for non-farm Americans was \$2,796. Furthermore, compared with twenty years ago, retail food prices to the housewife are up 25.4 per cent, while prices to farmers are still about what they were. During the same period, farmers were forced to pay some 30 per cent more for the goods and services required in his production.

Thus, rather than sharing in the economic development of the country, the agricultural industry is in a cost-price squeeze which not only is now worse than previously, but which, in fact, is continuing to worsen at an accelerating rate.

The federal government necessarily must decide on the extent and nature of trade agreements with other nations. States would be well served, however, by consultation among themselves and with federal authorities to assure that the impact of world trade on their interests is as nondetrimental as possible.

A major step in the right direction has been the recent appointment by the U. S. Department of Agriculture of liaison personnel to

work with individual States in regard to their problems in world commerce.

The United States itself is a great market in which the agricultural products of all our States can be sold for the mutual benefit of producers and consumers. The capability of interstate movement of commodities in this Nation is the envy of others throughout the world and should not be restricted by trade barriers, unless it is unquestionably necessitated by public health considerations.

A mechanization revolution is under way among the more delicate crops which traditionally have required human hand labor. Economic pressures and desire for more quality controls have driven the farmer to turn to the machine for greater assistance.

Even so, hand labor, both year-round and seasonal, remains a vital factor in agriculture. To make certain labor is available when needed and to make certain that the laborers have a living income year-round, better coordination is needed among state employment service offices. Working regionally, these offices could perhaps identify and recruit an available and effective domestic labor pool which could be scheduled from State to State, and from crop to crop, as the need for field help arises.

If such cooperative recruiting efforts, in combination with developments in mechanized harvesting, prove insufficient, consideration should then be given to asking the federal government to relax restrictions on the importation of foreign labor.

There are increasing objections to the use of pesticides, even for agricultural purposes. While sometimes poorly founded, they must be deliberated, and they demand an intelligent response from the industry.

This response must be at least fourfold: by tightening of controls to assure that the more deadly pesticides are available only to those who know how to use them safely and wisely; by making surveillance of ports of entry even more intense in the interest of reducing the chances for introduction of new menaces which would compel an increase in pesticide usage; by implementing new means of preventing air and water pollution from pesticide application; and by keeping the public better informed as to the great pains already being exerted on behalf of the general welfare.

Since agricultural pests and diseases honor no state boundaries, there is no area of public responsibility in which there is greater need for interstate cooperation than in control and eradication programs.

While it is a principle objective of the States to protect the consuming public from unwholesome products and to assure consistent levels of quality, there has been a deplorable distortion regarding adequacy of such protection already existing.

Particularly under fire during 1967 was the meat inspection

program of each of the States. Great public pressures were mounted against Congressmen, following adverse publicity, and the Wholesale Meat Act of 1967 was enacted.

Subsequent to passage of the act, it was revealed that much of the "scare" talk was unfounded propaganda, apparently intended to assist in the seizure of States' responsibilities by the federal authority.

There is a great need, then, for a setting straight of the record, for a restoring of public confidence in the States' intent and ability to protect the consumer. This is all the more necessary since any interstate cooperative efforts to prevent additional outrages in this area would be more to the benefit of the public itself than to the benefit of the state agencies involved.

Today's agricultural production is the direct result of yesterday's investment in research and planning. Therefore, it can be safely assumed that the capacity of American agriculture to handle tomorrow's demands will be directly related to our willingness and ability, today, to use intelligent foresight. Our continued population growth and concentration place tremendous pressure on the use of our limited land resources for non-farm purposes—for urban development, transportation, parks, recreation, and other uses. Similar pressures are seen in tomorrow's competitive uses of fresh water, also a finite resource. If nothing else, these challenges should stimulate our research into the capability of the oceans to provide an increasing share of our future food requirements. These are indeed problems to test the capacity of our best brains, state and federal, public and private. The States have a vital stake in the outcome; they must be active partners in initiating and assuming much responsibility for long-range studies in this area.

Recommendations

It is recommended that:

1. States work together to formulate educational programs for Legislatures, to alert them to the needs of agriculture, particularly in those programs which, by their nature, compel interstate cooperation—for example, programs of pest and disease control and eradication.
2. A system of communication and consultation should be established, not only between States and the federal government, but among the States in regard to world trade, to assure maximum gains and minimum losses for any of the States in export and import activities.
3. Through cooperative agreement and mutual understanding, States should continue to assure the free and unrestricted movement of agricultural products meeting established and recognized standards.
4. Through their employment services, States identify their

needs for seasonal agricultural workers and their source of labor, and cooperate regionally to get the laborer to the crop at the right time, so as to insure increased employment and increased production. That, once this has been done, federal restrictions on foreign and off-shore labor be relaxed if there is still a shortage of seasonal workers. That greater consideration be given, in decisions involving use of foreign and off-shore labor, to the recommendations of the Governor and agricultural commissioner of each State.

5. Once an insect or disease has entered the United States, fast and effective eradication programs be inaugurated before they spread over wide areas and become more difficult and costly to eradicate. Problems involved in the spread of insects and disease lend themselves to regional and interstate cooperation between States as well as federal-state cooperation. The Interstate Pest-Control Compact offers States one specific desirable avenue of cooperation.

6. Matching fund policies of the federal government be re-examined on disease and insect eradication programs where initial eradication will preclude widespread damage in the United States.

7. USDA and FDA be adequately staffed to handle and process applications for approval of new products and renewal of products withdrawn from the market by the pesticide industry.

8. States work together regionally and with the federal government to develop new ideas and new procedures in the field of consumer protection. Wider and more effective use of such organizations as the National Association of State Departments of Agriculture and others offer excellent opportunity to cooperation in this area.

9. The States strongly urge federal agencies to exercise extreme care in order to avoid the use of false testimony or evidence to secure the passage of new legislation.

10. Federal and state agricultural research and development be accelerated and directed toward known and foreseeable problems. That States cooperate regionally on identifying research problems and on conducting research. Private and institutional research should also be encouraged. This endeavor will probably have a greater effect than any other factor on the ability of this Nation to produce adequate food and fiber for future population.

Air Pollution Control

Most Americans take for granted an abundant supply of clean, fresh air. As our Nation has grown, however, the quality of our precious air supply has deteriorated, bringing unpleasant and unsightly smog, damage to health and property, and even death.

Although there are effective state and local programs being

developed in the United States, the prospect for the future is continued deterioration and more frequent hazards, unless more effective control measures are taken.

Despite attractive inducements offered by the Federal Clean Air Act of 1963, very little effective interstate action was precipitated in the early years following the passage of the act.

The Federal Air Quality Act of 1967 is having and will have a substantial effect on both state and interstate efforts to control air pollution. Congress did not agree with initial proposals to authorize federally established air pollution standards for "national" industries; instead, the final act reaffirmed the primary responsibility of the States to control air pollution. States must take aggressive sustained action to fulfill this role.

The act, however, requires the National Center for Air Pollution Control to develop air quality criteria indicating relationship between pollutants and their adverse effects on health. As criteria for pollutants are published, information will be provided on control technology applicable to sources of those pollutants. It is expected that work will be completed on two important types of pollutants, sulfur oxides and particulate matter, by the end of federal fiscal year 1969.

Publication of air quality criteria and control technology data for any pollutant will be the signal for States to begin developing air quality standards and plans for implementation of enforcement of the standards in air quality control regions.

New authority conferred upon the Secretary of Health, Education, and Welfare to designate "air pollution regions" is a significant development in the basic principles of air pollution control. Modern waste management concepts call for utilizing the problem-shed approach. It should be noted that not all of the potential air pollution regions to be designated by the Secretary of Health, Education, and Welfare will be interstate in character. In fact, preliminary information available indicates that more than one-half of the regions will be wholly intrastate areas. Development of these regional programs, particularly those which are interstate, obviously will require a higher degree of federal-state cooperation than has been in evidence to date. State air pollution control agencies should take the initiative in furnishing information to the federal agency which will provide guidance in establishing air pollution regions.

The legislative mandates for establishment of regions, coupled with the regulatory and enforcement provisions of the 1967 act, provide a new national policy framework for interstate cooperation on control of air pollution.

The National Center for Air Pollution Control has encouraged the formation of air pollution control compacts between States where an air quality control region includes parts of two or more

States. Although there is an obvious need for compacts or some form of agreement to solve interstate problems, none of the three interstate air pollution compacts presented to Congress during the past session were ratified. The congressional hearings on these compacts revealed both deficiencies and conflicts with the policies enunciated in the 1967 act. Further, questions were raised as to the need for interstate compacts, because of availability of other more expeditious and effective means of handling these problems.

The Conference of State Sanitary Engineers has undertaken the development of guidelines for agreements for use by the States in interstate regional air pollution control activity development.

The provisions of the Air Quality Act covering regions was intended to eliminate, not perpetuate, situations in which one State's efforts to control air pollution can be negated by a neighboring State's failure to take equivalent action.

Interstate compacts or agreements are potentially effective means of providing for such cooperation among States. A good compact will enhance the member States' ability to perform the functions they will be expected to perform under the Air Quality Act.

A good compact or agreement must conform to certain principles.

1. The area of jurisdiction should include only those parts of the member States' territory that contribute to, and are effected by, a common air pollution problem.

2. Participating States should include only States that have territory in the compact agency's area of jurisdiction. The Air Quality Act of 1967 contains a provision suggesting that state participation in compacts for an air quality control region be limited to States which are included, at least in part, in the region.

3. There should be federal representation, but not voting membership, on the compact agency to facilitate coordination of federal and state activities.

4. Air pollution should be defined in such a way as to permit action to be taken to prevent and control pollution "problems" without proving that there has actually been injury to health or welfare.

Another serious question facing urbanized States is the disposal of solid waste, and since so much of this is attempted by burning, the task is inextricably associated with air pollution control.

At present there are two accepted methods of solid waste disposal, proper incineration and the properly operated sanitary landfill. For organic waste, composting is a possible third means of disposal.

In the heavily populated areas, landfill areas have been largely exhausted, and the problem of haulage of waste to satisfactory sites is constant because even the most effective incinerator reduces combustible refuse to approximately twenty per cent of the

weight of the trash brought in for burning. This residue, although it is inert and innocuous, must be disposed of, and failure to do this correctly has resulted in a plethora of open dumps throughout the Nation, good only for the propagation of vermin, smoke, dust, nauseous fumes, and invisible poisons.

Other solid waste problems facing our cities include: the disposal of combustible debris from the demolition of structures razed to make space for urban renewal; the disposal of debris in the clearing of land for the construction of interstate highways; and the disposal of perennial agriculture wastes and those from the clearing of land for new fields. It is virtually impossible to cover in a proper sanitary landfill accumulated beams, joists, rafters, and other structural members, and no municipal or regional incinerators have combustion chambers of sufficient volume to handle this type of debris. Because chopping or cutting this waste to fit conventional incinerators has not been found practicable, open burning is the most commonly employed method of disposal.

Composting, the mixing and processing of organic wastes to produce fertilizer, has none of the problems of smoke, fumes, and residue inherent in the use of incinerators. However, successful operation of such facilities has been only theoretical up to this time.

Recommendations

It is recommended that:

1. Working individually and together, the States act to reduce air pollution. The States should cooperate to obtain and exchange basic data, to evaluate and improve techniques and to set meaningful standards of cleanliness.

2. Where an air quality control region designated by the Department of Health, Education, and Welfare under the Air Quality Act of 1967 includes parts of two or more States, those States take the necessary steps to insure a high degree of coordination in the development of air quality standards and plans for implementation and enforcement of the standards, and that wherever interstate compacts or agreements are developed between States sharing regions, the compact or agreement provide area jurisdiction over only those parts of the member States' territory that contribute to or are affected by a common air pollution problem. Participating States should be confined to only those having territory in the jurisdictional area.

3. State governments, which basically have the principal responsibility for development of air quality standards and plans for implementation and enforcement of the standards in all air quality control regions, give local agencies and local officials

the fullest possible opportunity to participate in this work.

4. State governments in those areas which are not included in air quality control regions, continue to assume a high degree of responsibility for the prevention and control of community air pollution problems, and, in this connection, they must continue to encourage and support the efforts of local air pollution control programs.

5. Since States are responsible, under the Air Quality Act, for holding public hearings as part of the process of developing air quality standards and plans for implementation and enforcement of the standards, each time a State holds such hearings, all who are concerned with air pollution in the areas or regions involved be given the fullest possible opportunity to express their views.

6. Because of the necessity for continued federal support of air pollution control activities, state officials take every possible opportunity to advise the Congress of the urgency of appropriating sufficient funds for a comprehensive federal program of research and development on all aspects of air pollution and for technical and financial assistance to state and local air pollution control programs.

7. Since the volume of solid wastes is ever increasing and the disposal of such wastes contributes very measurably to air pollution, States insist that methods of disposal and facilities used result in a minimum of air pollution. Research efforts to find better methods of solid waste disposal must be accelerated.

Forest Resources

America, with its dramatically growing need for wood as a raw material for an industry that is rapidly expanding to meet the needs of an affluent society, still has not reached its potential to supply this need. As America's population climbs to the predicted 325 million by the year 2000, products from the forests will need to be greatly increased.

Through expanded private and government services to landowners, this potential to produce the forest products can come closer to reality.

Private commercial forest lands comprise 72 per cent of the total forest lands in the United States and 75 per cent of the annual timber cut. Small forest landowners own about 60 per cent of the commercial forest area of private ownership. Acreage in private forest land ownership involves more than 478 million acres.

It should be noted that each year private commercial forest lands are shrinking due to the rapid growth of cities, new roads and highways, airports, water reservoirs, parks, military reservations and rights-of-way for utilities. These changing conditions.

are all symbolic of a growing and affluent society, but they demand that we use more efficiently our land and natural resources.

Since the great majority of the Nation's private forest landowners have relatively small holdings, they do not have sufficient forest acreage to make the growing of timber their primary source of income. Hence, they are slow to make long-term investments from other earnings unless properly encouraged and advised. The majority of forest landowners do not have any well-thought-out forest management plan for planting, growing, harvesting and marketing forest products and should be encouraged to use good business principles by state forest agencies.

The Nation's forests, rather than producing less than 50 per cent of their potential, can be made to supply future needs with better management, increased tree growth and adequate forest protection from fire, insects and disease.

A joint cooperative federal-state program which has been of great value is being provided by the federal government under Section 2 of the Clarke-McNary Act. It provides for forest protection. This program has been highly beneficial to all segments of our society. An efficient forest protection program is needed in every State. It is important to the control of soil and water erosion, water and air pollution, game and fish, recreation, beautification, and tourism, as well as to insure a supply of timber for the ever increasing demand for wood.

In 1967, 466,886,000 acres of state and private forest lands were under protection in the United States; however, more than thirty-two million acres within fifteen States were still without organized forest protection.

Under Section 2 of the Clarke-McNary Act, the federal government has authorized funding up to \$20 million annually, which would be matched by state funds to strengthen basic state capabilities. Present federal funds under this program net \$14,311,000 which represents only 15 per cent of the total funds being expended under the forest protection program in the United States.

All forestry programs are dependent upon the States implementing an adequate basic state fire plan. All States are urged to review their needs for a basic state fire plan so that the forest resources throughout the Nation can meet the needs of a growing Nation.

Federal matching funds should be increased to the authorization provided to assist States in meeting this basic requirement for the preservation and expansion of the forest resources. This is a basic in meeting the normal forest protection requirements that will lessen the number of disaster fires which occur in many areas of the Nation.

The States are encouraged to cooperate in interstate forest fire training that will further strengthen forest protection capabilities and mutual cooperation and assistance during emergency conditions.

Such cooperative training activities have been initiated to good effect by the States which are members of the four existing interstate forest fire protection compacts.

There is an urgent need for forest surveys to be made at more frequent intervals by the U. S. Forest Service. The forest industry must be kept apprised of the forest inventory to intelligently provide markets and products for their customers. More frequent surveys are also needed so that state and private forest agencies may adopt and put into effect programs needed to provide the forest resources for the future. This is especially true since the frequency of existing surveys bears little relevance to such basic economic considerations as growth rates and cutting practices, which vary from region to region.

There is a more urgent need today than ever before to encourage maximum multiple use of our forest resources. This includes federal, state and private forest areas. Forests are basic to recreation areas, parks, hunting and fishing preservations, prevention of soil erosion and water and air pollution. Many agreements, leases, use permits and other arrangements have been made and are being made toward this total forest resource need. They should be further encouraged between federal, state and private groups.

Many problems continue on which research studies should be directed in matters that affect or pertain to forest resources. These projects should be encouraged through our colleges, experiment stations and others who are prepared to undertake and make the studies.

The present Pest Control Compact should be expended to include regional training sessions so that knowledge can be exchanged between States, and so there can also be more effective control against the spread of pests and insects occurring across state lines.

A problem that is always with us is finding an adequate and equitable tax program for forest lands. Local governments are in dire need of revenue to meet their obligations to education and the general well-being of their citizens.

Under the free enterprise system and with the majority of forest land in private ownership, the landowner must be given the opportunity to plan for a reasonable profit from his investment. Unless this is provided, there is little incentive for better forest management and protection, particularly from the small private forest landowner due to the long-term investment necessary to grow a timber crop. We, therefore, believe that it is in the public interest that taxation of forest lands be based upon the use which is made of that land and the value of the products harvested therefrom. This is sorely needed for a healthy and prosperous development of any area.

A balanced ownership pattern that will permit small landown-

ers to own and manage lands is vital to every community. The future of the Nation under our form of government depends upon our people being permitted to own and develop our natural resources in a free society. Taxes, therefore, must not reach a level which would destroy incentive of owners, either large or small, to develop their forest holdings to the greatest possible extent for maximum wood protection and other uses to meet the needs of our people.

Recommendations

It is recommended that:

1. The States, both separately and regionally, and on a continuing basis, prepare and adopt sound policies, long-range and annual actions plans, and implement programs for the full and wise use, protection, development and management of their renewable forest resources. Toward this end, they should continue to develop and enter into imaginative and broad-based agreements for fostering their resources, along the lines already charted in the four regional Forest Fire Protection Compacts, the Pest Control Compact, the numerous basin water pollution control compacts, the New England Interstate Planning Compact and others.

2. That federal funds for cooperative forest fire prevention under the CM-2 program be increased to the matching authorization of \$20 million to aid the States in developing a basic forest fire prevention program—an increase of \$5.7 million.

3. The Federal Forest Survey program be accelerated. The needs of industry are rapidly changing as industry expands, and up-to-date cut and growth data are vitally needed.

4. That an annual insects and disease survey be made and interstate training and technical assistance programs be promoted by States having similar problems and conditions.

5. State and federal governments assure an adequate forestry program through technical assistance, cost sharing, a system of equitable taxation based on the productivity of the forests and equitable freight rates for forest products.

6. The States take an active role in expanding forest research programs in protection, management, utilization, marking and genetics.

Law Enforcement and Corrections

Crime is a local problem with national implications. Each State must do its part if the rise of criminal conduct is to be stopped, but more important, States must work together to accomplish this goal.

This country is now undergoing a reassessment of its past efforts in crime control, recognizing that our success, if any, has been

slight. Our past record requires us to look forward, to seek new tools, to develop new programs to combat crime. What further cooperative efforts can be made by the States in law enforcement and corrections should be a major part of this reassessment.

In the past, States have cooperated both through the use of formalized compacts and agreements and through ad hoc informal arrangements. Several of the former have been implemented for interstate crime control among which are the Interstate Compact for the Supervision of Parolees and Probationers, the Interstate Compact of Juveniles and the Agreement on Detainers. Although most of these cooperative ventures have been adopted by a substantial number of States, our goal should be total acceptance.

Most interstate cooperation between law enforcement agencies is now on an informal basis. Agencies in a few States cooperate with regard to laboratory facilities, communication and records, information, etc. More needs to be done in this area.

Law enforcement agencies currently are harassed by two major problems, the ever-increasing demand by the public for expanded services and the shortage of qualified personnel to provide these services. Increased utilization of computerized interstate information systems will alleviate this harassment. The feasibility of such systems has been already demonstrated in the National Crime Information Center and the National Law Enforcement Teletype System.

For example, one of the crucial needs in law enforcement is better-trained personnel. Mandatory pre-service and periodic in-service training for all law enforcement personnel is on the horizon. Many States do not have the resources to establish and maintain permanent law enforcement training centers with the necessary instructional staff, and many States do not have enough law enforcement officials to utilize such a center on a full-time basis. These States should develop regional training centers.

It is also necessary to recruit better educated individuals into law enforcement work. This of course requires salary increases, personnel policy changes, and better working conditions. It also requires cooperation between the States to make law enforcement work in general more attractive. One hurdle in this area is the lack of a nationwide vested retirement plan. The absence of such a plan restricts lateral movement of officers from State to State, decreases the opportunities for advancement, and thus makes law enforcement work less attractive.

Recruitment also would be facilitated if the States would establish a national registrar of law enforcement employment opportunities and a similar registrar for those individuals seeking to enter law enforcement. Cooperative efforts to increase the "image" of law enforcement would be beneficial.

As we come to accept the differing motivations behind different forms of criminal behavior and the different methods required to

combat them, interstate cooperation in the area of criminal corrections probably will become an economic necessity in many geographic areas. The ground work, if not the implementation, of interstate cooperation has already been accomplished. Multiple use of institutions exists today. Corrections compacts between States have been implemented in the West and New England and attempted in the South. These compacts provide for the multi-state use of correctional institutions. An amendment to the Interstate Compact for the Supervision of Parolees and Probationers providing for the out-of-state incarceration of prisoners has been adopted in a few States.

These beginnings provide the basis for the development of regional correctional institutions on a larger scale. As our treatment of alcoholics, drug addicts, sex offenders, and the criminally insane becomes more sophisticated, new specialized institutions will be required. Economics dictate that these be built on a regional basis.

The major advance in criminal corrections in the past few years has been the recognition that the penal institution is not the final solution. Community-based programs such as work-release are becoming increasingly important. If these programs are to be successful the offender must be treated in the community to which he will return on final release. To effectuate such a program, cooperation among the States in the use of facilities and personnel is vital.

In response to the President's commission's recommendations, many States have established state planning commissions or agencies to provide comprehensive planning in the area of law enforcement and corrections. Much has been done in the area, much is being done, much remains to be done. Several States have completed or are working on criminal code revisions. Experimental programs in law enforcement and corrections are being implemented in some States. Old programs and concepts are being reevaluated. To most usefully employ the resources available, information on these various studies should be available to all States. In this way repetition of similar studies and duplication of mistakes can be avoided.

Finally it must be recognized that to have meaningful cooperation among the States, the participants must strive toward some uniform approach and philosophy of crime control. While retaining specific programs to meet peculiar local problems, the States should seek to exhibit a united front against crime. And probably most important of all, we must recognize that the success and sophistication of our interstate programs will never rise above the level of our intrastate efforts.

Recommendations

It is recommended that:

1. Each State reexamine its own position toward the existing interstate agreements with the thought of total implementation of these programs.

2. All States become participants in presently existing computerized national law enforcement information systems and that each State assess the desirability of creating such systems on a regional basis.

3. Where needed, States develop regional law enforcement training centers.

4. The States establish a National Registrar of Law Enforcement Job Opportunities and Applicants.

5. All States seek ways to cooperate in the use of existing correctional institutions and that before new facilities are constructed the regional problems and potential needs be considered.

6. There be established a National Conference of State Criminal Planning Commissions to meet annually to discuss mutual problems and programs.

7. A clearing house be established whereby all research, draft legislation, studies and other information developed by State Criminal Planning Commissions could be automatically circulated to other participating States.

Mineral Resources

In attempting to construct rational policies for the prudent management of their mineral resources, many States are confronted with unusually complicated problems. Complexity exists because the strands of policy principles to be applied are so many, and so tightly and intricately woven in the fabric of their social and economic life. Further, it is often extremely difficult to assign priorities to these principles in order to design a rational ordering of policy tasks.

To speak of the complex character of the challenge is not to suggest that States neglect the principles or abdicate their responsibility to meet it in a manner that will satisfactorily meet the needs of all the people of this generation and of the future. Still, it serves to underline the necessity that States give and receive maximum cooperation and assistance in dealing with other States, units of local government, the federal government, land owners, and owners of extractive operations, in seeking solutions.

The character and intensity of the problems vary among States for many reasons. Some States need only to assure the orderly, conservative extraction of their mineral wealth. For others, sound decision-making is uniquely challenging because their mineral resource management must be placed in a broader policy context than comparatively simple raw materials production and conservation policy. They must deal with a wide range of factors and circumstances.

Instead of making new technologies possible, as once was their role, some extractive industries are becoming increasingly dependent upon technology to develop new markets and sustain existing ones in an economy in which radical and continuous change is the essential quality. Confronted with competition from new energy sources and materials, minerals industries must provide support, or secure the benefits of support in other quarters, for basic and applied scientific and technological research.

Minerals industries are experiencing production cost increases which are not matched in output and production trends.

Although manpower requirements for production are generally declining, the manpower situation is one of shortage, not of surplus. Younger employees are no longer attracted and held as they once were, and it is likely that productivity increases will not keep pace with the decline in labor supply.

New cost factors are introduced as States respond to public demands that damaging industry production practices, resulting in air and water pollution, mine gob piles and strip mine orphan banks, be halted and that areas devastated in the past be reclaimed and rehabilitated. The impact of this factor can be expected to increase since the several varieties of surface mining, the operations having the greatest potential for environmental destruction, will account for an increasing amount of future production as other methods of extraction decline in economic feasibility.

Relatively new, nationwide concern about large pockets of poverty which have developed in the wake of secular and cyclical changes in the fortunes and technologies of extractive industries has emphasized the necessity of restoring them to new vigor as one means of promoting the revival of economic opportunities in the depressed areas.

Increased popular pressures exist for new methods of taxation in order to reflect in state and local treasuries the amount of non-renewable resources being consumed by extractive industries. Citizens find anomalous the circumstances that, in the very areas which have been producing huge amounts of their State's gross product, governmental and private delivery of roads, schools, housing, sanitation, recreation, and other needed services has been woefully deficient in quantity and quality.

In every area, prudent conservation of mineral resources and maximum utilization of withdrawals from reserves continue to have urgent policy relevance, even as substitute energy sources and materials are being exploited.

Intrastate and intraregional competition, whether deliberate or as the incidental by-product of considered regulatory and development policies, injects much uncertainty and indecision into the planning equation.

Conditioning the policy response to all other problems is the

factor of time. In their haste to establish and strengthen remedial and developmental programs, States must not lose sight of the long-term implications for the welfare of citizens of decisions affecting the utilization of mineral resources. State responsibilities in this area require the exercise of genuine statesmanship.

These characteristics of contemporary mineral resource management problems do not exhaust the complete list; nor has their statement here attempted to express their interrelationships or their involvements with still more general social and economic problems.

What emerges, however, is the complexity of the agenda for decision in and among the States directly affected and the necessity for full and frank cooperation among all interested parties.

Because constitutionally protected property rights are sometimes found in juxtaposition to other similarly protected human rights in minerals management conflicts, their resolution requires delicate processes of mutual accommodation. It also demands innovative and imaginative thinking. Deep seated social and economic dislocations cannot be corrected overnight or in a vacuum apart from broader influences. National economic development policies, including energy and federal procurement policies, are highly material. Federal, state, and local education programs are also representative of the variety of factors which influence mineral resources management when it is properly viewed in a broader framework than mere raw materials production and conservation. Innovation, cooperation, coordination, and accommodation are the key words in any discussion of appropriate policy response in this area.

Other elements of the States' mineral resources management problem, involving mainly physical factors, are more readily soluble.

For example, the unfortunate effects of interstate competition can be reduced or eliminated through adoption by more States of the Interstate Mining Compact, and other arrangements designed to achieve uniform extraction laws and regulations and cooperative research. Large scale federal financial assistance to reclaim and rehabilitate ravaged acreage is indicated as essential to correct past production abuses. More States are strengthening their surface mining laws to forestall future spoilation; all such laws should be made applicable to every mineral recovered by surface operations.

Other measures, beyond these here mentioned, have been recommended by authoritative interstate programs such as the Western States Mining Advisory Council, Interstate Oil Compact Commission, Interstate Mining Compact, multi-state development commissions, joint federal-state agencies, and others. These programs can be strengthened by increased participation on the part of local governments, private industry, and research institutions. Their strength thus enhanced, they offer even greater promise as the vehicles for

developing concerted efforts to meet the contemporary challenge of minerals research management.

Recommendations

It is recommended that:

1. In designing their minerals resource management policies, States look beyond comparatively narrow issues of raw materials conservation and production to the broader issues of social and economic policy involved.

2. States accept the necessity and desirability of cooperative decision-making involving other States, local and federal governments, and all private interests, including operators and landowners.

3. States join and seek to broaden the authority and functions of various intergovernmental programs concerned with the problem, including especially the Interstate Mining Compact.

4. States adopt stronger surface mining regulations and extend their coverage to all minerals thus extracted.

5. The federal government provide large-scale assistance for reclamation and rehabilitation of areas which have been ravaged by surface mining operations.

Ocean Resource Development

Ocean resource development, while national and international in many respects, is a major area of state responsibility in some of its most important aspects. In the years ahead much of the activity in this "marine frontier" will occur in the bays and estuaries and relatively shallow coastal waters lying within the jurisdiction of the individual States.

Oceanographers believe that most of the minerals and food products which the ocean is expected to produce will be found in the region between the coastlines and the outer limits of the continental shelf, in some cases almost entirely within state boundaries and in others only a few miles beyond.

Ocean beaches and inshore waters are already vital regions in meeting burgeoning recreational demands and will continue to experience ever-increasing recreational pressures. The role played by the estuaries in waste disposal is well-known and the problems which have developed as a result are among the most pressing facing today's society.

It should be pointed out that the problems in ocean resource development are duplicated in many respects in the Great Lakes and along our fresh water river systems, and in many places multiple use problems are even more intense due to population pressures, pollution, commercial shipping and recreation.

Many authorities insist that ocean resources, whether food, oil, gas and mineral extraction, water supply or recreation, must be utilized increasingly in the coming decades to support an exploding population. With two-thirds of the world's population already undernourished and suffering from protein deficiencies, food from the sea, for example, may well be a necessity in prevention of mass starvation.

Close at hand in all coastal States are complicated problems of management of the salt water environment, especially in the major estuaries close to urban centers. Sixty per cent of our commercial fishing resource is dependent upon these estuaries for breeding and food requirements. In these regions multiple and competing uses make great changes in the natural environment. An area used for commercial fishing, for instance, may also support a sport fishery, a major yachting and small boat industry, serve as an artery of commerce, afford recreational bathing for the public, contain important naval bases and provide a natural discharge system for municipal wastes. Shoreline areas are absorbed into real estate developments which may wipe out valuable salt marshes and natural wildlife sanctuaries and at the same time reduce to negligible proportions the amount of open space available for public waterfront recreational facilities.

In only a few cases, such as the San Francisco Bay region, San Diego Harbor and Delaware River Basin, is there evidence of comprehensive planning to make these estuaries and coastal zones capable of sustaining optimum use through balanced development and intelligent management. In some States, such as California, Washington, New York and Florida, special commissions have been created to work on marine resource problems and plan for optimum development. It is generally the case, however, that most agencies concerned with marine resources appear to have more limited responsibility and areas of operation. In all States there are conservation agencies within departments of natural resources or commerce and development groups which work on day-to-day regulatory, maintenance and development projects related to the marine environment.

As ocean resource exploitation becomes economically worthwhile, States as well as the Nation will face increasing jurisdictional and legal problems involving boundaries, ownership and leasing rights to areas of the bottom. Disputes among States, between States and federal government, and among national governments are likely, as well as conflicts between state governments and private enterprise. Ownership and jurisdictional problems will not be confined to offshore waters but will occur in the estuaries as well, especially as greater attention is given to production of sea food under controlled conditions. The raft culture, the raising of oysters and other kinds of shellfish on cords suspend-

ed below rafts, or bottom leasing for commercial shellfish growth, for instance, may require special regulation and reservation of certain inlets, lagoons and impoundments for this purpose.

As the States turn increasing attention to ocean resource exploitation and questions of resource management, interstate cooperation in many areas will become a necessity. Many river systems and estuaries are shared by two or more States, and problems of management of these waters must be handled cooperatively. States' boundaries when extended offshore will need sharp definition if federal, state and international jurisdictional problems are to be resolved.

In most sections comprehensive regional planning makes good sense, especially in pollution control and solid waste disposal, recreational development, commercial shipping and cargo handling, and commercial fishing. In New England, the laws regulating the commercial fishing industry vary from State to State despite the fact that fishermen from one State may catch fish in the open sea and sell them in another State. Lobsters, for example, which are considered undersize in one State may be sold legally in another State. Standardized fishing laws in such regions would not only aid the fishing industry but would simplify law enforcement activities within the individual States. It is interesting to know that the Gulf States for twenty years have been able to achieve close harmony among and between the regulatory laws of their respective States.

A revolution is taking place in commercial shipping and bulk cargo handling which can antiquate many of our coastal port facilities. Huge bulk cargo vessels, drawing forty-five feet or more of water, need not, and often cannot, make long runs up shallow bays to discharge their cargoes. High speed highway systems, developments in the trucking industry and technical advances in pipeline movement of bulk cargoes can eliminate the need for major shipping terminals at natural deep-water locations. Development of new port facilities will call for careful interstate planning.

The federal government can provide both "seed money" and major financial support for many of the projects which will be necessary in effecting sound ocean resource management programs. Through law and regulation, the federal government also will exert increasingly strong pressure for action programs in some areas of the marine environment such as water pollution. The federal role generally, however, should remain that of a cooperating overseer in matters of interstate or national concern, including the question of effecting proper controls over our massive means to pollute. States should retain the initiative in shaping the marine development and management plans.

In developing goals and plans leading to action, the States should take advantage of the scientific and engineering talents

available at many of the colleges and universities as well as industrial and governmental laboratories throughout the country. Many of the questions arising in marine resource development are difficult and will require careful and in some cases lengthy research efforts. The skill available in those institutions, if effectively coordinated, can equip the States with the expertise which will be required. These research talents can be employed effectively on a regional or interstate basis and information from these sources should be shared. The Atlantic States, Gulf States, and Pacific Marine Fisheries Compacts as well as the Great Lakes Basin Compact are regional projects of this nature. Another example is the New England Marine Resource Information Program, which is based in Rhode Island.

Recommendations

It is recommended that:

1. States, including those land-locked States having water bodies, inventory their marine resources and assign development and management priorities.
2. States give special attention to the management problems of the estuaries in relation to the socio-economic and multiple-use pressures on the natural environment since these are among the most serious in the ocean resource spectrum.
3. States sharing coastal or estuarine areas cooperate actively in development of comprehensive management plans, drawing on the resources of the federal government when appropriate.
4. Where adequate governmental framework for coordination and administration of planning for optimum ocean resource use is lacking, States should establish new governmental agencies or commissions or revamp existing agencies to rectify this situation.
5. States survey their physical and human resources available for ocean planning and research, giving special attention to the pools of research talent available in the colleges and industrial and governmental laboratories and universities, and arrange to share on a regional basis scientific and technical information available from these sources.
6. Legal and jurisdictional problems be resolved on a regional or interstate basis, and through the direction of an appropriate international commission, federal and state jurisdiction be extended to the outer limits of the continental shelf for purposes of conservation and development.
7. States work together on joint projects such as port development, standardization of resource management laws and regulations, pollution control and solid waste disposal and regional recreational development plans.

Regional Economic Development

Regional economic development is no longer a future potentiality; it is today an actuality. State officials have already begun to go beyond their respective boundaries in searching for answers to economic growth problems and in designing economic development programs. The reason for such expansion is obvious. Economic problems are common to a region and not necessarily limited to state boundaries. They need, therefore, to be studied, and plans must be developed and implemented on a regional basis.

One area that requires emphasis at this stage is the development of regional development centers. Some of the most difficult problems facing every State in future years will be urban-related due to the continuing population increases and the continuing concentration of population in urban areas. Cities within a multi-state region will have common problems. The implementation of centers for regional urban development would eliminate the duplication of the efforts of scarce professional personnel as well as providing an opportunity for colloquy between these professional personnel, colloquy that would lead to more adequate definition of the common problem. It goes without saying that this would also save money for all States involved.

More specifically, communities and States at the present time are required to have comprehensive development plans in order to be eligible to participate in many of the federal financial assistance programs. This has created a demand which far exceeds the supply of qualified urban and state planners. If supply cannot be readily increased, and this seems very difficult because of the time required to train urban and state planners, then demand should be lessened by combining the various sources of demand. Planners employed by the regional development center could assist States in an advisory capacity as well as providing direct assistance for limited periods of time.

Again, specifically, the center could provide the focus for regional input-output studies. Many States currently are making such input-output studies as part of their state development plans in an attempt to describe the structural interdependency of the state economy and a measure of the flow of commerce. The results of this effort would be more meaningful if such studies were done on a regional basis, a possibility that could be more easily accomplished through a regional development center.

Consistent with the initiation of regional development centers would be the parallel initiation of regional economic development research centers. The resources for any State are limited. By joining together in regional development programs, States multiply these scarce resources and become capable of developing excellence.

One area of economic life where it now is vital to develop excellence is the area of research capability.

Currently Nebraska and South Dakota are joining together to develop a Mid-America Science Institute. This Institute can serve as a laboratory study of the potential of such regional economic development centers. The objective of the Mid-America Science Institute is to join together state governments, institutions of higher education, and industry in a common effort working toward the ultimate goal of mutual economic development of the region through the stimulation and development of scientific excellence in research and manpower training in public and private universities and colleges within the member-state areas.

In the initial organization of the Mid-America Science Institute, three major project systems are being established: a Center for Biomedical Engineering Research; a Center for Rural Health Care and Services; and a Center for Research in Peaceful Uses of Nuclear Energy.

These centers will develop scientific expertise in institutions of higher education in the region, offer systematic training of manpower in selected fields of endeavor, and encourage the technological transfer of research results to industry for commercial development. A simultaneous effort will be directed toward stimulating the economic development of the region by encouraging industry to locate production facilities near the source of the regional research center. The scientific expertise, translated into technological advancement, should prove an attractive lure to industry.

Parallel with this development, it is recommended that regional industrial development programs be undertaken. Site selection for industries and expansion plans for industries usually begin with identification of a region within the United States most suitable for industry. Only after the region is selected is the State, and then the city, within that region chosen. It makes economic sense, therefore, for States to join together in a regional industrial development program focusing on the region and the opportunities within the region. This could be accomplished through joint advertising, exhibits at industrial trade shows, and the creation of regional industrial development promotion offices located in major industrial cities both within the United States and abroad.

Recommendations

It is recommended that:

1. States consider the possibility of establishing regional development centers and also review the desirability of expanding their state input-output studies to include other States in their regions.

2. States consider establishing regional economic development research centers.

3. Regional industrial development programs be undertaken in the several States.

Tourism

Our "tourism gap" refers to the fact that the United States is far behind many other Nations in the competition for the rapidly expanding travel market.

The U. S. did not regard tourism as a major source of income until recently, when the world travel market began to grow at a rapid rate. Other Nations, however, especially the Western European countries, had for many years found tourism to be an important source of national income. As a result, the travel industry in these countries is supported by concerted national tourism programs. The Western European Nations, a number of Nations in Asia and Africa, and certainly Mexico in our own hemisphere are fully prepared, therefore, to compete effectively for a significant share of the fast-growing tourism market.

Today, the United States has shown an awareness of the important economic benefits to be gained from the phenomenal growth of international travel. It is, however, uncertain whether we are prepared to launch a coordinated national effort that will begin to bridge the tourism gap and later enable us to maintain a strong position in this new worldwide market.

Because the individual States all have an immediate and future stake in expanded tourism, it would be reasonable to assume that any national campaign would be directed toward three objectives:

1. Attract the foreign traveler to the United States. Only a small number of foreign travelers visit the U. S. each year, and yet Americans by the millions annually trek to Europe, Latin America, Asia and Africa.

2. Bring home the globe-trotting American tourist by competing with other Nations for the American tourist dollar.

3. Get more Americans at home to travel more often and more widely within the United States.

The United States has not only neglected to sell itself to the Old World, but it has also failed to sell itself to its neighbors in the New World and to itself as well.

America is a young country and still looks to Europe for a sense of age, heritage, cultural excitement and diversity. We have forgotten that America has a special identity, a charm and fascination of its own, a rich though short history, a scenic grandeur and an intriguing diversity of people and places.

America's tourism shortcomings, such as comparatively high prices and scarcity of really fine services, are more than made up

for by the country's physical splendor and variety. Then there are the scores of interesting and attractive cities.

Washington has replaced London as the capital of the world in our time. Boston, New Orleans, San Francisco, San Juan and other major cities have their own unique historical accent.

America's streets and monuments are legendary. The Cathedral of Saint John the Divine in New York vies with Notre Dame in Paris as a wondrous achievement. New Orleans' Bourbon Street is as exciting as anything in Montparnasse. Mystic, Connecticut recalls our early days when the great whalers went forth and the American clipper ships came to dominate the seas. New monuments to our ingenuity, the TVA, Bonneville Dam, Hollywood film studios, the new arch of Saint Louis, our renowned skyscrapers, promise to dazzle the tourist to America.

America's tourism lag went unnoticed for years, and to reverse the tourism tide, all of our ingenuity in matters of promotion, advertising and public relations must be called upon. The reward will be far more than just financial. America needs the goodwill of the rest of the world, and exposure to the U. S. A., its heritage and warm-hearted people will do much to develop it.

A crash program is not the answer, but neither can we wait for two or three years for a massive study of our existing tourism plant, a listing of our almost endless attractions and in-depth interviews with thousands of experienced people in our travel industry.

We should plan carefully. We must also move quickly. Increasing disposable incomes, lower air fares and the jumbo supersonic jets will not wait for us to catch up.

To succeed, America must form a cohesive partnership of private enterprise and government. We need all of our forces and talents to plan competitively, build, promote and merchandise our travel, recreational and cultural attractions and facilities if we are going to caputre and maintain a significant position in the international tourist market.

Perhaps the most important role in promoting national tourism can and should be done by the individual States, working where possible through regional tourism-recreation promotional campaigns and development programs.

Currently, tourism tends to have a relatively low, ad hoc status in the economic thinking and planning on the state level. Yet tourism and recreation are fundamental tools of economic growth and development and should be given rank equal to or just behind industrial promotion.

Groups of States can plan, finance and establish regional tourism and recreational identity. This kind of activity would generate additional support by all those private sector components of our existing travel industry: airlines, bus and train companies, national car rental agencies, hotel and motel industries.

Once regional groups of States begin an effective approach to tourism plant development and travel promotion, any number of special projects, such as "Travel New England," "Travel Dixie," "Travel the Rockies" can be launched, and these efforts can be complemented by individual state promotional campaigns and development programs.

With the steady increase in population, the need for ever-increasing numbers of jobs for all our people grows more pressing daily. If national and international tourism grows as expected, individual States should examine these matters.

Recommendations

It is recommended that:

1. Tourism incentives be considered, similar to those offered to manufacturing industries, at the state level to maintain and develop tourism plant and attractions.
2. States consider establishing on a regional basis vocational school training, in addition to college and university programs, for the large numbers of young people who will be needed to man tourism and recreational facilities. When used to train youths or to retrain the technologically unemployed, federal funding would be available.
3. State programs designed to build up tourism plant, public attractions and recreational services work with the private business sector to accomplish these ends.
4. State tourism planning include effective conservation programs to prevent defacing of the natural and man-made attractions of the individual States.

Water Resources

Wise management of water, one of our most precious natural resources, is vital to our Nation's economic growth and personal health. The increasing water demands of this country point out the need for an accelerated water development program—a program that deserves our most dedicated efforts.

Recent proposals for diversions from the Mississippi, Missouri, and Columbia Rivers, the three largest in the United States, to provide water for areas hundreds of miles away attest to the inadequacy of water supplies in some sections of the country. The most elaborate proposal to date has been the North American Water and Power Alliance (NAWAPA) which would provide water for an entire continent from northern Canada and Alaska to thirty-three American States, seven Canadian Provinces, and three Mexican States.

The problem of excess water in some areas is illustrated by the fact that millions of dollars are spent annually to repair dam-

age caused by floods and to construct and maintain flood control structures.

Water quality problems are also evident throughout the United States. The Great Lakes constitute the world's largest accessible supply of fresh water, but Lake Erie is so polluted that it has been classified as a health hazard. It would require an estimated twenty years for the lake to naturally purge itself. If performed by man, the job would require many years and many millions of dollars.

The question is, how can we overcome the Nation's number one natural resource problem? First, we must admit that a water and related land resources problem exists, and then we must develop the necessary institutional arrangements and capabilities for solving the problem.

Nature lends a strong influence to the concept that man should plan and program for water resources development and management on an interstate or regional basis. The surface and sub-surface water of the earth flows from the highlands to the sea guided by natural geographical boundaries, without regard for man's political divisions; man must, therefore, adjust to the natural boundaries established by nature. To make this adjustment, political jurisdictions at all levels must coordinate their plans and programs with other political units. Interstate coordination and cooperation is the key to managing and developing the Nation's water and related land resources.

A landmark in interstate cooperation is the Toledo Bend Dam and Reservoir, located on the Sabine River which is the boundary between Texas and Louisiana. Construction of the \$68 million multi-purpose project is a cooperative venture of Louisiana and Texas which has been made possible through the Sabine River Compact between the two States. It is the largest public hydroelectric and water conservation project ever constructed in the United States without federal assistance.

The Delaware River Basin Commission is an interstate compact commission in which the efforts of the participating States are coordinated and the States are full working partners with the federal government. This agency is responsible for the planning, conservation, use, development, management and control of water and related natural resources of the basin. It has effective power to insure that projects proposed by other public or private agencies conform to a comprehensive plan. It may also provide for joint or regional financing of projects.

The Tennessee-Tombigbee Waterway Development Authority created by an interstate compact joining Alabama, Mississippi, Tennessee, Kentucky and Florida, is a significant example of interstate cooperation in the area of navigational development. The project will bring new flood control advantages, recreational benefits,

and new opportunities for industrial expansion to the southeastern area.

In the East and Midwest particularly, compacts are used as instruments for pollution control. Some of these agreements establish agencies with only recommendatory functions. Others, notably the Ohio River Valley Water Sanitation Compact and the Interstate Sanitation Compact (New York, New Jersey and Connecticut), are regulatory in character. Events of the past few years indicate that the compact agencies which can undertake enforcement measures when necessary are likely to be regarded more highly in the future.

The Interstate Mining Compact is a national instrument that can have a salutary effect in helping to maintain clean water in those States where there is mining activity.

In the field of water-based recreation, Ohio and Pennsylvania have operated under the Pymatuning Lake Compact for thirty years, and the fifteen year old Breaks Interstate Park Compact between Virginia and Kentucky exploits the scenic value of a water resource. Similarly, the compact for the Falls of the Ohio enacted this year by Kentucky will, if also enacted by Ohio, establish an interstate park in which water-based recreation will be treated as a regional resource. In the same category, although on a larger scale, are the recent efforts of Iowa, Minnesota, Wisconsin and Illinois to develop an Upper Mississippi River Compact that could plan, develop, coordinate, and operate recreational, scenic and cultural facilities of regional significance.

State government should play the pivotal role in managing and developing the Nation's water resources. To assume such a position the States must develop the necessary capability for providing solutions to present and emerging problems. They must have the planning capability for developing an overall strategy and the ability for following it to its successful conclusion.

To be effective in guiding, controlling, and developing water resources, the States must have technical people, a planning capability, adequate information, coordinated management, and legal authority within their institutional framework. Many of the States are weak in these areas.

The States should coordinate their efforts in the comparatively new program with the recently established Water Resources Research Institute under the Water Resource Research Act of 1964. The objective of this legislation is to strengthen the Nation's program for use of its water resource through support of valuable research and training of persons for careers in this field.

At the national level, Congress is becoming increasingly aware of the need for intergovernmental coordination. Probably the most significant step was the passage of the Water Resources Planning Act in 1965. Under the act a national Water Resources Council was established, authority and funding were provided for the creation of

river basin commissions, and financial assistance was made available on a fifty-fifty matching basis to States for augmenting their water planning and management capabilities.

The Water Resources Council is coordinating a nationwide program of comprehensive water and related land resource studies. Already under study are the Ohio Basin, the North Atlantic region, the upper Mississippi region, the Missouri River Basin, the Columbia-North Pacific and Souris-Red-Rainy Basins, the Lower Colorado, Upper Colorado and California regions. The studies are being conducted under the direction of coordinating committees, interagency committees and river basin commissions.

The expansion of federal control in the area of water resources development has resulted from the sluggishness of the States in rising to meet the challenge of their local, basin-wide, or regional problems. To ensure that ultimate control over water resources planning and development will be within the region from which the problems arise, it is imperative that the States initiate the proper organizational arrangements for working with regional planning bodies.

Whatever interstate arrangements are made should consider both quantity and quality of water. The organizations should be empowered to control and combat pollution as well as provide for proper water supply. This means they must be able to operate across county and municipal lines as well as state lines and must have strong backing from all governmental units, particularly in our statehouses. For truly effective management the interstate agencies must be authorized to finance, construct, and operate facilities, as well as to plan. They must also have the means to guide the projects of other agencies into an integrated system by way of comprehensive plan review.

Coordinated regional and interstate cooperation can eliminate the wasteful duplication of effort in data gathering and in planning by the development of common planning techniques. Further interchange of technology among state staffs, joint use of facilities and research efforts can improve and accelerate the development of water and related land resources.

Recommendations

It is recommended that:

1. Dam and reservoir sites be developed to their full potential to meet present and future needs as multi-purpose structures. The Congress should, therefore, revise and broaden national policy relating to the conservation and wise use of the Nation's water supply so that water storage to meet expanding municipal, industrial, agricultural, and recreational needs and other future bene-

ficial uses receive the same priority as flood control and navigation, in establishing project justification.

2. The States devise means to permit advance acquisition of project sites and their use for beneficial purposes during an interim period until full development is needed. The federal government should also be authorized to participate in advance acquisition when the project involves a federal interest.

3. State government play the pivotal role in developing the Nation's water and related land resources. To assume this responsibility the States must develop the necessary institutional and legal framework which will permit comprehensive management of their own water resources.

4. State governments make full use of such tools as interstate compacts, coordinating committees, and river basin commissions to initiate and implement state-controlled regional water and related land resources planning.

5. States on common waterways develop uniform regulatory policies governing floodplain use, water-oriented recreation, water quality management, fish and wildlife preservation and other common interests.

6. States act in the interests of efficiency and economy to develop with other States and federal agencies data-sharing techniques (including computer material), common planning techniques, joint research efforts and closer personnel liaison. State water plans should consider regional implications shown by available data, whether or not compacts or other agreements exist with neighboring States.

7. Federal financial assistance, Title III of the Water Resources Planning Act, be increased in sufficient amounts to meet the accelerated needs of the States' planning programs.

8. States vigorously promote public information programs directed at water resources management and development both at the state and regional levels.

Respectfully submitted,
Governor John H. Chafee, Rhode Island, Chairman,
Committee on Regional and State Cooperation

APPENDIX

Review of Interstate Compacts

Driver License Compact

Available for adoption since 1963 by all States, Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

Congressional consent given.

The compact provides that a driver's entire record, including out-of-state convictions, shall be known to his home State. Briefly stated, conduct leading to an out-of-state conviction for any one of four specific offenses must be treated by a party State as if the conduct had occurred in the driver's home State. For other out-of-state convictions, a party State may give effect to the conduct or not as its laws provide. Also a licensee of one party State may not be licensed to drive by another party State unless he surrenders the license issued previously to him.

Party States and the dates of their enactments are:

Alabama	1966	Mississippi	1962
Arizona	1963	Montana	1963
California	1963	Nebraska	1961
Colorado	1965	Nevada	1961
Delaware	1964	New Jersey	1966
Florida	1968	New Mexico	1963
Idaho	1963	New York	1965
Illinois	1965	Oklahoma	1968
Indiana	1968	Oregon	1963
Iowa	1965	Tennessee	1965
Kansas	1965	Utah	1965
Maine	1963	Washington	1963

Uniform Motor Vehicle Registration Proration and Reciprocity Agreement

Available for adoption since 1955 by all States, the District of Columbia, the Territories of the United States, the Provinces of Canada, and the States, Territories and Federal District of Mexico.

Congressional consent not required.

The compact provides that registration and other fixed fees for commercial vehicles shall be prorated among the States on the basis of vehicle miles traveled within each of the States.

Party States and the dates of their enactment are:

Arizona	1964	Nebraska	1960
California	1955	Nevada	1955
Colorado	1955	New Mexico	1955
Idaho	1955	North Dakota	1960
Illinois	1962	Oregon	1955
Iowa	1960	South Dakota	1961
Kansas	1956	Washington	1955
Missouri	1959	British Columbia	1961
Montana	1955		

Bus Taxation Proration
and Reciprocity Agreement

Available for adoption since 1963 by all States, Territories and possessions of the United States, Provinces of Canada and States of Mexico.

Congressional consent given only after States enact the compact.

Provision is made by the compact for prorating bus company registration and fixed fees based on the proportion of the company's total fleet mileage within a party State to total fleet mileage in all States.

Party States and the dates of their enactment are:

Connecticut	1965	New York	1964
Maine	1963	Pennsylvania	1963
Maryland	1964	Rhode Island	1965
Massachusetts	1965	Vermont	1965
New Hampshire	1963	District of Columbia	1965

Compact on Taxation of Motor Fuels
Consumed by Interstate Buses

Available for adoption since 1963 by all States, Territories and possessions of the United States, Provinces of Canada and States of Mexico.

Congressional consent given only after States enact the compact.

The compact provides that consumption of fuel within a State shall be the criterion for taxation. Bus companies are required to record total miles traveled and gallons of fuel consumed. The computed average miles per gallon is applied to total mileage in a party State, and the tax determined.

Party States and the dates of their enactments are:

Maine	1963	New Hampshire	1963
Maryland	1964	Pennsylvania	1963
Massachusetts	1963	District of Columbia	1965

Multi-State Tax Compact

Available for adoption since 1967 by all States, Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

The compact provides solutions and additional facilities for dealing with tax problems of businesses engaged in business activities in more than one State. It establishes the Multi-state Tax Commission to deal with such problems, both with respect to state and local taxes, on a continuing basis.

Congressional consent not required.

Party States and the dates of their enactment are:

Alabama*	1967	Missouri	1967
Arkansas	1967	Nebraska	1967
Colorado	1968	Nevada	1967
Florida	1967	New Mexico	1967
Hawaii	1968	Oregon	1967
Idaho	1968	Texas	1967
Illinois	1967	Washington	1967
Kansas	1967	Wyoming*/**	1967

Interstate Library Compact

Available for adoption since 1963 by all States.

Congressional consent not required.

Under the terms of the compact, contiguous States may establish joint library districts.

Party States and the dates of their enactments are:

Arkansas	1967	New York	1963
Connecticut	1967	North Carolina	1967
Idaho	1965	North Dakota	1965
Indiana	1963	Oklahoma	1967
Maine	1963	Oregon	1965
Massachusetts	1963	Rhode Island	1963
Montana	1967	Vermont	1963
Minnesota	1967	Washington	1965
New Hampshire	1963	Wyoming	1965

Interstate Agreement on Qualification of Education Personnel

Available for adoption since 1968 by all States, the District of Columbia and the Commonwealth of Puerto Rico.

Congressional consent not required.

The compact seeks to facilitate the movement among the States of teachers and other professional education personnel and to establish procedures for their employment without reference to their States of origin.

Party States and the dates of their enactments are:

Maryland	1968	New York	1968
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Interstate Compact on Placement of Children

Available for adoption since 1960 by all States, Territories and possessions of the United States, the District of Columbia,

* Subject to consent by Congress to the compact.

** Subject to subsequent approval by the Legislature.

the Commonwealth of Puerto Rico, and, with the consent of Congress, the Government of Canada or any Province.

Congressional consent not required except as noted above.

Under the compact, procedures are provided for interstate placement of children (either by public agencies or by private persons and agencies) when such placement is for foster care or as a preliminary to a possible adoption.

Party States and the dates of their enactments are:

Connecticut	1967	New York	1960
Maine	1961	North Dakota	1963
Kentucky	1966	Rhode Island	1967
Massachusetts	1963	Wyoming	1963
New Hampshire	1965		

Interstate Welfare Compact

Available for adoption since 1959 by all States and the District of Columbia.

Congressional consent not required.

The compact provides for elimination of residence requirements with respect to general assistance.

Party States and the dates of their enactments are:

Connecticut	1961	Maine	1959
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Interstate Compact on the Mentally Disordered Offender

Available for adoption since 1967 by all States, and effective after enactment by any two of the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Congressional consent not required.

The compact provides for cooperation among party States with respect to institutionalization, after-care, research and training of personnel, and interjurisdictional procedures for the early disposition of criminal charges pending against persons already adjudicated as mentally disordered offenders.

Party States and the dates of their enactments are:

Illinois	1967	North Dakota	1967
New Mexico	1967	Rhode Island	1967

Agreement on Detainers

Available for adoption since 1957 by all States, Territories and possessions of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the United States.

Congressional consent given.

The compact provides procedures whereby a prisoner of one

State may obtain speedy disposition of indictments, information or complaints filed against him by officials of another State.

Party States and the dates of their enactments are:

California	1963	New Hampshire	1959
Connecticut	1957	New Jersey	1958
Hawaii	1965	New York	1957
Iowa	1965	North Carolina	1965
Maryland	1965	Pennsylvania	1959
Massachusetts	1965	South Carolina	1965
Michigan	1961	Utah	1967
Minnesota	1967	Vermont	1967
Montana	1963	Washington	1967
Nebraska	1963		

Pest Control Compact

Available for adoption since 1965 by all States, Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

Congressional consent not required.

An insurance fund is established by the compact for use in the control of pest infestation and reinfestation across state lines as a supplement to normal pest control activities.

Party States and the dates of their enactments are:

California	1965	New Jersey	1967
Delaware	1967	North Dakota	1965
Illinois	1967	Pennsylvania	1967
Maine	1967	West Virginia	1968
Michigan	1965	Wisconsin	1966
New Hampshire	1967		

Interstate Mining Compact

Available for adoption since 1966 by all States, Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

Congressional consent not required. Effective when joined by four States.

The compact binds the party States to develop and implement effective programs for the conservation and use of mined land. An Interstate Mining Commission would be created with study and recommendatory powers.

Party States and the dates of their enactments are:

Kentucky	1966	North Carolina	1967
Pennsylvania	1966		

National Guard Mutual Assistance Compact

Available for adoption since 1968 by all States.

Congressional consent required.

The compact provides for mutual aid among the party States in the utilization of the National Guard to cope with emergencies.

Party States and the dates of their enactments are:

Alaska	1968	Virginia	1968
Kansas	1968		

Interpleader Compact

Available for adoption since 1956 by all States, Territories and possessions of the United States, the District of Columbia and foreign states or component units.

Congressional consent required.

Under the compact a court of a party State may acquire personal jurisdiction over adverse claimants to property located anywhere within any one of the compacting States.

Party States and the dates of their enactments are:

New Hampshire	1957	New York	1957
New Jersey	1957	Pennsylvania	1956

Unclaimed Property Compact

Available for adoption since 1966 by all States, Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

Congressional consent not required.

The compact establishes rules for determining entitlement to unclaimed property in cases of multiple state claims.

Party States and the dates of their enactments are:

New Jersey*	1966	Oregon	1967
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*Enactment conditioned on approval by New York, Illinois and Pennsylvania.

Supplement I

REPORT OF THE COMMITTEE ON LAW ENFORCE- MENT AND CRIMINAL JUSTICE*

Introduction

At no other time in recent history has there been such concern for any one area than the present, understandable yet unprecedented concern of the public and the government both state and federal for the problems created by crime and delinquency.

At no other time have the demands upon those who exercise positions of leadership been so great or presented such an awesome challenge to their abilities and resources.

One of the reasons this is so is that no one remains untouched by the effects of crime. It knows no economic or social grouping nor state boundaries but merely manifests itself in different ways and in varying degrees of intensity from place to place.

In a report by the Presidents' Commission on Law Enforcement and Administration of Justice titled The Challenge of Crime in a Free Society the commission stated:

"Every American is in a sense, a victim of crime. Violence and theft have not only injured, often irreparably, hundreds of thousands of citizens, but have directly affected everyone. Some people have been impelled to uproot themselves and find new homes. Some have been made afraid to use public streets and parks. Some have come to doubt the worth of a society in which so many people behave so badly."

We submit that this society is worthwhile and valuable and worth working for. As mentioned in our previous report, we need to put crime into a proper context and deal with it as not just the refusal of some people to abide by our social compact but as an illness that permeates every segment of society.

We feel that the fact that the United States Congress has acted and the people have expressed their concern indicates that the people are now looking to us for hope and a response of leadership to remedy this social illness.

New Legislation

At our last meeting we were concerned about the form in which the Omnibus Crime Control and Safe Streets Act of 1968 would pass. We think the Congress of the United States should be applauded

* Letter of transmittal by the Chairman of the committee, Governor David F. Cargo of New Mexico, is appended.

ed and commended for the enactment of the recently passed anti-crime legislation.

Most of the recommendations made by the Governors at our last meeting were included in this legislation. All of our Governors are aware of the provisions of this law and have opinions as to how it will affect our respective States. However, we would like to review briefly some of the provisions.

Title I authorizes a five-year program to be administered by a three-member Law Enforcement Assistance Administration. This administration has been placed in the Department of Justice with the President selecting the members with advice and consent of the Senate. At our last meeting we were opposed to this form of administration primarily because it was coupled with direct grants to local units and left only a limited review function to the States' Chief Executives. This objective is eliminated, however, by the adoption of the block grant method of financing.

The adoption of the block grant method not only puts the program in the hands of the States' executives where it belongs, but also advances the fiscal relationship between state and federal governments.

All planning grants and 85 per cent of the action grants must be channeled through the state law enforcement planning agencies on a block grant basis. Forty per cent of the planning grants and 75 per cent of the action grants to the State must be made available to the local units of government. If the State does not apply for a planning grant within six months, direct planning grants are made available to local units. Likewise if the State fails to file a comprehensive state plan within six months from the time it is given a planning grant, a direct action grant is made available to the local units. State Governors and state law enforcement agencies have sixty days to comment on applications for planning grants or action grants by local units.

We feel that the key to the success or failure of this program lies in the planning function. To quote from an analysis done by the Center for the Study of Federalism, at Temple University, "Planning, to be effective, must be conceived of as a regular on-going executive function, which involves constant review and evaluation of all policies and programs. One-shot planning, would dissipate financial resources without accomplishing the purposes of the program.

"It is obvious that there must be cooperation in the planning activities of such agencies as the police, the prosecution, the court, and the prison; the problem is that each of these agencies is administratively separate, and there is no reason to assume that they will coordinate their efforts voluntarily. Functional coordination can be provided only by a comprehensive agency which is in a position to take an overall view of the law enforcement process. Also, the coordinating agency must be in a position of legal and financial author-

ity over the agencies. Thus, functional coordination can be provided only where the coordinating agency is legally and financially superior to the operating agencies, and is itself broadly representative of the whole range of law enforcement activities. In the American system of government, this points directly toward recognition of the States' role and encouragement of the States to expand that role."

The action grants provide for a number of methods to strengthen law enforcement. Public instruction, recruitment, training, public education, construction of facilities, control of organized crime, riot control and community service offices are specifically mentioned.

Under the action grants, up to one third of any action grant may be used for the compensation of regular law enforcement personnel. Such assistance may be used only for salary increases, and then only if the state or local unit matches with 50 per cent state or local funds.

There are also funds made available for riot control, research and education.

For the first time in the Nation's history, the federal government is making substantial resources available to the States to combat crime and its costly derivatives. However, we all know that money alone is not the answer to the problems which exist. Any number of programs could be named by all of us wherein funds were available and expended but the results sought were negative.

We submit that unless we provide leadership in the different problem areas and reorganize our traditional methods of dealing with the problems by comprehensive planning and evaluating our own resources this program will fall into the same category as those ill-conceived and unimaginative programs which have failed.

A classic example of what can happen if we do not plan before we act can be seen by looking at some conditions which already exist.

Statistics published by the National Council on Crime and Delinquency show that our total expenditure for prevention and crime control in the United States is \$4.2 billion. Of that amount, \$2.8 billion is spent on police alone; it is well known that pay to the law enforcement personnel is not sufficient. However, we spend only \$1 billion on corrections, and only \$261 million on our courts. This is clearly an unbalanced system.

If in our respective States we emphasize only police and prosecution or corrections and courts, we are only furthering the unbalance which already exists.

Unless there is planning in the whole area of criminal justice, many ensuing problems will result. If law enforcement is strengthened, there most certainly will be large increases in arrests. Those people arrested must be held somewhere so they will be placed in already overcrowded jails. When arrests are increased without in-

creased planning in other areas, legal counsel for indigent offenders will become more rare. Trial delays will be inevitable when arrests are increased and there is no commensurate increase in court personnel and facilities. All of these problems will result in reversal on appeal. Criminal justice is a system and, as such, each part of the system must be improved simultaneously. Otherwise, weaknesses in one part nullify improvements in another.

To increase our prosecutions and court personnel without adequate correctional facilities and probation services, institutions will overflow. While new prisons are being built there will be court backlogs and sentences reduced and persons paroled before they are ready to go back into society.

Such practices clearly show that the problem is complex and that improvements in this area must be made only after there has been careful planning. A change in any one area affects all the others.

Correctional Institutions

There are approximately 1-1/4 million people in some form of correctional institutions or correctional program. Almost two-thirds of these are on probation and parole. Eighty per cent of the money spent in corrections is spent on institutions. Even though most of our institutions do not have enough funds to carry out the programs they need, this means that 80 per cent of the money is spent on one-third of the people.

Inside the institutions 90 per cent of the staff are custodial; only 10 per cent are assigned to education, vocational training and other rehabilitative services.

It is conceded that there is a need to remove certain persons from society and there are many factions which maintain that if you make it rough enough the first time they won't be eager to return, however, statistics prove this is not the result. It is necessary for the public to learn that when these people are returned to society, and they are returned, it is far better to have a person with a skill in which he can sustain himself and his family instead of relying on a future life of crime or compelling society to support him and his family. The public bears the loss either way.

The Courts

The courts, both juvenile and adult criminal courts, are both experiencing over-crowded dockets, lack of funds and lack of personnel both in the judiciary and administrative arm of the court. They are called upon to enforce the edicts of our society and the public demands that it deal harshly with those crimes and persons which are most offensive, yet strike an acceptable medium with those who only commit the "little" crimes.

In most instances the officers of the court are compelled to deal with twentieth century problems by applying a nineteenth century penal or juvenile code.

All of the States need to look at their statutes, codes and procedures to see if they supply the courts with the mechanism with which it must work.

Research and Technology

If in your overall comprehensive planning you find a need for using more advanced methods of research and technology, we again should like to cite as an excellent reference source the report of the President's Commission on Law Enforcement and Administration of Justice, The Challenge of Crime in a Free Society.

Community Involvement

With the passage of the new anti-crime legislation it will be essential for every local unit which anticipates using this source of assistance to plan just as carefully as the State. This involves a thorough analysis of already existing community resources. No community has to start its battle against crime and delinquency from scratch.

The most pressing problem in any city or State is informing its citizens of the existing problems; then stirring them from their lethargy or apathy into action and concern.

The communities will certainly benefit more as a community by combating crime through personal involvement. Once they have utilized their own community resources, namely the religious institutions, business and industry, labor, civic organizations and local government, they will be more capable of determining where the financial assistance from action grants or planning grants will have the most effect and do the most good. More important, they will become involved.

Riot Control

Although riot control is another aspect of the overall crime problem, it presents some very perplexing questions which must be answered.

The effects of riots are tearing at the fiber of our existence if you believe that law and order are a precondition of civilized society. Can you excuse a person for burning and looting a store, then demand the punishment for arson or burglary for an individual who sets fire to a house or breaks into a store?

You must, of course, try to find the source of the problem which stimulates this violence and destruction and deal with the

social and economic problems which contribute to this manifestation of social unrest and disorder. However, we must not be misled and categorize all riots as being products of a sense of injustice. Certainly the riots on the various campuses across the Nation, in our resort cities, and in fact some riots which have occurred in blighted areas of our cities were not giving vent to a bottled-up sense of outraged justice.

Even if all riots were caused by a deep feeling of outraged injustice, there is a moral and legal obligation to protect all members of the community. When we refer to the community, we refer to the need to respond to all of the people, not only to right the wrongs which might have caused the riot, but to protect the rights of individuals which are just as sacred as the rights of those who resort to this form of violence. When we have failed in this effort, the innocent victim of a violent crime, not only victims of riots, but all crime, has been denied protection of the laws. Justice falls short if it divests itself of the responsibility for the suffering of those whom it has failed to protect.

Pending Legislation

The Juvenile Delinquency Prevention and Control Act, or H. R. 12120, is expected to go to the floor of the Senate late this month. The House version calls for block grants to the States, but it has deleted planning funds and provides for only a one-year program.

The Senate version authorizes planning funds to States and local units. However, the Senate version would permit bypassing the States and directing the funds directly to local units.

It seems extremely unwise for two bills such as the Omnibus Crime Control and Safe Streets Act of 1968 and the Juvenile Delinquency Prevention and Control Act to be administered so differently.

The latest Supreme Court decisions are insisting that we afford the same rights to juveniles as we give to adult offenders. However, when it comes to studying the problem and implementing change, two entirely different systems are being offered.

When the Congress of the United States passed the Omnibus Crime Control and Safe Streets Act of 1968, it expressed its recognition of the key role of the States in the control and prevention of crime. We think it is imperative that the same provisions that are included in Title I of the aforementioned act be integrated into H. R. 12120. The problems of crime control and juvenile delinquency should not be separated; therefore specific provisions should be included in the juvenile delinquency bill requiring full coordination with anti-crime measures.

Firearms Control

The Omnibus Crime Control and Safe Streets Act of 1968 included certain measures to control firearms.

The firearms control contained in the Omnibus Crime Control Act prohibits the interstate traffic in handguns and prohibits the sale of handguns to minors. It provides for higher standards for licensing federal firearms dealers. This bill also regulates the transportation and sale in interstate commerce of devices such as anti-tank guns, bombs and grenades and excludes importation of surplus military handguns, rifles and shotguns that are not suitable for sporting purposes.

Title VII provides for fines and imprisonment for: persons convicted of a felony; veterans discharged under conditions other than honorable; mental incompetents; aliens who are illegally in this country; and former citizens who have renounced their citizenship, who received, possess or transport in commerce or affecting commerce any firearm. Under this section only, firearms include handguns, rifles and shotguns.

In a statement made when the Crime Control Bill was signed on June 19th before the Congress and the public on June 24th, the President called for the measures included in the Crime Control Bill to be strengthened to include rifles and shotguns, and for the registration of every gun and licensing of every individual who owns a gun.

A series of tragic events has placed great pressure upon leaders, both at the state and national level, to pass some form of firearm control. Some of our States have already enacted legislation in this area.

There are presently two bills before the Senate: S. 3633 sponsored by Senator Dodd and S. 3634 sponsored by Senator Tydings. S. 3633 places the ultimate responsibility upon regulation of importers, manufacturers and dealers of firearms or ammunition.

S. 3634 requires uniform registration of all firearms and owners and licensing all persons in possession of firearms or ammunition.

Both bills provide for the prohibition of sales to minors and criminals, adjudged alcoholics, narcotics addicts, or mental incompetents.

The President has appealed to the Chief Executives of the States and millions of responsible citizens have called for reasonable legislation. We feel that it is incumbent upon the Governors to respond with leadership in this sensitive area, because this responsibility lies primarily within each State.

The sale of guns and ammunition should be prohibited to narcotics addicts, aliens, felons, and mentally retarded. There must be some distinction between the right to bear arms and the right to create an arsenal.

The Committee of State Officials on Suggested State Legislation has drafted a model state gun control law. This proposal should be looked at and studied by each Governor to see if it meets the needs of the various States. The National Governors Conference should be resolved to accept the challenge and responsibility of promoting and enacting appropriate legislation within each State dealing with the sale and possession of firearms.

Other Areas of Investigation

It is well known that children are not born criminals or delinquents. However, it is equally well known that the environment in which they are raised significantly determines their outcome as young adults and adult citizens.

The need for crime legislation can be eliminated by eliminating the abuses upon which crime thrives. We must look at our educational system to see if we are equipping our students with the essentials with which they can become responsible citizens.

The student must have as much pride in being a good automobile mechanic as in being a good professor.

The children of the ghetto and the children of the remote areas of our States must have the same opportunity to excel, to fail and to try again as those children who take such things for granted.

Only by looking at our whole system and striving to correct the defects can we hope for success in eliminating the drain on our society caused by crime and its effects.

If we may quote from our previous report, "I think that the National Governor's Conference must be prepared to give direction to the campaign against crime in the United States, to see that broad objectives are not obscured by demands of emergency, and to assure continuity in our common effort."

Respectfully submitted,
Governor David F. Cargo, New Mexico, Chairman,
Committee on Law Enforcement and Criminal Justice

APPENDIX

State of New Mexico
Office of the Governor
Santa Fe 87501

June 27, 1968

National Governors' Conference
1313 East Sixtieth Street
Chicago, Illinois 60637

Gentlemen:

Submitted herewith is the report of your Committee on Crime and Law Enforcement. The work of the Committee has become more urgent and pertinent as the result of events which have recently occurred, which saddened and sobered us all.

The Committee offers for your study and consideration the attached report with the sincere hope that it may aid in pointing the way toward a more lawful and orderly society in which all of our citizens may prosper and progress.

Respectfully submitted,
David F. Cargo, Chairman
Committee on Law Enforcement
and Criminal Justice

DFC:jbm

Supplement J

REPORT OF THE COMMITTEE ON REVENUE AND TAXATION

Introduction

The National Governors' Conference Committee on Revenue and Taxation during 1967-68 has been active under the chairmanship of Governor Philip H. Hoff of Vermont.

The committee has met five times: twice during the National Governors' Conference meeting in Washington, D. C., February 28-March 1; in Chicago March 27; in Washington, June 25; and during the annual meeting in Cincinnati, July 20-24. The members have been assisted in the meetings and in preparing reports by other state officials they have designated: Gerald Witherspoon, Commissioner of Taxes, Vermont; John Peterson and Ralph Gray, Governor's Office, Arkansas; Glenn S. Allen, Jr., Budget Director, Michigan; Terence J. Scanlon, Executive Director, Department of Administration, Kansas; Rodney L. Scribner, Deputy Commissioner of Finance, Maine; and Clyde Koontz, Chairman, Idaho State Tax Commission, Idaho.

Additional and valuable assistance has been rendered the committee in report preparation and deliberations by John Shannon and Will S. Meyers, Advisory Commission on Intergovernmental Relations; Selma J. Mushkin and Gabrielle Lupo, State-Local Finances Project, George Washington University; Professor William S. Vickrey, Columbia University; Thomas J. Graves, U. S. Bureau of the Budget; and Leon Rothenberg, Federation of Tax Administrators. Staff of the National Governors' Conference and the Council of State Governments also participated throughout.

The committee sessions other than those held in conjunction with National Governors' Conference meetings were attended largely by staff, and the resulting documents are staff reports. The reports cover various aspects of tax and revenue problems, and are published to provide background material to assist all Governors in their decisions on revenue matters.

New Tax Frontiers*

The Growing Need to Minimize Distortion

The steadily increasing role which state and local governments play in the overall economy requires a fresh look at the manner in

* Prepared by Professor William Vickrey, Columbia University.

which these functions are financed, lest the distorting influences of the taxes and other sources of financing on the economy seriously vitiate and cancel much of the benefits derived from the new programs. The freedom to seek financing of programs by taxes and other revenue sources not closely related to the programs themselves does make possible many activities of great importance to the public welfare that could not be financed directly; and in many other cases makes it possible to encourage full use of parks and other facilities that would be seriously underutilized were an attempt made to finance them out of charges directly on the users. But by the same token, absence of appropriate charges where use threatens to become excessive and congestion results is one of the pervasive failings of our present methods of financing public works and services. Governments are in many cases throwing away golden opportunities to obtain revenues in ways which will actually increase rather than diminish the efficiency of the economy, compelling a resort to increasingly high levels of income, sales, and general property taxes that have serious impacts on incentives, develop inevitable inequities through the imperfections in their application, and produce unsought distortions in the allocation of resources.

Charges for the Use of Congested Streets and Expressways

Perhaps the most salient instance where additional revenues can be derived with a net beneficial rather than detrimental impact is the imposition of special charges for the use of streets and expressways that are subject to congestion. Even though charges were levied solely with a view to improving the efficiency with which these facilities are used, and without regard to the revenue produced as a by-product, the resulting revenues would be substantial in most of the States containing large metropolitan aggregations. In States such as New York, Pennsylvania, Ohio, or Illinois the revenues could well be of the same order of magnitude as the present gasoline tax revenues, though much would depend on the specific policies adopted.

In this instance not only are the potential revenues large, but the techniques for ascertaining and collecting appropriate levels of charge have already been developed to the point where there can be no doubt that implementation can be achieved within a reasonably brief lead-time after a decision to proceed. Serious consideration is already being given to the levying of such charges in England, where a wide variety of schemes and techniques have been studied and found feasible. A study team under the sponsorship of the World Bank has even recommended that such charges be instituted, albeit in a technologically less sophisticated fashion, in the capital cities of Central America. The time is urgently ripe for the institution of

appropriate studies at the earliest possible moment to ascertain the role that such charges could properly play in the finances of the core cities of major metropolitan areas and of the States in which these areas are located.

In this case, moreover, the alternatives to charges which will induce economical use of scarce street space and costly urban expressway facilities are all highly unsatisfactory. Failure to eliminate the subsidy, often amounting to \$3 to \$5 a day and even more, to the users of such facilities, especially to rush-hour private car commuters, is likely to seriously jeopardize the institution of good rapid transit service, such as being attempted with the Bay Area Rapid Transit project and elsewhere. Institution of specific controls, such as the banning of all private car traffic from specified areas, is a relatively clumsy device akin to throwing the baby out with the bath water in that many worthwhile uses will be prohibited and many relatively unproductive uses permitted. If congestion remains the only deterrent that inhibits ever-increasing attempts to use the congested facilities, either vast sums will have to be spent in street improvements, double-decking, widening, tunneling, and the like, sums better spent on better housing, education, health services, and other needs of the urban communities, or congestion will continue to build up. And the continuation of present levels of congestion carries the danger of driving from the downtown area those activities involving individuals who place a high value on their time, activities which by and large are precisely those that justify the maintenance of a high-density core.

The possibilities represented by the use of such congestion charges are thus of urgent importance, not only as revenues but as an important factor in the development of rational patterns in our major metropolitan areas.

Charges for Use of Congested Airports and Airspace

Congestion at many of our major commercial airports is at a point where appropriate patterns of landing and other changes are urgently needed as a means of increasing the efficiency with which these facilities are used. While for the immediate future the amount of revenue that can be derived from this source solely on the basis of maximizing efficiency is fairly limited in relation to needs on a nationwide basis, in individual cases it can be strategic. Moreover, the greater efficiency that can be developed in the use of such airports may postpone for a considerable time the need for costly construction of new peripheral airports whose use would involve substantial increases in ground transportation times. And over the longer run, increased pressure on the limited air space, particularly along the Boston-Washington corridor, may result in the appro-

priate level of charges increasing to the point where a substantial amount of revenue would be generated.

There may be some question as to what extent the revenues would be appropriable by the States concerned rather than treated as a Federal revenue. In any case the matter is already the subject of a projected study by the Department of Transportation.

Charges for Air and Water Pollution

Another set of externalities where appropriate charges may serve the dual purpose of providing needed revenues while at the same time creating appropriate incentives in the direction of economic efficiency and improvement of the environment involve the effects of air and water pollution. In both of these cases the difficulties of placing a dollar value on the damage done by any specified level of pollution are considerably greater than in the case of street congestion, but sufficient is known to enable a start to be made. In the case of air pollution, the variability of the weather and the transitory or highly variable nature of many of the sources of pollution make the problem of assessment a difficult one, so much so that at the present time the only firm recommendation that can be made is that the matter be subjected to study, both as to techniques of measurement and as to evaluation of the incremental damage.

In the case of water pollution, the sources of the pollution tend to be much more stable in their characteristics and the contribution to overall pollution easier to measure. The effects of pollution, however, vary in an intricate manner according to geography and according to the pattern of uses for which the various water-bodies are destined to be made suitable. Moreover, the marginal cost of a given increment of pollution is not a uniformly rising function of the overall level of pollution, but is subject to substantial retrocessions at thresholds where given modes of utilization of the water body have been ruled out as a result of prior levels of pollution. This means that the appropriate level of charges cannot be left to be adjusted solely according to current conditions at the margin; there must be some procedure for making the overall decision as to the broad pattern of use to be aimed at. Nevertheless, even in advance of any such overall planning, there would be substantial advantage in taking steps looking to the imposition of charges in the immediate future at levels commensurate with current costs at the margin. Such charges would not only provide interim revenues and an incentive for a better adaptation in terms of current use patterns but would provide valuable information for further steps.

Payment for Higher Education

The provision of education either free or at nominal tuition rates has long been considered a part of the basic equality of opportunity that is one of the cornerstones of democracy. When this principle is extended to higher education, however, the implications require further examination. Higher education is not in fact given equally to all, as is, in principle, elementary and secondary education: those who benefit from free or low tuition education in colleges and universities are selected from that part of the population that is at least better endowed intellectually than the average; in addition students at state colleges and universities are to a considerable extent drawn preferentially from backgrounds where parents can afford the very substantial supplemental costs of such education. Even the most liberal scholarship and fellowship programs in general fail to make such education equally available to students from less advantageous backgrounds, though they may make it possible for some of the brighter but poorer students to attend college. Financing of higher education largely out of increments in general tax revenues is, in effect, increasingly a redistribution largely from middle and lower income taxpayers to individuals who are relatively well endowed, at least intellectually, and to a considerable extent financially as well. Graduate students, in particular, who are the most expensive students to provide for, are by and large destined to become members of relatively well-to-do economic classes, even if they came originally from poor or modest families. While such a perverse redistribution may be justifiable on a modest scale if no other means can be found to finance higher education and provide the community with an educated elite, when such perverse redistributive outlays reach levels where they are a serious strain on state budgets, it is time to examine alternatives. It is only equitable that when members of well-to-do and privileged classes owe their status in considerable measure to the benefits they have derived from special public outlays, they should be held responsible in some special way for the defraying of these costs.

While simply raising tuition fees to anything like what would be necessary to cover the costs involved would, in the absence of other measures, put higher education out of reach for many qualified students coming from homes of modest incomes, if such increased tuition is coupled with provision for loans and advances to students, and particularly if these advances are made on an equity basis, with repayment made proportional to the higher earnings made possible through the education, higher education may be made even more broadly available than at present to students coming from poor backgrounds. This is particularly true if these loans and advances are made available on a scale ample enough to replace,

where a need exists, the entire earning power forgone by further study rather than immediate gainful employment. In this way higher education may be made available to many who are not now able to attend college even on a free tuition basis, such as those who live too far away from an institution adapted to their needs and cannot afford the added commutation or living expense, or who have family obligations that cannot be taken care of without an income comparable to what they could earn by going to work immediately.

While scholarship aid of various kinds can go far to meeting this kind of need, the limited funds that can be made available on this basis and the further discriminations thus introduced between those that qualify and those that fail to qualify for such scholarships make it extremely difficult to do an adequate job in this manner. Since equity advances carry an obligation to repay in the event that a successful career results, there is less likelihood that the funds made available will be dissipated in the support of students not actually needing the help, or dissipated in frivolous study, and much more can be done for the disadvantaged students whose backgrounds have hindered their achieving a performance at the secondary school level adequate to qualify them for an outright scholarship. Where the student feels that his needs justify it, advances can be made much more freely and on a scale much more ample than could be afforded on a scholarship basis.

Financing higher education increasingly on this basis could properly remove a great deal of the burden from state current outlay budgets. Use of endowment and other capital funds for advances to students would be a highly appropriate and profitable investment for these funds. Private investors, through life insurance companies, mutual funds, savings banks, and the like could also be brought into participation in the financing. State budgets could thus be substantially relieved of a burden that threatens to become overwhelming, and threatened cutbacks in the scope and quality of public higher education can thus be averted. And by reducing the differential between the costs of attending private and public colleges, such a program would have a significant beneficial effect in mitigating the tendency for the private colleges and universities to become the special preserve of the wealthier classes, as well as in preserving their independence and maintaining the benefits of a variegated educational system.

Charges with Respect to Accident-Causing Activity

The cost of highway accidents is of roughly the same order of magnitude as the entire amounts spent by all levels of government for the construction and maintenance of highways. This cost is at

present borne in an utterly capricious manner, partly by victims who for one reason or another remain uncompensated, partly by the general public through Blue Cross, public welfare payments, income tax deductions and the like, partly by employers through sick leave provisions, and only in part by motor vehicle users through insurance and otherwise. To the extent that the cost is borne through automobile insurance, the incidence is borne through a system of highly arbitrary premiums that bear only a very rough relation to the mileage driven and to exposure to risk, and provides generally inadequate and largely inappropriate incentives to economize on the hazardous activity at points where decisions are likely to be influenced. Moreover, the process of redistribution involved is exceedingly costly: it is estimated that less than forty-five per cent of the premiums paid ultimately remain as compensation to victims, the rest being absorbed in commissions, profits, lawyers' fees, and other overheads.

The situation is one that has generated widespread dissatisfaction on all sides, with numerous proposals for reform, including the recent widely-discussed Keeton-O'Connell plan. This plan was actually passed by the lower house in Massachusetts, but was defeated in the Senate; it has been introduced as a bill in a number of other States. It is a moderately complicated plan, and considerable doubt has been expressed as to whether it would actually achieve the reduction in costs and other benefits claimed for it, as it retains most of the machinery that accounts for the high cost of the present system.

An alternative that has much to recommend it in many ways is to collect a premium or charge for the accident-generating activity of highway use in the form of a surcharge on the gasoline tax, at rates ranging up to ten cents per gallon in high-density areas and somewhat lower in rural areas. Such a surcharge would be considerably less costly to nearly all motorists than adequate insurance under present practices, would distribute the burden of accidents more nearly in proportion to exposure than present practices, would provide an appropriate incentive for economizing of the hazardous activity, would virtually eliminate the costs of collection, would provide a fund out of which victims could be amply compensated in all cases where such compensation is deemed appropriate (e.g., except for cases where full compensation would be too conducive to gross negligence, deliberate damage, or fraud), and would still leave a substantial balance as a general purpose revenue. Such a general purpose revenue would be amply justified by the fact that the incidence of accidents tends in most cases to increase more than in proportion to the volume of traffic on a given route, so that it is conducive to economic efficiency to charge the highway user on the basis of his probable incremental addition to total accident costs, which will in general exceed the overall average accident cost rate.

Adaptation of the Property Tax to Current Needs

The levels of property taxation being reached in many communities make it increasingly important that revenues from this source be levied in a manner that will be conducive to desirable patterns of urban development. The recent proliferation of tax freezes, tax abatements, special exemptions, and the like, reflecting in many cases a judgment that imposition of the full tax would unduly inhibit desirable developments, is ample evidence that something fundamental needs to be done with this tax.

These developments can be considered as fresh evidence in support of the classical case for the emphasis of land values as the proper basis for property taxation and for the assessment of improvements at a lower rate than land values and possibly on a different basis. But while it may be abundantly clear that it would have been desirable to have based the property tax primarily on land value right from the beginning, some caution is required in making a drastic change from the established practice. However, it is not difficult to work out combinations of gradual changeover, assessment freeze, and tax deferral that will have a salutary effect in alleviating the baneful influences of the property tax on urban development and land use.

Care must be taken, of course, in any such change that the beneficial results sought for are not jeopardized by faulty execution. The manner in which a value is assigned to land, for example, in those jurisdictions where such a value is estimated, often results in a value significantly different from the value that would be appropriate for a special land value tax; on the one hand one should be wary of using such a value as the basis for an actual land value tax, and on the other, one should not unduly disparage resort to a properly designed land value tax on account of the failings that would attend the use of such a faulty base.

Another problem with exclusive reliance on land value taxation is that it would exacerbate the problem of the heavier burden on the family homestead on land becoming ripe for more intensive development. This and other similar situations have already led to questionable assessment practices in many areas, and in Minnesota and Wisconsin to legislation providing for abatement of property taxes in cases where the property tax paid (or presumed to be paid, in the case of tenants) is large in relation to income. Such problems, however, are properly viewed as either problems of liquidity, where the property in question will ultimately be sold at an enhanced price, or of general poverty, where there is little or no income and little or no equity in the property. To the extent that the issue is one of poverty, the remedy would normally be through normal relief channels: there is little indication that the benefi-

ciaries of the tax concession would be significantly more deserving of relief than others that might be reached through relief programs. To the extent that the problem is one of liquidity, the appropriate and adequate remedy is to provide for deferment of tax payment until such time as the property is sold or developed and the potential value realized. Outright tax abatement or underassessment, aside from the relative inequity involved in granting special relief to a class selected on a somewhat arbitrary basis, is likely to interfere with the optimum development of land use and contribute to the housing shortage.

New Uses and Bases for Land Taxation

Many services rendered to individuals or households require the traversing of the street network in order to make contact with the customers; the costs of providing these services to a given population of customers are significantly affected by the street layout and size of lot. The costs that are so affected can often most appropriately be financed at least in part by charges related to the extension of the land held, whether by the front-foot or by the acre. Moreover, the appropriate amount of the assessment may be unrelated to the amount of the service taken or indeed whether the service is taken at all: it will often cost just as much to carry the service past a vacant lot as past an occupied one. Thus the assessment of these costs in an appropriate manner involves a charge akin to a property tax that often cannot be collected merely as an incident to the furnishing of the service.

The services that should in principle be paid for in part in this manner include not only those that are traditionally considered to be primarily municipal or local public functions, such as fire protection, garbage collection, water supply, street cleaning and lighting, school bus operation, and the like, but also analogous services supplied either on a private or on a federal basis, such as mail delivery, parcel service, newspaper delivery, electric power, gas, telephone service, cable TV, and the like. While in the case of the privately-owned utility services it might be considered out of order, at least at first, to make payments to the utility companies out of revenues collected as front-foot or other property taxes, it would be possible, as an initial step, to consider relieving utility companies of property and gross receipts taxes, with of course a requirement that their rates be correspondingly reduced, and recovering the revenues from front-foot or other property taxes. This would have the dual benefit of distributing the cost of utility services in a more equitable fashion and of lowering the overall cost of utility service by encouraging a more efficient pattern of utilization. Thus the benefits to the property owners in

the form of better service at lower cost would more than outweigh the increase in their property taxes. On a longer run basis such modes of assessment of costs could be an important element in inducing greater efficiency in patterns of subdivision and urban development.

The above example serves to underline the fact that it is not the absolute level of the property tax that is of concern in determining whether the tax is bearing an excessive share in the cost of government and of local services, but rather the level of the tax relative to the level of services available and the degree to which the assessment of the tax conforms to the pattern in which property ownership affects the costs of these services.

State Revenue Estimating Experience—1967-1968*

Developments in 1967

In January 1967, state surpluses were widespread because the economy had expanded much more rapidly in 1966 than had been anticipated when budgets were drawn up and, as a consequence, tax collections often were considerably above estimates. In January 1968, a generally depressed condition of state balances resulted after gross national product in 1967 had barely reached forecasts made in January of that year, and several sectors of the economy had disappointing performances.

In 1966, state revenues exceeded expectations as gross national product—swelled by unexpectedly large spending for defense purposes and by price inflation—jumped 8.7 per cent to \$743 billion, which was \$33 billion above the standard forecast made in the fall of 1965. In 1967, revenues often ran under estimates as gross national product rose only 5.6 per cent to \$785 billion—\$2 billion below the midpoint of the estimate that had been made by the Council of Economic Advisers at the beginning of the year and \$5-to-\$10 billion less than had been estimated by many economists in the fall of 1966.

Most sectors showed smaller gains in 1967 than in 1966. Personal income was up about 7.3 per cent in 1967 compared with an 8.6 per cent rise in 1966. Still, it grew more rapidly than the general economy, and provided the base for an increase in individual income tax collections that, in most States, was larger than that of other taxes. Because individuals saved a larger portion of their incomes in 1967 than in 1966 (the personal savings rate rose from

* Prepared by Leon Rothenberg, Director of Research, Federation of Tax Administrators. Based in part on his "State Budgets-1968" in State Government, Spring 1968.

less than six per cent of disposable income to seven per cent, the highest in more than a decade), consumer spending did not match the gain in personal income. As automobile sales declined, consumer spending rose only 5.5 per cent in 1967, compared with 7.6 per cent in 1966; thus, sales tax collections continued to move upward but at a slower rate than in 1966.

Corporate profits showed an even sharper reversal. After rising almost fifteen per cent in 1965, and more than nine per cent in 1966, they dropped an estimated four per cent in 1967. In 1967 most budgets anticipated a slowdown in the strong upward movement in corporation income tax collections, but declines were generally unexpected.

The slower-than-anticipated growth in the economy had varying impacts on the States' fiscal conditions. In some, revenue estimates were sufficiently close to actual collections to prevent any serious budget imbalance. In others, however, where 1967-1968 budgets, as proposed, were balanced in the expectation that revenues would maintain their prior year's growth, operational deficits developed. In still others, where traditionally revenues have been underestimated, and windfalls from the excess of collections over estimates have been relied on annually to help keep budgets in balance such windfalls were infrequent. A few examples follow:

The California budget reported that revised general fund revenue estimates for fiscal 1968 were 1.5 per cent below original estimates, with shortfalls in revenues from sales taxes, corporation and bank taxes, and death taxes. In New York, where recurring revenues for fiscal 1968 were estimated at about seven per cent above the 1967 level, the budget reported that sales taxes were somewhat under earlier expectations and that corporate profits have declined substantially.

Kentucky is among the States where a slow rate of rise in revenues had contributed to the need for added taxes. The Governor of Kentucky reported that its financial resources (estimated revenues plus surplus) were an estimated \$28 million below original anticipations for the 1966-1968 biennium. The Governor of Maryland said that, while he would recommend no new taxes, a diminishing growth in sales and corporate revenues had raised questions as to the State's financial future. He reported that these taxes are now expected to yield almost \$19 million less than previous estimates for this year and that, in fiscal 1969, they are still expected to be \$9.7 million below the amount originally anticipated for fiscal 1968.

In South Carolina, a sudden slackening in an extended upswing in tax collections created budgetary problems. The Governor reported, in January, that general fund revenues had increased only 4.4 per cent in fiscal 1968 compared with an average annual rate of increase of 8.9 per cent since 1960; as a result, spending exceeded income, and a deficit condition was indicated. The Gov-

error expressed the hope that appropriations would be within anticipated revenues for the coming year.

In Michigan, where the economy is particularly sensitive to any slump in the automobile industry, general fund revenues, exclusive of the proceeds from new tax laws enacted in 1967, were estimated at about 2.5 per cent below the amounts forecast last year. However, revenue from a new income tax has run ahead of estimates, and the proposed budget anticipated that total general fund revenues would exceed estimates by \$52 million in fiscal 1968.

The National Economic Forecast and State Revenue Estimates

The above examples are generally representative of the States as a whole. State revenue estimates are based on the standard economic forecast for the year. In any year in which the standard forecast is significantly in error, either for total GNP, or for components closely related to state tax collections—and 1967 was such a year—revenue estimates will reflect this variance.

Professionalization of state revenue estimating procedures differs from State to State. However, no matter how professional a State's procedures may be, a revenue estimate can be only as good as the economic forecast on which it is based. The revenue estimator does not originate economic forecasts, but uses those prepared by economists trained in the analysis and projection of business conditions. He may adjust the national forecast to reflect his State's economic environment, but his starting point is the national economic outlook. If the national forecast is misread by the economists, or unanticipated developments obviate the assumptions on which it was based, the state estimate necessarily will be in error.

At one time, a difficult aspect of the revenue estimating function was the evaluation of the different forecasts made by leading economists. However, in recent years, the importance of this aspect has diminished as economists' forecasts have tended more and more to fall within a narrow range. Because of the use of economic models and standardized procedures, there is now remarkably little difference among economists in their GNP projections for the next year. In January, when the Council of Economic Advisers submits its economic forecast in the President's Economic Report, in terms of a midpoint of a fairly small range, the range customarily encompasses all or virtually all the private forecasts made in the immediately preceding months.

Other Factors Affecting State Revenue Estimates

Thus, in any year one can expect that, when the standard economic forecast or the components most closely related to state tax

collections have been understated, a majority of the States will collect more revenue than had been anticipated. Similarly, when the forecast has been overstated, deficits will be prevalent in state operational budgets. The degree to which state revenues are overestimated or underestimated will vary among the States, depending both on differences in methodology and on a number of local considerations, among which are the following:

Knowledge of the State's economy. Customarily, the State's economy will move in a direction parallel to that of the Nation. However, it may move more or less rapidly, and an understanding of the State's economy and its relationship to national GNP is essential in formulating the state revenue estimate.

This knowledge varies from State to State depending on the extent to which state economic data is compiled and assembled. In recent years, in several States—notably California, Michigan, and New Jersey—comprehensive annual reports have been prepared on the condition of the State's economy, in part as an aid to revenue estimating. It may be assumed that the absence of information on a State's economy has contributed to errors in revenue estimates which are larger in percentage terms than that in the national forecast.

Differences in the rate of national and state economic growth. Serious overestimates in state revenues have often occurred after the state economy has expanded more rapidly than national GNP over a sustained period. Under such conditions budget makers tend to assume that this more rapid rate of growth will continue and, as a result, rely heavily on the anticipated jumps in revenues to finance a substantial part of proposed increases in spending. Eventually, this accelerated expansion in the State's economy tapers off—often, with little warning. When this occurs, revenues may fall sharply below estimates, and in general fund balances give way to deficits.

Pressures for raising estimates. A traditional difficulty in revenue estimating occurs in the form of budgetary pressures to raise estimates above the level justified by economic evidence. Understandably, chief executives and legislators are often reluctant to recommend higher taxes. Moreover, the past decade is replete with instances in which revenues rose above the most optimistic anticipations. And, in the hope that another such development would avoid an undesired tax increase, revenue estimators are sometimes called upon to raise projections above the maximum level that appears reasonable at the time the budget is drawn up. In deploring this practice, budgetary authorities have recommended strongly that revenue estimates be conservative rather than unduly optimistic, because of the severe fiscal consequences that can arise when estimates formulated on the latter basis do not materialize.

Evaluation of 1967
Revenue Estimates

We have noted that sales tax and corporation income taxes were generally overestimated in state budgets for the 1967-1968 year. Data are not available on a state-by-state basis to indicate the extent to which estimates were in error. However, in evaluating the 1967-1968 performance, the following should be noted:

1. In all likelihood, in a large majority of States, the percentage error in revenue estimates was smaller than in either of the two preceding years. This is a reasonable assumption since the economic forecast in fall 1966 was much more accurate than those made in the falls of 1964 and 1965. Apparently, the widespread concern over the 1967-1968 estimates is not that the estimates were less accurate than they had been in the two preceding years, but that they were below anticipations and resulted in operational deficits.

2. With the exception of a few States, the operational deficits that occurred were not of major magnitude. In only a few States (noted previously), Governors indicated that low revenue estimates had produced any significant fiscal difficulty. More revenue-raising programs were recommended and enacted this year than is customary in even-numbered years. However, these programs were primarily the result of sharply rising expenditures, rather than the slowdown in revenue growth.

In general, it may be concluded that revenue estimates were as good and, probably in many instances, better than in recent years. They became of special concern this year because the error was an overestimate, rather than an underestimate.

Raising State and Local Revenues: Emerging
Patterns in Revenue Systems*

Reviewing some of the recent history of state and local revenues in the United States can give perspective to proposed changes in state and local revenue structures.

Any review of this subject must necessarily begin with the basic definitions and assumptions used. For "revenue" the classification selected from the numerous choices available was the Census Bureau category of "General Revenue from Own Sources." This category excludes intergovernmental revenue, retirement funds, unemployment funds, municipal electricity revenues, liquor store revenues, etc. It includes twenty-nine items which are presented

*Prepared by Rodney L. Scribner, CPA, Deputy Commissioner, Department of Finance and Administration, Maine.

in Table 1 which shows the breakdown by amount and percentages for fiscal 1965-1966.

The States received sixty-one per cent of their total revenue from five of the twenty-nine sources listed. These large revenue sources were: general sales and gross receipts taxes, 22.8 per cent; motor fuel taxes, 13.4 per cent; individual income taxes, 12.4 per cent; motor vehicle and operators' licenses, 6.5 per cent; and corporation income taxes, 5.9 per cent.

Also in fiscal 1965-1966 local governments received 67.3 per cent of their revenue from only one source, the property tax.

The total revenue received by state and local governments was nearly \$70,000,000,000. State and local governments each received approximately one-half of this total.

When the total revenue for each of a number of prior years is expressed as a percentage of personal income for the same years, a trend pattern emerges. In Table 2 this relationship was computed for selected years from 1902 to 1966. While it is true that not all revenue obtained by governments comes directly out of personal income, it does provide an index of the "ability to pay." Personal income is widely recognized as a valuable measure of the economic scale or approximate fiscal capacity of a State or Nation. It includes such items as wages, rents, interest, social security benefits, military pensions, etc.

By utilizing this data some of the "unseen factors" such as price level and population changes which frequently obscure trends using dollar totals can be balanced out.

During the years since 1902 federal and state revenues have each increased by seven times their former share of personal income. The federal portion increased from 3.2 per cent of personal income to 22.3 per cent. State revenues increased in the same proportion, but from a smaller base. Here the increase was from 0.9 per cent to 6.5 per cent. By comparison, local revenues increased only a minor amount from 5.0 per cent to 6.7 per cent.

Occasionally, local revenues have reached higher levels. In 1932 they reached 9.7 per cent of personal income. It was during this economic period that some taxpayers were described as "land poor" due to their inability to pay taxes on large holdings of land and other property.

Following this period, local revenues as a percentage of personal income declined sharply. In 1944 they reached a low of 3.3 per cent, or only one-third the level of twelve years earlier. This was the result of higher wartime incomes and a low level of municipal expenditures. State revenues declined during this period, also, but considerably less than local revenues.

Since the end of World War II, and while our economy showed steady growth, both state and local revenues have continually increased.

Startling growth and change have occurred in recent years. Since 1950 our gross national product has increased over 139 per cent. The private purchases sector of GNP has increased 120 per cent while the government purchases sector has increased 260 per cent over 1950 levels. Price level changes are only a small factor, as indicated by the increase in the consumer price index, which was up 34 per cent over this same period.

Other indicators of this increase in state and local government finances are an increase of 244 per cent in total revenue and an increase in aid received from the federal government of 344 per cent since 1950. Total expenditures increased 212 per cent and total debt is up 313 per cent. One of the more moderate increases was the number of state and local government employees which increased 87 per cent. However, even this far outstripped the comparable increase in federal civilian employees which was up only forty per cent in the same period.

During this period of upward economic and governmental activity some indicators are available which are even more pertinent to revenue trends.

One is the types of new major taxes which were adopted by state governments. Since 1950, the general sales tax has been adopted by thirteen States. The cigarette tax was next in popularity with six new States utilizing this source. Trailing were the corporate income tax and the individual income tax which were adopted by three States and two States, respectively.

The percentage distribution of state tax collections is another important trend indicator. Since 1950, declines in importance were noted by all categories except general sales and gross receipts and income taxes. The distribution comparison is shown by the following table:

Percentage Distribution of State Tax Collections

	<u>1950</u>	<u>1966</u>	<u>Increase (Decrease)</u>
General sales and gross receipts	21.1%	26.8%	5.7%
Motor fuel taxes	19.5	15.7	(3.8)
Tobacco and alcoholic beverage taxes	11.5	9.0	(2.5)
Motor vehicle and operators' licenses	9.5	7.6	(1.9)
Individual and corporate income	16.5	21.6	5.1
Property taxes	3.9	2.8	(1.1)
Other taxes	<u>18.1</u>	<u>16.5</u>	(1.6)
	<u>100.0%</u>	<u>100.0%</u>	

Source: Department of Commerce

If assumptions are made about various factors of our Nation and economy, projections can be made which can be compared with some of the preceding data.

In November of 1966, the Tax Foundation made a set of projections and they can be compared in the following manner.

As noted in Table 1, the combined total of state and local revenues is \$69.9 billion (\$34.5 + \$35.4). The Tax Foundation's 1975 estimate of this total is \$116.9 billion. Table 2 indicates that state and local revenues totalled 13.2 per cent of personal income (6.5 per cent + 6.7 per cent). Based on its projections, the 1975 estimate of this percentage is lower at a rate of 12.6 per cent.

At the time that the Tax Foundation made these projections, state and local revenues were estimated on the basis of the present tax structure adjusted to reflect gains from future economic growth. Non-tax revenues were based on the expected expenditure level for the various functions. Revenue from federal grants was estimated to be \$30.0 billion in 1975. The economic growth factors used were: 4 per cent annual increase in gross national product, 1.6 per cent annual increase in price levels, per capita personal income of \$4,240 in 1975, and a population of 218.3 million in 1975 (based on revised Series C of the Census Bureau)

Regarding the population estimates, this series indicates a change in the distribution by age groups. As noted in the following table the proportion of the population in the under twenty age group will decrease and those in the sixty-five and over age group will remain nearly level. This has implications for governmental revenues because the 20-64 age group would increase and this group pays a higher percentage of tax revenues than the other groups. A shift of this magnitude would result in an increase of more than five million people in the 20-64 group over the 1965 distribution.

	<u>1965</u>	<u>1975</u>
Under 20 years	39.5%	36.9%
20-64 years	51.1%	53.4%
65 years and over	<u>9.4%</u>	<u>9.7%</u>
	100.0%	100.0%

Changes in the assumptions and growth factors would, of course, give differing results of the future revenue picture.

The revenue system can be viewed from another perspective. The United States ranks twelfth when compared with fourteen leading industrial nations in terms of total taxes as a percentage of gross national product. The following table emphasizes the factors comprising the relative ranking:

<u>Country</u>	<u>Direct Taxes</u>	<u>Indirect Taxes**</u>	<u>Social Security Taxes***</u>	<u>Total taxes as percentage of G.N.P.</u>
Sweden	20.4%	14.1%	6.5%	41.0%
France	6.5	17.7	14.4	38.6
Norway	13.4	15.2	7.2	35.8
Netherlands	13.3	10.4	12.1	35.7
Austria	12.1	15.3	7.6	35.1
Germany (F.R.)	10.6	14.2	10.2	34.8
Denmark	14.8	15.0	1.9	31.6
United Kingdom	11.7	14.9	4.8	31.3
Belgium	9.1	13.2	8.9	31.1
Italy	6.6	12.6	9.9	29.1
Canada	10.5	14.6	3.2	28.2
United States	14.4*	8.9	5.0	28.2
Switzerland	9.9	7.1	4.7	21.7
Japan	7.9	7.7	3.7	19.3

* Income taxes, estate taxes, licenses, etc.

** Includes real estate and land taxes.

*** Employer and employee portions

Source: Mostly 1966 data, United Nations National Accounts Statistics.

The revenue systems of the other nations have developed through differing national traditions and circumstances. In most cases, they rely to a smaller degree on taxes similar to our income tax. Heavier reliance is placed on direct taxes, many of which are not common in this country. This includes revenue sources such as turnover taxes, purchase taxes, value-added taxes, stamp and registration taxes, excises on individual commodities and occupancy taxes.

Up to this point revenue systems have been viewed as national totals. Nothing can be inferred about the finances of any individual state or local government. An illustration of this is provided by the following figures based on the data in Table 1:

	<u>Per Capita Amount, 1965-66</u>	
	<u>Lowest State</u>	<u>Highest State</u>
Tax revenue	\$180.84	\$409.94
Property	32.99	198.34
Other taxes	70.25	286.19
Charges and miscellaneous	<u>37.18</u>	<u>180.72</u>
Total revenue	\$227.70	\$482.75

The state and local amounts for the last three years in Table 2 are analyzed on a state-by-state basis in Table 3. On this basis the highest and lowest state percentages can be compared to the national average as follows:

<u>Revenue as Percentage of Personal Income</u>			
	<u>U. S.</u> <u>Average</u>	<u>Lowest</u> <u>State</u>	<u>Highest</u> <u>State</u>
1963-64	12.7%	10.2%	16.7%
1964-65	12.9	10.4	17.6
1965-66	13.1	10.8	17.5

For the individual States a steady upward trend is noted. The small occasional decline would be caused by a year in which the growth in personal income temporarily exceeded the growth in government revenues.

The relative rankings of the States indicate the result when an economic factor is compared to government revenue on a state-by-state basis. Generally, the States which rated high in these terms were the mountain States and those located in the west-north-central area of the Nation. The States with low relative rankings were frequently along or near the northern portion of the East Coast.

State and local revenues as a percentage of income show what proportion of personal income goes to support public services. As noted in Table 3, virtually all States showed increases by this yardstick over the latest three years for which data is available.

The only exceptions were Kansas and Michigan, which showed slight declines and Ohio which remained at the same level.

The ten States which showed the largest increases in this brief span were: Alaska, Arizona, Colorado, Delaware, Hawaii, Massachusetts, Missouri, Utah, Vermont, and Wyoming.

TABLE 1

GENERAL REVENUE FROM OWN SOURCES—STATE AND LOCAL
GOVERNMENTS: FISCAL YEAR 1965-1966
IN MILLIONS OF DOLLARS EXCEPT PER CENT

	<u>State Governments</u>		<u>Local Governments</u>	
Taxes:				
Property taxes	\$ 834	2.4%	\$23,836	67.3%
Individual income taxes	4,288	12.4	472	1.3
Corporation income taxes	2,038	5.9	*	-
General sales and gross receipts taxes	7,873	22.8	1,352	3.8
Motor fuel taxes	4,627	13.4	33	.1
Alcoholic beverage taxes	985	2.9	34	.1
Tobacco product taxes	1,541	4.5	105	.3
Public utility taxes	552	1.6	372	1.1
Other selective sales and gross receipts taxes	1,467	4.3	144	.4
Motor vehicle and operators licenses	2,236	6.5	125	.4
Death and gift taxes	808	2.3	**	-
All other taxes	2,132	6.2	887	2.5
Current charges:				
School lunch sales	-	-	1,048	3.0
Higher education institution charges	2,008	5.8	190	.5
Other education charges	28	.1	412	1.2
Hospital charges	427	1.2	1,093	3.1
Sewerage charges	-	-	571	1.6
Sanitation charges other than sewerage	-	-	218	.6
Local parks and recreation charges	-	-	175	.5
National resources charges	148	.4	111	.3
Housing and urban renewal charges	5	-	452	1.3
Air transportation charges	18	.1	267	.8
Water transport and terminal charges	55	.2	138	.4
Parking facility charges	-	-	160	.5
Other charges	917	2.7	932	2.6
Miscellaneous revenue:				
Special assessments	-	-	529	1.5
Sale of property	39	.1	266	.8
Interest earned	661	1.9	745	2.1
Other miscellaneous revenue	825	2.4	738	2.1
Total***	\$34,511	100.0%	\$35,404	100.0%

* Minor amount included in individual income taxes.

** Minor amount included in all other taxes.

*** Detail may not add to totals due to rounding.

Source: Department of Commerce, except percentage computations.

TABLE 2
 GOVERNMENT GENERAL REVENUE FROM OWN SOURCES
 AS A PERCENTAGE OF PERSONAL INCOME
 SELECTED YEARS 1902-1966

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total*</u>
1902	3.2%	0.9%	5.0%	8.1%
1913	2.9	1.1	4.6	8.5
1922	6.8	1.8	5.7	14.3
27	5.5	2.3	6.7	14.5
1932	5.1	4.3	9.7	19.1
34	7.1	4.2	8.2	19.5
36	7.4	4.3	6.6	18.3
38	9.6	5.0	7.2	21.9
1940	7.9	4.6	6.4	18.9
42	12.0	3.5	4.3	19.7
44	29.4	2.7	3.3	35.4
46	24.3	3.0	3.4	30.7
48	21.0	3.6	3.7	28.4
1950	17.5	3.9	4.2	25.6
52	24.4	4.0	4.3	32.7
53	23.8	4.1	4.4	32.3
54	24.1	4.3	4.7	33.1
55	21.1	4.3	4.8	30.1
56	22.0	4.5	4.9	31.4
57	22.3	4.7	5.1	32.1
58	21.1	4.7	5.4	31.2
59	19.6	4.7	5.4	29.7
1960	21.7	5.1	5.7	32.5
61	20.8	5.2	6.0	32.1
62	20.8	5.4	6.0	32.2
63	21.1	5.5	6.1	32.7
**63-64	22.2	6.1	6.6	34.8
**64-65	21.7	6.2	6.7	34.6
**65-66	22.3	6.5	6.7	35.4

* Detail may not add to totals due to rounding.

** Fiscal years, not strictly comparable.

Source: Derived from Department of Commerce data.

TABLE 3
STATE AND LOCAL GENERAL REVENUE FROM OWN
SOURCES AS A PERCENTAGE OF PERSONAL
INCOME, FISCAL 1963-64 TO 1965-66

	<u>1963-64</u>	<u>1964-65</u>	<u>1965-66</u>	<u>Rank Order</u> <u>1965-66</u>
Alabama	12.5%	12.9%	13.0%	28
Alaska	12.6	13.0	14.9	18
Arizona	14.9	15.3	16.0	6
Arkansas	12.2	12.3	12.7	30
California	14.7	15.1	15.0	14
Colorado	13.8	14.4	15.7	8
Connecticut	10.4	10.6	11.1	47
Delaware	11.1	11.9	13.2	26
District of Columbia	9.7	9.4	10.1	51
Florida	13.6	13.8	13.9	25
Georgia	12.4	13.0	12.7	31
Hawaii	15.0	14.8	16.1	5
Idaho	14.2	15.3	14.9	17
Illinois	10.5	10.4	10.8	49
Indiana	12.3	12.7	12.5	37
Iowa	13.6	14.2	14.4	20
Kansas	14.1	14.4	14.0	24
Kentucky	11.8	12.2	12.3	38
Louisiana	16.0	16.2	16.4	4
Maine	12.6	12.8	13.0	29
Maryland	11.0	11.3	11.9	41
Massachusetts	11.5	11.7	12.6	34
Michigan	13.2	13.2	13.0	27
Minnesota	15.1	15.9	15.7	7
Mississippi	14.5	15.5	15.3	10
Missouri	10.2	10.6	11.3	45
Montana	14.7	15.0	15.3	11
Nebraska	12.1	12.0	12.2	40
Nevada	13.3	13.8	14.1	23
New Hampshire	11.1	11.7	11.4	43
New Jersey	10.6	10.8	10.8	50
New Mexico	16.7	17.5	17.5	1
New York	14.0	14.0	14.9	19
North Carolina	12.2	12.3	12.7	33
North Dakota	16.7	17.6	17.1	3

TABLE 3 (continued)

	<u>1963-64</u>	<u>1964-65</u>	<u>1965-66</u>	<u>Rank Order</u> <u>1965-66</u>
Ohio	10.9%	10.8%	10.9%	48
Oklahoma	13.5	13.7	14.2	22
Oregon	13.8	14.1	14.2	21
Pennsylvania	11.0	11.3	11.3	44
Rhode Island	11.2	11.5	11.7	42
South Carolina	12.0	12.3	12.5	36
South Dakota	14.8	16.0	15.5	9
Tennessee	12.1	12.1	12.2	39
Texas	12.4	12.7	12.5	35
Utah	13.7	14.4	15.2	12
Vermont	13.8	14.8	15.0	15
Virginia	10.9	10.8	11.3	46
Washington	14.3	14.7	15.1	13
West Virginia	12.3	12.1	12.7	32
Wisconsin	14.8	14.8	15.0	16
Wyoming	15.3	15.6	17.4	2
U. S. Average	12.7	12.9	13.1	-
Median State	12.6	13.0	13.2	-

Source: Derived from Department of Commerce data.

Constitutional Debt and Tax Limitations*

Among the factors affecting the ability of Governors and Legislators to develop a sound financial plan for the States are the limitations on debt and taxation found in most state constitutions. These limitations in many cases arose from unsound financial practices of over a century ago, yet still exist to hamstring today's decision makers. This is true despite the fact that concepts in financial practices have changed and financial requirements have been radically altered.

Much has been written concerning limitations. For the convenience of Governors, this report has been prepared to summarize currently available information.

Constitutional Debt Limits

Constitutional debt limits have provided a constraint to fiscal operations in most States. In only four States can debt be created by ordinary legislative procedures, and in two others an extraordinary legislative vote is required. Four other States, having no monetary limits, may create debt only by popular referendum.

Thirty-seven States have some type of limitation on amount of debt that may be incurred. In twenty-eight, legislative authority to create debt is limited in dollar amount—token amounts by today's standards except in Hawaii. In four States debt is limited to a proportion of property values, in four others to a proportion of tax collections, and in one to a proportion of debt redemption. In fourteen of these thirty-seven States the limitations may be exceeded by popular referendum, and in the other twenty-three only by constitutional amendment.

In three States no debt, with a few exceptions concerning purpose or type, may be incurred without a constitutional amendment.

Most States have exceptions to the debt limits, usually for purposes of defense from invasion or insurrection. (For details on debt limitations, see table at end of this section.)

The limitations have in most States been bypassed through various methods. In some States revenue bonds or bonds financed from special funds have been exempt from the constitutional limitations. A popular device has been the establishment of authorities to float revenue bonds not guaranteed by the full faith and credit of the State.

While this authority device permits States to finance many projects considered necessary, it costs more in interest rates. To illustrate, in fiscal year 1966, the States had \$15.8 billion of long-term nonguaranteed debt outstanding, exceeding the \$12.7 billion of long-term full faith and credit debt. At an assumed one-half of one per

* Prepared by George A. Bell, Director of Research, Council of State Governments.

cent differential in interest rates, the nonguaranteed debt cost the States \$79 million more annually in interest than if the same debt were full faith and credit.

Tax Limitations

Another factor limiting gubernatorial and legislative discretion in fiscal policy is the presence in state constitutions of limitations on the power to tax. Some of these are not highly significant in terms of present-day revenue structures, such as property tax rate ceilings for state purposes found in about one-third of the States. Some constitutions specify the type of taxes that may or may not be levied on certain businesses, such as financial institutions or public utilities or on types of property, such as motor vehicles or intangibles. Two States have been limited in death taxes only to those which may be credited against the federal estate tax.

More significant from the revenue-raising point of view, in a few States there are constitutional barriers affecting the income tax. The constitutions of two States (Florida and Tennessee) contain apparent prohibitions against levying an income tax. There are three other States—Illinois, Pennsylvania, Washington—in which past enactments of graduated income taxes have been declared unconstitutional primarily because they violated the uniformity clause.

In most States, however, uniformity clauses have been interpreted by the courts broadly enough so that graduated income taxes have not been prohibited. Of the sixteen States not levying an income tax today, at least eleven would probably be able to do so under their present constitutions.

Earmarked Revenues

Another restriction affecting policy-making discretion relates to the earmarking of certain revenues for specified purposes. According to a 1962 survey, the constitutions of at least thirty-one States (information was not available for four States) contain provisions for earmarking revenues. The most prevalent earmarking is for highway purposes (twenty-five States), followed by education purposes (eleven States) and scattered earmarking for local government, pensions and buildings.

Of the thirty-one States, six dedicate less than ten per cent of their taxes and six others under twenty-five per cent. A majority, sixteen, dedicate between one-fourth and one-half of their funds, and only three in excess of one-half.

Considerable earmarking has also been accomplished by statute. Of sixteen States not earmarking by constitution, Georgia appears to be the only State not earmarking revenues by a statute, while six others dedicate ten per cent or under. Two of the sixteen

States dedicate between one-fourth and one-half their taxes, and three earmark over one-half.

Of the thirty-one States with known constitutional earmarking, in thirteen the constitution appears to provide for dedicating of over three-fourths of all dedicated revenues; in eight, between one-half and one-fourth; in five, between one-fourth and one-half; and in five, under one-tenth. In other words, the last two groups of States, totalling ten, earmark more taxes by statute than by constitution, while twenty-one have more constitutional than statutory earmarking.

Total earmarking of revenues, according to the Tax Foundation study, dropped from a nationwide average of fifty-one per cent in 1954 to forty-one per cent in 1963. Some of the reduction resulted from removal of earmarking provisions, but much of it is due to a greater expansion of non-earmarked taxes, by adding new taxes or increasing the rates of the old. In only ten States did the proportion of earmarked taxes increase during this period, and most cases by very small percentages.

Conclusion

Constitutional debt and tax limitations, including earmarking of revenues, continue to impose a burdensome restriction on state Governors and Legislators. States have found ways to live with these restrictions through such procedures as authorizing revenue bonds or levying taxes not restricted or earmarked. Yet these actions distort normal reactions to state fiscal problems and in some cases make financing more expensive.

The restrictions described, therefore, should be removed for maximum efficiency in state financing.

Table 4

STATE CONSTITUTIONAL LIMITATIONS ON STATE BORROWING

State	Legislative borrowing power limits						Exceptions to limits			Per capita total debt 1966
	No limit-ations	For casual deficits or extraordinary expenses only	For any other purpose	Referendum required to create debt	Referendum required to exceed limit	For refunding purpose	Limit may be exceeded			
							For defense State or Nation	For other purpose		
Alabama		\$3,000,000(1)				x	x(2)		\$142.71	
Alaska				x		x	x		463.90	
Arizona		350,000							28.24	
Arkansas				x		x			54.18	
California			\$300,000		x				222.48	
Colorado		100,000	50,000 (5)	x(3)					62.63	
Connecticut	x								429.24	
Delaware	x(6)								653.23	
Florida		500,000	(7)(8)	x		x	x		133.82	
Georgia			3,500,000(9)			x	x		132.42	
Hawaii			60,000,000(10)			x	x	x	423.71	
Idaho		250,000	2,000,000		x				22.51	
Illinois					x				107.26	
Indiana		250,000	(7)			x	x		107.68	
Iowa					x				25.63	
Kansas			1,000,000		x				111.80	
Kentucky		500,000			x				263.67	
Louisiana	x(2)				x	x			179.85	
Maine			2,000,000						163.29	
Maryland	x	500,000			x			x(11)	225.14	

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System (in press). (Adaptation)

Table 4 (Continued)
STATE CONSTITUTIONAL LIMITATIONS ON STATE BORROWING

State	Legislative borrowing power limits				Exceptions to limits				Per capita total debt 1966
	No limi- tations	For casual deficits or extraordinary expenses only	For any other purpose	Referendum required to create debt	Referendum required to exceed limit	Limit may be exceeded			
						For refunding purpose	For State or Nation	For other purpose	
Massachusetts	x(2)					x	x	x(11)	\$329.19
Michigan		\$250,000	\$250,000			x	x	x(4)	113.35
Minnesota	x(2)		(12)				x	x(11)	90.22
Mississippi		1,000,000			x				113.41
Missouri						x			30.55
Montana		100,000	100,000		x		x		107.37
Nebraska		100,000					x		45.13
Nevada			(13)				x		35.11
New Hampshire	x		(4)						197.21
New Jersey					x		x		148.36
New Mexico		200,000(13)			x		x		123.07
New York		(14)		x		x	x	x(11)	250.34
North Carolina			(15)		x		x	x	54.87
North Dakota			2,000,000					x	38.19
Ohio		750,000				x	x		100.15
Oklahoma			500,000	x			x		169.29
Oregon			50,000(16)				x	x(13)(17)	231.49
Pennsylvania			(18)				x		169.59
Rhode Island			50,000		x				278.48
South Carolina		(15)		x(19)				x(11)	92.29
South Dakota		100,000	(2)(13)			x			27.89
Tennessee	x								59.51
Texas		200,000				x			56.73
Utah			(13)						106.55
Vermont	x								191.48

Table 4 (Continued)
STATE CONSTITUTIONAL LIMITATIONS ON STATE BORROWING

State	Legislative borrowing power limits				Exceptions to limits			Per capita total debt 1966
	No limitations	For any other purpose	Referendum required to create debt	Referendum required to exceed limit	For refunding purpose	For defense of State or Nation	For other purpose	
Virginia		(13)	x(20)		x	x		\$ 61.40
Washington			400,000	x(20)		x		186.15
West Virginia			(15)		x			208.04
Wisconsin			100,000			x		79.52
Wyoming		(13)		x(21)		x		75.55

Footnotes to Table 4

- (1) Governor authorizes debt up to \$300,000.
- (2) Require approval by 2/3 of (each house of) Legislature.
- (3) Refers solely to receipts from three-mill levy against state-assessed valuation for erection of state buildings.
- (4) May create additional debt for purposes of highway construction and improvement.
- (5) Debt is not to exceed 4 1/2 times the total tax receipts of the State during the preceding fiscal year.
- (6) Requires approval by 3/4 of Legislature.
- (7) Requires approval by 3/5 of Legislature.
- (8) Refers solely to pledging of specific revenues through bonds by individual agencies.
- (9) Solely for the payment of state public school teachers.
- (10) Further debt (such that the total debt does not exceed 1.5 per cent of the total of assessed state property values) may be created by a 2/3 vote in each house.
- (11) For tax or revenue anticipation loans.
- (12) Bonded indebtedness cannot be in excess of 1 1/2 times the sum of all revenue collected in the State during any one of the four preceding fiscal years.
- (13) Limitation in terms of percentage of assessed valuation of property.
- (14) Creation of debt limited to 2/3 the amount by which the State's outstanding indebtedness has been reduced during the preceding biennium.
- (15) May borrow for this purpose but no maximum specified.

Footnotes to Table 4 (Continued)

- (16) Debt created for rehabilitation and acquisition of forest lands may not exceed 3/16 of 1 per cent of the cash value of all state property taxed on ad valorem basis.
- (17) For road construction and maintenance.
- (18) A constitutional amendment adopted in May, 1968, eliminates the former \$1 million debt limitation and authorizes debt equal to the average annual state revenue for the most recent five years multiplied by 1.75.
- (19) Referendum not required for debt created for "ordinary purposes of state government." Any referendum requires 2/3 approval.
- (20) Referendum required for all purposes other than casual deficits, extraordinary expenditures, and other special exceptions.
- (21) Referendum required for creation of debt in excess of amount of taxes for current fiscal year.

Sources: Legislative Drafting Research Fund of Columbia University. Constitution of the United States, National and State. Vols. 1 and 2.
(Dobbs Ferry, New York: Oceana Publications, Inc.), 1962.
Heins, A. James. Constitutional Restrictions Against State Debt (Madison, Wisconsin: University of Wisconsin Press), 1963.
Tax Foundation, Inc. State Expenditure Exhibits: an Evaluation and Supplement (New York, 1965).

Grant Packaging: A Partial Step Toward a System of Grants-in-Aid*

The President, in his "Quality of Government" message of March 17, 1967, directed the Bureau of the Budget to develop a program which would make it possible for federal agencies to combine related grants into a single financial package so that financial and administrative procedures under the many grant programs could be simplified.

The Joint Funding Simplification Act formulated as a consequence of the Bureau of the Budget study was introduced in the summer of 1967 (S. 2981 and H.R. 12631). The bill essentially provides federal agencies with a mandate from the U. S. Congress to: (1) bring together such federal aid programs as States and localities deem appropriate in pursuing their program policies in concert with national purposes, and (2) formulate packages of aids that would have a general applicability in a number of States and cities. It is intended that the latter type of packaging of grants could serve as a trial for subsequent consolidation of grants. The bill does not affect substantial requirements of existing federal assistance programs such as eligibility, matching, grant formulas.

Purposes, Authority for Uniform Rules and Pooling of Funds

For the two general types of packaged grant programs legislative authorization would permit more effective use of federal funds in carrying out Congressional intent as well as state and community objectives. More specifically, it would reduce the delays and cost to State and community in applying for and receiving federal funds.

The bill sets forth its purposes as follows:

(1) to enable States and local governments to use federal assistance more effectively and efficiently.

(2) to adapt federal aids to the more particular needs of state and local governments by encouraging the wider use of projects that draw on federal resources from more than one agency, program, or appropriation.

(3) to acquire experience which would lead to the development of legislative proposals on consolidation, simplification, and coordination of federal grants.

*Prepared by Selma J. Mushkin, State-Local Finances Project, George Washington University. It is based on research done under contract with the U. S. Bureau of the Budget, but does not necessarily represent the views of the Bureau.

(4) to encourage federal-state arrangements to assist local governments (and other public or private agencies) in using the combined resources of those governments in support of projects of common interest and concern.

To carry out these purposes the bill permits federal agencies under regulations prescribed by the President to identify programs that appear suitable for joint development and funding, to review and modify administrative regulations that impede the combining of grants in support of a project, and to work toward a joint or common application process for federal grants.

The bill seeks to remedy current difficulties facing States and communities in processing applications. It calls upon the federal agencies to: handle reviews of applications for funds expeditiously; consider fully the timing problems of the governments that affect the feasibility of the proposed project; reduce to a minimum the number of federal officials that need be consulted; and inform the government applying for aid promptly of the federal decisions taken.

Authority would be given for establishing uniform technical or administrative requirements to remove inconsistent or conflicting requirements on accounting, reporting, auditing, banking; timing of federal payments; form of assistance such as contracts and grants; merit personnel systems; and accountability for or the disposition of property or structures acquired or constructed with federal assistance.

Federal agency heads are authorized to provide for review of proposals for projects by a single panel, board or committee in lieu of review by separate groups. Furthermore, on the request of the head of a State, city or county, requirements for a single or specified city or state agency may be waived, if it is determined that administration by another public agency is in accord with state or local law and with the objectives of the federal assistance program.

Federal agencies would be authorized to delegate to other federal agencies such powers as would promote the purposes of the Joint Funding Simplification Act. It is contemplated that "a lead" federal agency would be designated to assume responsibility for processing applications and managing the aided project. Importantly, the bill also provides that joint management funds be established for joint projects. The accounting for funds would be approved through this joint management fund to which would be advanced a proportional share of amounts from each affected appropriation as needed to make payments. The agreements worked out by the federal agencies would have to assure to each agency such information as it requires. The agency administering the joint management fund would be responsible and accountable for the total amount provided for each project; any repayments would be

made to federal agencies in accord with a mutually agreeable formula. In the case of any project a single matching requirement may be established, according to the federal share ratios applicable to the several federal aid programs involved and the proportion of funds transferred to the project account from each of those programs.

Precedents

Joint project or plan submissions are not altogether new. Single state plans for child health and public health programs were developed many years ago. Procedures for single reviewing of compliance with merit personnel systems through a single state civil service agency were pioneered much earlier. Procedures for single audits also were established for some closely related grant programs administered by the same state agency. A Budget Bureau circular issued in 1965 encourages federal agencies to make use of audits conducted by the States or other federal agencies to the maximum extent feasible, further reducing the separate auditing requirements placed on the States. The Joint Funding Simplification Act is an extension of these earlier steps toward more order in federal aids.

In 1967 the Economic Opportunity Act was amended to provide that, pursuant to regulations prescribed by the President, where funds are advanced for a single project by more than one federal agency to any agency assisted out of economic opportunity funds, any one federal agency may be designated to act for all in administering the funds advanced. That amendment also provides for a single matching share determined in the same way as provided under the Joint Funding Simplification Act and for waiving technical grant or contract grant requirements that lead to inconsistent rules.

An Economic Opportunity Council, in the 1964 Economic Opportunity Act, was directed to promote better coordination among programs with a view to reaching and serving the poor and assisting state and local agencies to adapt diverse federal programs to various local conditions and to stimulate new and more imaginative ways of combining complementary federal resources in the solution of specific problems.

Reaction from the States

At the 59th Annual National Governors' Conference in October, 1967, the Governors passed a resolution urging: ". . . enactment without delay of the Joint Funding Simplification Act."

To give greater specificity to the consideration of this Act, the National Governors' Conference Committee on Revenue and Taxation under the chairmanship of Governor Philip Hoff of Vermont, solicited from the Governors their experience with putting

together federal grants to achieve state objectives. Responses from the Governors indicate the urgency of action to gain more uniform rules for applying for, accounting for, and meeting conditions of federal grants. They also point to federal initiative in:

- gaining the cooperation of federal departments and agencies in carrying out Congressional directives;

- formulating packages of federal grants;

- providing more specific information on what is available to carry out state and city objectives;

- serving as grant-in-aid coordinators on program or project plans developed by State or city to serve national as well as local purposes;

- reducing time and personnel and other costs in applying for federal project aids;

- giving emphasis to gaining the general program purposes sought by the U. S. Congress rather than primary concern for controls and safeguards.

Replies received from each of the responding States are summarized in the Appendix.

The responses obtained vary materially in their detail and perspective. Many throw considerable light on the potential of the Joint Funding Simplification Act in creating "order out of confusion" in grantsmanship.

The combining of federal grants-in-aid to carry out state projects and programs is reported by a number of States. The types of projects involving federal aid combinations include programs to improve reading skills of children, manpower development and training, mental health facilities and services, job training and neighborhood youth corps activities, day care services, professional training of Department of Education personnel, better transportation in localities, and so forth. As this partial listing suggests, the public objectives of the States calling for combinations of existing federal aid programs are varied. In some instances the purposes are coordination of planning activities. In others, improved sewer and water system services are being sought. Still in others, more adequate health care for lower income groups or specific classes of public beneficiaries such as migrant workers and Indians leads to the combining of federal assistance in helping to finance required programs. Additional packaging reported by the States includes aid for public transportation programs, rehabilitation of both disabled and nondisabled workers, construction of hospital and health facilities and development of recreational programs. Approval has been granted for packaging of funds for a state data bank in one State. In another, a coordi-

nated plan of health care, including smoking control has been successfully packaged.

The States report as well on their unsuccessful packaging attempts. From one State comes a report of failure to gain federal approval of funding for an Opportunity Center that would include job assistance training and career development. Combinations of grants to assist in financing a Training Center for School Disoriented Youth was not achieved by one State. A project for job production activities failed to be federally funded in another. The wide range of program purposes and program content for which packaging has been unsuccessfully attempted includes programs directed toward controlling water pollution, implementing highway safety measures, effecting park and recreation land acquisitions. Other unsuccessful proposals for packaging of grants include provision for state leadership and technical assistance for local education agencies, child health programs, and combined programs directed toward industrial development.

In addition, several States report proposals for packaging of grants are pending. These proposed programs also cover a wide range of activities: One State has proposed training of community development personnel, another has proposed a program for highway and airport expansion, and a third has pending a program for urban beautification and open space. Additional proposals which are pending include an umbrella program to administer federal education programs, a pilot neighborhood center, and a comprehensive state planning program. Grants for construction of college facilities, community development, airport development, child health, and PRIDE are also being sought. One State has proposed a program to strengthen local governments and another has presented a proposal for reducing red tape and simplifying reporting and accounting.

Reducing delay and frustration—The President's "Quality of Government" message and the subsequent move toward joint funding encouraged the development of a packaging of Sec. 701 Urban Planning Assistance grant under the Housing Act of 1964 and Sec. 301(b) of Title III of the Public Works and Economic Development Act of 1965.

The State of Vermont in seeking such a package of aid had as its objective development of an integrated planning, programming, budgeting system for the State, together with a supporting statewide information system. Both purposes have been urged by national agencies to obtain better coordination and more effective and efficient use of federal dollars as well as state revenues. It was not deemed possible by the federal agencies involved despite a high order of cooperation to work out a joint interagency project that could be jointly funded. Rather an "in tandem" approach was adopted with the consequent reporting from the State of Vermont:

The grant "was achieved after considerable time spent in recurrent and at times repetitive discussion and negotiation . . . the procedural problems at the Federal level usually cooled our enthusiasm before serious efforts were made."

From Michigan comes a formulation of the timing problem in terms of the uncertainties created by partial approval of grant support under one grant authorization and delay in approval of other grant support for a single project. This (an adult work-training program in Kalamazoo) was finally carried out; however, there was a six-week delay from the time one part of the project was approved and funded. This partial funding of the complete project caused considerable turmoil for the local school in regard to knowing whether to start the project, to staff for the entire project, and to commit facilities. If single projects are to be funded from more than one source closer cooperation among federal agencies is urgent.

Even more uncertainty and delay is likely if each federal agency conditions its approval on favorable action of other federal agencies. From Rhode Island comes the report that, "The problem of joint or multi-purpose projects is usually one of timing: one of the agencies concerned is ready to act (or must act), while the other needs an additional year or two." The problem is noticed in New Jersey as well: "The inability of one federal agency to make a decision can delay or condemn the entire proposal."

Achieving greater uniformity in grant-in-aid rules—While a number of federal planning and project grants are closely inter-related they have different requirements for administration. The accounting and reporting requirements vary. There are different requirements for the "grant" and the "contract" that relate to the time period for which the funds are available; personnel system requirements differ; overhead allowances are markedly variant. Equipment and property controls are disparate. Some federal grants allow advance payments; some allow payment on a quarterly basis, and others allow payments only as a reimbursement of documented expenditures.

A State or city undertaking to bring together federal grants-in-aid and other assistance faces a large coordination task.

Assuming that information on the sources of federal assistance is at hand together with a reasonably up-to-date list of names and addresses required to follow through to an application or required plan submission, the state or local government still is confronted with a range of conflicting but detailed requirements.

In recognition of these conflicts the Joint Funding Simplification Act calls for a review of the rules under each grant and answers to such questions as: Are these rules essential? What changes in regulation would help gain greater uniformity? From

one state agency comes a plea for the speedy enactment of at least that part of the bill that calls for establishment of common technical and administrative rules among related programs even if joint funding is not authorized. The steps toward simplification "would be an aid in eliminating a coordination effort that causes significant workload under the present system." From another agency comes an urgent request for the delegation of authority for approval and supervision called for by the proposed legislation so that joint management funds can be brought to reality.

Designing grant packages to meet state and local policies— Implementation of public purposes often requires a coordinate funding and carrying out of a number of different activities or programs. Economic development objectives in the backward areas of a State are set forth by the States as clear examples of the need for such activity or program coordination. A wide variety of federal aids can be applied to facilitate the implementation of such an objective. The separate activities or projects involved, in turn, may look to many different federal aid programs. The combination of projects, activities and programs best suited to achieve the general purpose can be formulated only by the State to reflect the special economic, geographic, and social conditions in the area. The combinations may involve airport construction, runway extension and lighting, access roads, new terminals, community colleges and area vocational centers, outdoor recreational facilities and services, sewage treatment facilities and so forth. The formulation of the policies, plans and activities by the State under present procedures would then call for a search of federal funding sources among the many possible grants.

It should be possible under the Joint Funding Simplification Act for the state or local government to formulate its specific project or program proposals and to call upon an appropriate federal agency (with substantial granting authority) to seek out, and work with other appropriate federal grant and assistance sources to develop a coordinated grant approval plan.

The possible combinations of two, three or more grants within an aggregate of well over 200-300 demonstration and physical facility project funds are too numerous to look toward standard federal packaging that would best contribute to the implementation of state and local policies. But some "standard combinations" that are applicable to common problems in a number of States are possible and these standard packages need identification both to encourage their use and because of the possibilities for subsequent consolidation legislation.

Under present practices a State seeking federal aid to help carry out a project that requires funding from more than one grant authorization has to engage in a discovery procedure on what is available by way of federal assistance. It submits separate

applications for such aid. The application forms vary; each has its own requirements; each is processed separately and independently in accordance with the practices adopted for that particular assistance program. For each grant the special requirements must be administered by the State to accord with the federal practices on reporting, accounting, payments, auditing and so forth.

A detailed accounting has not been made of the costs of applying for and receiving federal assistance. Among costs are:

The cost of information, including:

information on the availability of federal assistance, and information on the requirements for federal assistance.

The cost of processing project submissions, including:

formulating projects
preparing applications
obtaining any state or local legislative approval required
reviewing and following through on stages of review
amending project applications
accepting and fitting the aids into own governmental budgetary and other procedures.

The cost of administration, including:

preparing and submitting audit reports
preparing and submitting data required
accounting for procurement financed with federal aids
reporting on progress
responding to site visit requests, and so forth.

Necessity of interagency cooperation—In response to the President's directive some steps have been taken by agencies and departments to improve the granting procedures under current legislative authority. Several States reported on these steps toward packaging. The Federal Concentrated Employment Program, for example, represents an attempt within the U. S. Department of Labor to package the manpower aid programs it administers. Allocations of Department of Labor funds are made to a single agency or committee in target cities on the submission of a single work program and are reviewed en bloc by a single federal committee. Application procedures are thus simplified. But without the authority for joint fund management, program components still must be identified by funding source, and spending by the target city must be allocated for activities precisely in accord with the earmarking of this funding course. Importantly too, other federal aids administered by other federal departments and agencies for job creation, training, manpower development and related activities are not included in the Department of Labor manpower package program.

The State of New Jersey writes of such packaging efforts: "The Federal government is at least aware of the problem and is groping toward some form of solution, but the apparent competitiveness and frequent insularity of the various Federal bureaus and offices do not raise hopes for significant, substantive Federally guided steps toward program integration at the operational level."

Administrative Action

Legislation is being sought to simplify grant machinery and is complemented by administrative action. Several steps have been taken toward coordination and administrative simplification.

On May 11, 1967, the President instructed the Secretaries of Housing and Urban Development; Labor; and Health, Education, and Welfare; and the Director of the Office of Economic Opportunity to review their procedure for the development and processing of grant-in-aid applications and to recommend steps for reducing the time involved by 50 per cent. An interagency task force under the Housing and Urban Development department's direction was created to implement that instruction. A final report on "Reducing Federal Grant-In-Aid Processing Time" was submitted by this interagency task force in September, 1967. Reductions in processing time put into effect or planned are intended to reduce the costs of delay to States and cities.

A follow-up activity of the Joint Administrative Task Force has been directed by the President to effect other administrative improvements in aid programs of the four participating agencies.

Moreover, all departments and agencies with grant-in-aid programs were directed to analyze their programs and report to the Bureau of the Budget by March 31, 1968, on steps taken to reduce processing time. As a consequence of this directive eleven additional departments and agencies identified and analyzed a total of forty-six assistance programs or program components in a report, "An Interagency Report to the President on Improved Grant-In-Aid Processing."

Prominent and recurring recommendations include:

Increased delegation from Washington to field level; in a few instances to state level.

Increased pre-application assistance to state and local governments.

Improved processing control and work scheduling.

Increased use of parallel and concurrent processing.

Simplified application and review procedures and forms.

Increased interagency consultation on problem areas.

Differentiation of processing detail according to project complexity and size.

More precise delineation of program criteria.

Improved quality of technical assistance to state and local governments.

Improved intra-agency communication, through such devices as periodic headquarters-field conferences.

Increased use of mechanized automatic processing techniques.

Increased emphasis on federal training and personnel development.

The detailed reviews by each of the departments and agencies led to reduction in time of processing and payment with elimination of some stages of review, delegation of authority to state agencies, elimination of certain rules and so forth.

In part, simplifying improvements in grant administration is taking place through interdepartmental action, and in part through departmental or agency action.

The U. S. Department of Labor has sought to achieve a packaging of manpower programs as indicated earlier. Over fifteen major federal manpower programs support state and community policies on training.

The Department of Health, Education, and Welfare has made several administrative changes. It has developed a standard departmental application form for assistance; multiple copies are provided to applicants for distribution to the reviewing agencies. A coordinated review is carried out by the agencies within the Department, and a "lead agency" is designated for purposes of federal administration of projects approved for joint funding.

The recent endorsement by the U. S. Office of Education of a combined packaging of educational aids proposed by the State of Texas provides a design for comprehensive packaging and planning of federally-assisted educational programs. The state plans for the Elementary and Secondary Education Act, Titles I, II, III, V, and VI, the National Defense Education Act, Titles III and V, the Vocational Education Act of 1963, and the Educational Professions Development Act of 1967 are to be modified to permit the packaging of federal funds for these programs and the use of the funds in accord with the developed state policy. Local school districts in harmony with this policy may generally submit single plans for federal aid, and single reports.

Administrative action has helped to gain interagency funding

arrangements for neighborhood centers. The Neighborhood Centers Pilot Program is attempting on a trial basis to simplify procedures in applying for federal grants for neighborhood services. Fourteen cities are participating in the pilot program grants from four federal agencies. Reporting requirements have been streamlined so that cities are required to submit general data bearing on the proposed neighborhood program in a single information package. Similarly, five federal agencies are participating in a coordination effort under which thirty-six local parent and child centers are aided. Attempts are being made to link neighborhood centers with target areas of Model City projects, the Concentrated Employment Programs of the U. S. Department of Labor, and the Comprehensive Area Manpower Planning (CAMP) program also of the U. S. Department of Labor. Neighborhood health centers are being funded through combinations of OEO and Partnership in Health grants. Steps are in process to develop joint funding for day care services using DHEW, OEO and Department of Labor grant authorizations and funds.

Summary of Present Status

As of July 1968 some administrative action has been taken to simplify procedures largely by reducing processing time, providing for single or common project applications, and providing for single or common reviews.

Legislative authority to jointly fund and to establish a single weighted average of state and local matching shares is fostering simplified procedures for applying for and funding certain federal aids in a way that can be adapted to local requirements and project design.

Hearings have been held in both the House of Representatives and the Senate on the new legislative authority sought through the Joint Funding Simplification Act. Cautions of the Congress on the legislation suggest the need for concern about the forces that have been put into play along with the flexible adaptation of the grant-in-aid tool as an instrument for intergovernmental relations.

Cautions and Comments

The packaging of federal assistance as a step toward more system in a patchwork of grants essentially applies to those classes of aids that are either physical facility supports in particular places or encouragements to demonstrations or experiments with new public products, new methods of producing them, or new delivery methods. The large support grants that account for most federal dollars to States and localities, while included in the provisions of the Joint Funding Simplification Act, do not originate the problems that the packaging proposals are designed

to meet. The large number of demonstration, innovation, experimental aids together with aids for equipping, constructing, acquiring land and so forth, create most of the problems of informing and sorting out what is available, as do separate applications, separate reviews, separate accounting, and separate funding. Such demonstration aids are not all of a kind as indicated elsewhere. In part, they are an initial federal response to an identified large problem; in part they are demonstrations for intercommunity transfers of technology; in part they are truly experimental.

Basic purposes of the demonstration grants, whether they are small responses to large problems or are designated to transfer technology are best carried out by allowing wide latitude to the States and localities in designing projects that are adapted to their own needs and arranged to buttress their own policy directions and funding. Communities may serve as laboratories for trying out new public service combinations to meet public objectives. (Clearly some experiments require experimental controls that point to considerable federal assistance in design of the program if intercommunity results are to be compared in yielding experimental findings).

The Joint Funding Simplification Act and the administrative measures that are being taken under existing authority deal with a broader range of grants and other federal assistance programs than those that raise the major problems of multiplicity. At the same time these measures—both legislative and administrative—fail to come to grips with the problems and cost of information about the availability of federal assistance. There is no clear shifting to the federal government of the cost of "grantsmanship" on such small aid programs, with the resulting potential continuation of a costly structure outside of the federal government of expertise on seeking out relevant (or even hardly relevant) grant support and of applying for and processing applications for support. This structure includes the expert private consultant on federal grants, the federal grant coordinator at state and community governmental levels, the state and local Washington, D. C. offices. The price for lack of expertise may be high in reduced federal aid.

Even in this beginning of a system through packaging and joint funding—a beginning that is not intended to affect substantive requirements such as eligibility and matching of existing federal assistance programs—Congressional interest and concern with identifying Congressional responsiveness to their constituency on specific public projects has become a barrier to favorable and speedy Congressional action.

Moreover, confusion appears to exist about the structuring of the building blocks represented by federal aid programs. States and communities with considerable information and expertise can bring grants together in a package to meet their own purposes

through carefully formulated projects. The projects and the grant combinations necessarily will differ from one place to another because the problems and the public purposes served are not always the same. One community may place high priority on providing a range of services that will result in independent, satisfying living levels for the physically handicapped. A vocational rehabilitation center may serve adults who are trainable by using vocational re-habilitation grant funds; it may serve as well as a training center for teachers by using Office of Education aids, and as a sheltered work shop for a group of disabled persons, and so forth. Another may have as its priority a combined medical-social service-education center for the children in a poor neighborhood. The possible combinations of the building blocks as suggested earlier are too numerous to make into standard uniform packages that can (or should) be applied everywhere. Consolidation of grants to broad functional areas will not serve the purposes of projects that call for combinations across functional areas. At the same time unless the vital purposes of transfer of technology and experimentation are preserved by earmarked federal dollars, incentives for such transfers and experiments will be lost.

Repeatedly, in testimony on the Joint Funding Simplification Act consolidation of grants was offered as a substitute for joint funding. For example, the Deputy Director of the Civil Division of the General Accounting Office in his testimony before the House Committee on Government Operations states ". . . we believe that the real key to significantly improved administration lies in the legislative consolidation of programs into broad categories of assistance, and the placement of like programs in a single agency, rather than establishing an administrative apparatus to deal with a continuing proliferation of single narrow purpose programs."

Experience with standard packages under the Joint Funding Simplification Act where appropriate would yield guidelines for future recommendations on consolidations.

The Governors at their 59th Annual Conference recommended action that would reduce the costs of information about the two hundred or more federal demonstration aids. More specifically, the National Governors' Committee recommended that the more than two hundred demonstration or innovational grants be consolidated into a single demonstration grant authority for each department and independent agency of the national government having substantial intergovernmental programs.

The authorization for innovation grants to States and communities for the demonstration, experimentation, and innovation in new public services should not be fragmented but should be broadly designed to encompass the wide range of each department's program responsibilities. For example, the U. S. Department of Health, Education, and Welfare would have a single authority to

support demonstrations of new services, or more efficient methods of delivering services, in the health, education and welfare areas. This new, broad authority would take the place of specific demonstration grants. As a consequence, governments no longer would have to spend their resources to determine whether the federal government is authorized to support a particular demonstration or innovation of concern to them.

Concomitant provisions of two types are needed:

- (1) Substantive committees of Congress are concerned necessarily with the types and directions of innovation and demonstration in public services. These committees might designate each year, as a directive to the federal departments, the type of programs on which, in their judgment, innovation should be encouraged. Departments might be required to report back each year to these committees the steps they have taken to carry out the Congressional directives.
- (2) Federal agencies encouraging demonstration and innovation in States and communities require strong professional staffing that could give guidance on technical problems to States and communities.

Respectfully submitted,
Governor Philip H. Hoff, Vermont, Chairman,
Committee on Revenue and Taxation

APPENDIX

Summary of State Replies on Questionnaire on Packaging of Federal Grants-in-Aid

(Appendix begins on next page.)

CALIFORNIA

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Rehabilitation of non-disabled	Vocational rehabilitation project for economically depressed areas of Los Angeles County	Office of Economic Opportunity Vocational Rehabilitation Administration	Department of Rehabilitation
Rehabilitation of disabled	Vocational rehabilitation project for economically depressed areas of Los Angeles County	Vocational Rehabilitation Administration (Sec. 2, 3, 4A1 and 4A2; VR Act)	Department of Rehabilitation
(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority.			
Child Health	Crippled Children Maternal and Child Health	Children's Bureau	Department of Public Health
(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?			
Child Health	Crippled Children Maternal and Child Health	Children's Bureau	Department of Public Health

CALIFORNIA (Continued)

General Comments:

We believe that the bill under consideration would bring about highly desirable changes if the present philosophy of grants-in-aid prevails. We feel quite strongly, however, that unless the present kinds of de-tailed approvals and controls are clearly essential to the accomplishment of national objectives, grants-in-aid should be for broad, general purposes with greater discretion vested in the States. In addition, con-sistent, uniform principles governing the acceptable uses of funds granted to the States would eliminate many of the administrative difficulties now being experienced.

CONNECTICUT

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Technical Assistance and Training	Title VIII-Housing Act and Title IX	U. S. Dept. of Housing and Urban Development	State Department of Community Affairs
(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).			
Planning	701 Urban Planning B.O.R. Planning B.P.R. Planning	H.U.D. Interior D.O.T.	Development Commission Highway Department Agriculture and Natural Resources Department of Finance and Control

CONNECTICUT (Continued)

General Comments:

Except for one application to the Department of Housing and Urban Development for a program under Title VIII of the Housing Act of 1964, as amended, and Title IX of the Demonstration Cities and Metropolitan Development Act, which has received tentative approval, we have not been successful in packaging two or more federal grant applications into one proposal to achieve a specific state objective.

We have, on several occasions, sought to enhance our applications by providing a combined program description; however, applications had to be reduced to individual applications to each federal agency for its portion of the total program.

It is recognized that joint funding by more than one federal agency of specific state objectives, which often also involve more than one state agency by packaging applications, state plans, and/or project proposals, represents a major departure from existing grant-in-aid procedures at both the state and federal levels. Packaging arrangements authorized by the Joint Funding Simplification Act appear to be adequate in the light of present state policies and procedures. Experience will no doubt point up problems inherent in the proposed legislation, as well as additional steps which can and should be taken.

Federal agency administrative regulations should allow the flexibility necessary to administer programs in accordance with each State's ability and willingness to implement programs within the intent and spirit of enabling federal laws.

ILLINOIS

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Better transportation systems in localities	Highway Planning & Research Program (Federal Highway Act of 1962) Section 701 of Housing Act	Department of Transportation Department of Housing and Urban Development	Department of Public Works and Buildings (Division of Highways) Department of Business and Economic Development (Division of Local and Regional Planning)
Improved sewer and water systems in localities	Area Water & Sewer Systems Planning Grant Program (Section 306a of Farmers Home Administration Act of 1961) Section 701 of Housing Act	Department of Agriculture Department of Housing and Urban Development	Department of Business and Economic Development (Division of Local and Regional Planning) State Farmers Home Administration Office
Improved health services in localities		Office of Economic Opportunity Department of Health, Education and Welfare (Public Health Service)	Department of Public Health City of Chicago Health Department
Improved health services for migrant workers	Migrant Health Services for Children	(Public Health Service) and (Children's Bureau)	Department of Public Health

ILLINOIS (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Developing Comprehensive Health Services in localities	Comprehensive Health Services	Office of Economic Opportunity Department of Health, Education and Welfare (Children's Bureau)	Department of Public Health Chicago Board of Health
(2) Please cite examples where a state agency has been unsuccessful in its attempt to package federal grants.			
More job producing activities	Title III, Public Works and Economic Development Act Section 701 of Housing Act	Department of Commerce Department of Housing and Urban Development	Department of Business and Economic Development
(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?			
Better Trained Community Development Personnel	Title I of Higher Education Act Title VIII of Housing Act	Department of Health, Education and Welfare Department of Housing and Urban Development	(Community Service and Continuing Education Council) Board of Higher Education (Administrators both Title I and Title VIII Programs)

KANSAS

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Recreation Planning	701 and Bureau of Outdoor Recreation	HUD & BOR	Department of Economic Development; Health; Water Resources; Highway; Park and Resources Authority; Forestry, Fish and Game Commission; Historical Society
P-55 Health Planning	701 and Health Planning	HUD & HEW	Department of Economic Development and Legislative Council
Rural Water and Sewer Planning (cities under 2,500 pop.)	701 and Water and Sewer Planning	HUD & Farmer's Home Administration	Department of Economic Development (acts as coordinator between cities and consultants)
Transportation Studies in Metropolitan areas	701 (City gets grant for study. Highway receives reimbursement for its costs from Bureau of Public Roads Highway Planning and Research Funds)	HUD & Bureau of Public Roads	Highway Commission

KANSAS (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(2) Please cite examples where a state agency has been unsuccessful in its attempt to package federal grants.			
Transportation Studies in Metropolitan Areas	Since these projects involve origination and destination studies, land use studies, and socio-economic studies, there is often a lag of time between completion of each phase; highway officials have found that in some cases their part of the overall project is badly outdated by the time the city receives its HUD 701 money and gets the city portion underway and completed. Biggest problem is fitting time-wise the studies and funding together while study data is current.		

General Comments:

Our review of federal grant programs administered through state agencies reveals that examples of packaging accomplished or attempted have been limited to planning and survey activities of the Kansas Department of Economic Development (state planning agency) and the State Highway Commission.

MAINE

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Vocational Training of Handicapped*	Manpower Development & Training Act Vocational Rehabilitation	Office of Education - Social and Rehabilitation Adm.	Education - Maine Employment Security Commission
Professional Training of Department of Education Personnel†	Title III, NDEA Title V (a), NDEA Title V, ESEA Title II, ESEA Title I, ESEA	Office of Education Office of Education Office of Education Office of Education Office of Education	Education Education Education Education Education
Improvement of Early Reading Programs	Title IV, ESEA Title V, ESEA Title III, NDEA	U.S. Office of Education U.S. Office of Education U.S. Office of Education	Education Education Education

* Counselor Service on personal adjustment and work orientation of multi-handicapped (basically mentally retarded persons).

† Combined in payment of salaries, tuition, fees, books of members of professional staff on securing graduate level training.

MAINE (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Hospital Construction	PL 88-443	Hill-Burton - Public Service; Mental Health Center Construction, National Institute of Mental Health	Health and Welfare Mental Health and Corrections
Hospital Construction	PL 88-164		
Retardation for Construction	PL 88-164	Social and Rehabilitation Services	Mental Health and Corrections
<p>(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).</p>			
Vocational Training of Unemployed and Underemployed	Vocational Rehabilitation Manpower Development and Training Act Vocational Education Neighborhood Youth Corps	Social and Rehabilitation Administration U. S. Employment Service Office of Education Department of Labor	Education - Maine Employment Security Commission
<p>(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants? Please give the same details about programs and agencies as in questions (1) and (2).</p>			
Construction of College Facilities	Title I - Higher Education Facilities Act	Office of Education Department of Housing & Urban Development	Education*

* Possibility of eligibility of Washington State College for E.D.A. aid. Definitely qualifies for H.E.F.A. funds.

MAINE (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Construction of College Facilities (continued)	Title I, N. E. Regional Commission	Economic Development Administration	Education

General Comments:

The progress toward program simplification has been haphazard, in part, I feel, because of the absence of a strong federal commitment. In my judgment, additional steps toward simplifying the administration of federal grants should be taken quickly. For instance, Maine's strategy for economic development stresses the need for identifying and strengthening transportation networks linking our regional growth centers. To this end, joint funding of transportation programs by HUD and the Department of Transportation would be most helpful.

I would further suggest the good offices of the New England Regional Commission be used to pinpoint those precise areas of regional development where the need for coordination in the administration of federal programs has become apparent.

MICHIGAN

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
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(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:

<p>Manpower Development Training Act Title II B Economic Opportunity Act Title III Elementary and Secondary Education Act</p>	<p>Department of Labor, Bureau of Employment Security and Bureau of Apprenticeship Training Department of HEW, Division of Vocational Education and Office of Education Office of Economic Opportunity</p>	<p>Department of Education</p>	
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(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

<p>Recreation - Parks - Land acquisition</p>	<p>Land and Water Conservation Fund and Crop and Adjustment Program</p>	<p>Department of Interior, BOR; USDA</p>	<p>Michigan Department of Conservation</p>
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The Bureau of Outdoor Recreation has decreed that they must provide 50 per cent acquisition costs (or non) precluding the effective use of other federal programs in land acquisition (namely Pittman-Robertson, Dingell-Johnson, P. L. 566, Green Span, etc.).

MICHIGAN (Continued)

State Objective Title of Grant Programs Federal Agencies State Agencies

(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

Community Development	Title VIII and IX	HUD	Office of Planning Coordination
Airport Development	Federal Aid Airport Program, Public Works and Economic Development Act of 1965	Federal Aviation Agency Economic Development Administration Upper Great Lakes Regional Commission	Department of Commerce
	Title III and Title V		

General Comments:

The various packaging arrangements authorized by this proposed Act (including the waiving of the single state agency requirement under certain circumstances) would allow the States to use federal assistance more creatively. However, some of the administrative improvements proposed in this bill should not be contingent on joint funding. There is a great need for more uniform technical and administrative requirements among related federal grant-in-aid programs regardless of whether there will be joint funding under these programs.

There is also a need for greater flexibility in the statutory and administrative requirements for federal aid programs. Both Congress and the federal aid agencies have a tendency to use "boiler plate" language geared for those States with the least administrative capabilities. This policy places unnecessary and unreasonable administrative burdens on the majority of States. Since this bill authorizes federal agen-

MICHIGAN (Continued)

General Comments (Continued):

cies to review their program requirements and authorizes the President to recommend changes in the statutory requirements to Congress in order to assist joint funding, perhaps the purpose of the bill could be broadened to include a general review of federal aid requirements.

NEW HAMPSHIRE

General Comments:

The New Hampshire situation does not conform to the several questions raised in your April 2 letter. Our State has a detail line item appropriation system which does not allow transfer of funds between agencies; and further prohibits transfers from appropriations for permanent personnel services, out-of-state travel, or equipment.

Due to these limitations the packaging of federal grants must occur prior to budget consideration and approval by the Executive and Legislative. This means that such federal allocations must be known by the agencies in firm dollar detail prior to October first in the year preceding the biennial legislative session.

These limitations and conditions do not detract from my interest in early action on the Governors' Conference proposal. Instead, it emphasizes the need for such early action well in advance of October 1, 1968. If the present federal fund allocation is not changed, the New Hampshire budgets passed by the 1969 Legislature will prohibit a packaging of funds until fiscal 1972.

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NEW JERSEY

Department of Community Affairs

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Rural manpower development (includes work training, on-the-job training, health provisions)	(not given)	Office of Economic Opportunity Labor Department	State Office of Economic Opportunity
Aid for municipalities	Title VIII, Housing Act, 1964	Department of Housing and Urban Development	Department of Community Affairs
Comment*	Title IX, Model Cities Act, 1966		
New Jersey College of Medicine and Dentistry construction	Hill-Burton Act funds HUD renewal funds	Department of Housing and Urban Development Department of Health, Education, and Welfare	(not given)

* "This proposal was packaged at 'the bottom' because it could not be packaged in Washington."

NEW JERSEY (Continued)

Department of Community Affairs (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
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(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority.

Opportunity centers-- employment and career training project	(not given)	Office of Economic Opportunity Department of Labor	State OEO
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Computer data bank	Public Health and Child Welfare Acts	Public Health Service Department of Health, Education, and Welfare	(not given)
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(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?

PRIDE	(not given)	Office of Economic Opportunity Department of Labor Department of Housing and Urban Development Department of Commerce	(not given)
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NEW JERSEY (Continued)

Department of Community Affairs (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Computerized tax mapping program which would train municipal officials	Title VIII, Housing Act, 1964 Demonstration funds from HUD	Department of Housing and Urban Development	(not given)
Urban beautification and open space	(not given)	Bureau of Outdoor Recreation Department of Housing and Urban Development	(not given)

General Comments:

Generally, many departments of state government appear reluctant to pursue joint packaging for federal funds. They reason it means two (or more) sets of forms; two sets of attitudes to be reckoned with; twice as much work. They regard timing as a problem in a packaged proposal. The inability of one federal agency to make a decision can delay or condemn the entire proposal. The possibility that a joint proposal can be hung up at the federal level is a definite drawback to joint funding. Despite this, the Department of Community Affairs still feels the effort is worthwhile in many areas.

The problem is one of excessive decentralization at one level of program operation, whereby a myriad of local agencies operate self-contained little programs and at the same time a problem of excessive centralization that smothers program initiative and administrative flexibility under a maze of regulations, requirements, and bureaucratic channels. The solutions must lie between these two extremes.

The federal government is at least aware of the problem and is groping toward some form of solution,

NEW JERSEY (Continued)

Department of Community Affairs (Continued)

General Comments (Continued):

but the apparent competitiveness and frequent insularity of the various federal bureaus and offices do not raise hopes for significant, substantive federally guided steps toward program integration at the operational level.

We suggest a further step be added to ensure the adequacy of the proposed simplification steps. States should be able to submit a functional proposal leaving the packaging for funding purposes to federal officials.

OHIO

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Program for School Disoriented Youth in Cincinnati	Vocational Rehabilitation Act 29 U.S.C. Ch4 (Sec. 31 Et. Seq.) and Vocational Education Funds under the Vocational Education Act of 1963	U. S. Office of Education and the Rehabilitation Service Administration	Bureau of Vocational Rehabilitation and the Division of Vocational Education

OHIO (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
A residential center at Mahoning Valley	Manpower Development and Training Act of 1963 and Vocational Rehabilitation Act	U. S. Department of Labor, U. S. Office of Education, and the Rehabilitation Service Administration	Ohio Bureau of Employment Services; Bureau of Vocational Rehabilitation and Division of Vocational Education
Mental Health for Dover area	Hill Burton and Appalachian	HEW and Commerce	Department of Mental Health and Correction
Five County Reg. Mental Health, Zonesville	County-Community Mental Health Center	HEW Public Law 88-164 for construction HEW Public Law 89-105 operation for 51 mo.	Office of Correction and Department of Mental Hygiene
Job Training	Supportive Services to On-the-Job Training	O.E.O. and Department of Labor	Ohio Office of Opportunity - TA
Neighborhood Youth Corps	Supportive Service to Neighborhood Youth Corps	O.E.O. and Department of Labor	Ohio Office of Opportunity - TA
Special Impact	Aims - Jobs Cleveland, Ohio	Department of Labor and O.E.O.	Ohio Office of Opportunity - TA
Day Care	Day Care of Urban, Rural and Migrant	O.E.O. and HEW	Ohio Department of Welfare, Education and Health Ohio Office of Opportunity - TA

OHIO (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).			
Combination of Remedial Education with Job Training of Unemployed	Manpower Development and Training Act of 1963, and Title III (Adult Education Phase of the OEO)	Health, Education, Welfare and Labor and Office of Economic Opportunity	Division of Vocational Education and Division of Federal Assistance Programs
Training of Unemployed Youth with Referrals from other agencies	Neighborhood Youth Corps (under the OEO)	Office of Economic Opportunity; Health, Education and Welfare, and Department of Labor	Ohio Bureau of Employment Services and Division of Vocational Education State of Education
Training of Delinquent Youth in Cooperation with the Youth Commission	Manpower Development & Training Act (Experimental and Demonstration Funds), and the Vocational Education Act of 1963	Department of Labor and U. S. Office of Education	Ohio Youth Commission and the Division of Vocational Education and Ohio Bureau of Employment Services
Training of Unemployed within Akron, Ohio under a cooperative relationship between the City Board of Education and Industry and Business	National Alliance for Businessmen and the Manpower Development and Training Act	Department of Commerce, and Labor	(Consultant Services: Division of Vocational Education) Akron City Public Schools Administration

OHIO (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Cleveland Training Center for School Disoriented Youth	National Alliance for Businessmen and Vocational Education Act of 1963 and Office of Economic Opportunity	Office of Economic Opportunity, National Alliance for Businessmen, and U. S. Office of Education	Division of Vocational Education and Cleveland City Board of Education
(3) Do you have pending one or more proposals for federal grants? Please give the same details about programs and agencies as in questions (1) and (2).			
Pilot Neighborhood Center for Cincinnati	Model City	Office of Economic Opportunity, HUD, HEW	Ohio Office of Opportunity Ohio Department of Development (T.A.)

PENNSYLVANIA

Department of Public Instruction

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Support RIMC's*	NDEA, * Title III Appalachia	USOE Department of Commerce	DPI Department of Commerce

(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).

Answer: We are presently attempting to package NDEA and ESEA programs. There appear to be legal problems since both represent categorical aid.

Beef up State leader- ship services and special programs for LEA's	NDEA	USOE	DPI
	ESEA*	USOE	DPI

* LEA—Local Educational Agency; NDEA—National Defense Education Act; ESEA—Elementary and Secondary Education Act; and RIMC—Regional Instructional Material Centers.

PENNSYLVANIA (Continued)

Department of Public Instruction (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
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(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants? Please give the same details about programs and agencies as in questions (1) and (2).

Answer: Yes, we are planning to package State Administrative Funds for the programs in Item 2.

Reduce red tape and simplify the reporting and accounting	NDEA ESEA	USOE USOE	DPI DPI
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General Comments: (Charles Lieberth*)

1. The operation of a project is frequently restricted by the rigid federal program manual. Imaginative approaches and flexibility are essential to meet local requirements and application.
2. The State has a very limited role in priority determination of programs emphasizing social and economic approaches.
3. Certain federal programs require citizen participation yet exclude state participation. The State's role is often only as a participant in supplying funds.
4. Federal program administrative organization needs to be adapted to state-local needs. The Act would aid in this adaptation.
5. The State must have a major opportunity to exercise control over the future of individual and city environments. It must have an important role in the development of an urban-rural strategy.

* Charles J. Lieberth, Director, Federal Program Coordination.

PENNSYLVANIA (Continued)

Department of Public Instruction (Continued)

General Comments (Continued):

6. The Act is a step toward the development of a state system viewpoint utilizing federal funds and programs. A systematic technique for program application and audit would reduce the present constraints on unified and pinpoint action.

7. The Act is a legislative vehicle which will enhance the intent and spirit of creative federalism. Recently I have had the opportunity to contribute to a packaging design for ESEA-Title V. Under this arrangement there would be a single state submittal, a single state financial reporting requirement and audit. This is a current development and it exemplifies the aim of the Joint Funding Simplification Act in one area of federal programs. D. Allan Huff, Director of ESEA-Title V, Bureau of Elementary and Secondary Education, Office of Education, H.E.W., Washington, D. C., provided us the opportunity to contribute in its development.

RHODE ISLAND

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Initiation of state planning; preparation of comprehensive plan	Highway planning and Research; Urban Planning Assistance; Community Shelter Planning Program; Regional Action Planning Commissions	BPR; HUD; OCD-DOD New England Regional Commission	Department of Public Works

RHODE ISLAND (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
State data bank	Urban Planning Assistance Highway Planning and Research	HUD - BPR	R. I. Development Council Department of Public Works
Base mapping	Metropolitan Mapping Community Shelter Planning Highway Planning and Research Urban Planning Assistance	Bureau of the Census OCD - DOD - BPR - HUD	R. I. Development Council Department of Public Works Statewide Planning Program
Construction of Interstate 95 in Providence	Urban Renewal Interstate and Defense Highway	HUD - BPR	Department of Public Works Providence Redevelopment Agency
Construction of Memorial Boulevard extension in Newport	Urban Renewal Primary Highway System	HUD - BPR	Department of Public Works Newport Redevelopment Agency
Green Acres	Open Space - Land and Water Conservation	HUD - Department of Interior	Department of Natural Resources

RHODE ISLAND (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Statewide Planning	Highway Planning and Research Urban Planning Assistance	DOT - HUD	Statewide Planning Program
Public Transit	Mass Transit Demonstration Projects Mass Transit Grants and Loans Urban Planning Assistance	HUD	Statewide Planning Program R. I. Public Transit Authority
Recreation Area in Bristol, R. I.	Open Space	HUD - Bureau of Outdoor Recreation	Department of Natural Resources
In-service training	Title I of the Higher Education Act of 1965	U. S. Office of Education	Local and Metropolitan Government - Bureau of Government Research of the University of Rhode Island
(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).			
Industrial development	Grants for Public Works Facilities - Highway Construction	EDA - DOT	Department of Public Works

RHODE ISLAND (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Water Pollution Control	Grants for Public Works Facilities - Grants for Basic Sewer Facilities	EDA - HUD	Department of Public Works
Water service to east bay area	Public Works and Development of Facilities Urban Planning Assistance	EDA - HUD	Public Utilities Division Statewide Planning Program
Acquisition of Big River Reservoir site	Land and Water Conservation Public Works and Development Facilities	BOR - EDA	Department of Natural Resources Statewide Planning Program
(3) Do you have pending one or more proposals for federal grants? Please give the same details about programs and agencies as in questions (1) and (2).			
Comprehensive state planning for fiscal year 1968-69	Highway Planning and Research Urban Planning Assistance Community Shelter Planning Regional Action Planning Commissions	BPR - HUD - OCD-DOD New England Regional Commission	Department of Public Works R. I. Development Council

RHODE ISLAND (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Extension of RI-37 and expansion of T.F. Green Airport	Primary Highway System Airport Development Program	BPR - FAA	Department of Public Works
Strengthen Local Government	Training for Community Development Urban Information and Technical Assistance	HUD	R. I. Development Council
Develop an "umbrella" program to administer and supervise several federal programs	Title I, ESEA Compensatory Education Title II, ESEA School Library Resources Title III, ESEA Supplementary Educational Centers Title V, ESEA Strengthening State Education Departments Title III, NDEA Science, Mathematics, Modern French Language Title V, NDEA Testing, Guidance	U. S. Office of Education	R. I. Department of Education

RHODE ISLAND (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Analysis of several areas of current and proposed programs	Title VIII of the Housing Act of 1964 Title IX of the Demonstration Cities and Metropolitan Development Act of 1966	HUD	Local and Metropolitan Government Community Assistance Division of R. I. Development Council

General Comments:

The provisions presented in the Joint Funding Simplification Act would certainly simplify administrative procedures.

We recommend that specific provisions be made to handle certain problems:

1. The problem of joint or multi-purpose projects is usually one of timing: one of the agencies concerned is ready to act (or must act), while the other needs an additional year or two. Under these circumstances a joint project may be accomplished best under two or more separate federal grants.
2. The requirement for a single advisory council must recognize existing agencies and their statutory responsibilities, which should not be delegated to or made entirely contingent on the actions of another agency, and particularly one without operating functions.
3. Expand the scope of areawide planning review under Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 to include all major federal programs—particularly those in urban renewal.
4. Limit financial support for general planning activities to those agencies which are an integral part of some level of government and exclude those agencies which do not relate directly to an established level of government.

SOUTH DAKOTA

General Comments:

In regard to your first question we would like to inform you that the only federal grants that were combined for a single purpose to our knowledge have been Farmers Home Administration, Water Sewer Planning Grants, along with Housing and Urban Development "701" Planning for some of our counties. These grants were not actually combined grants but one grant did recognize the product produced by the other grant and a considerable amount of duplication was eliminated in both grant programs.

As regards examples where the state agency has been unsuccessful we wish to advise that we have not attempted to combine federal grants due to the fact that most of the guidelines for various programs do not lend themselves to the combining of federal grants which would be extremely important if the guidelines were not such that they would allow packaging of these grants.

We would certainly urge adoption of legislation which would package these grant programs. One of the areas in particular that we are interested in would be planning on both the local and all the state departmental levels using a single agency in state government to coordinate the various activities of various departments of state government. We in South Dakota are attempting to do this through the State Planning Agency at the present time, however, most departments obtain their grants directly from federal departments and bypass the single state agency which eliminates the possibility of packaging more than one planning grant in an application.

WASHINGTON

Department of Public Assistance

(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority?

Comments:

We have never been successful in packaging two or more federal grants to achieve a specific state ob-

WASHINGTON (Continued)
Department of Public Assistance (Continued)

Comments (Continued):

jective under such packaging arrangements as would be authorized by the Joint Funding Simplification Act.

(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority.

Comments:

We have been discouraged from attempting to package federal grants in the past by presumed lack of federal authority, particularly in programs relating to the testing and training, including the provision of basic education and/or vocational training, for otherwise employable persons in order to make them partially self-supporting.

To achieve state objectives, we have attempted at the state level to utilize programs that are under the jurisdiction at the federal level of the Department of Labor, the Office of Economic Opportunity and various divisions of the Social and Rehab Services, such as Vocational Rehabilitation, Children's Bureau, and other divisions of the Department of Health, Education, and Welfare, such as Public Health, and Education. At the state level, the following agencies have been involved: The Department of Health, the Division of Vocational Rehabilitation of the Department of Education, the Vocational Education Division and Basic Education Division of the same department, as well as the State Office of Economic Opportunity and the Department of Public Assistance.

(3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?

WASHINGTON (Continued)

Department of Public Assistance (Continued)

Comments:

We are currently experiencing a problem in taking advantage of federal provisions to earn federal grants-in-aid through Title XIX of the Social Security Act for persons over age 65 in mental institutions due to a rigid interpretation of the "single state agency rule."

Department of Health

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
(1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under existing federal legislative authority? If so, list the federal grants that were combined as follows:			
Planning, constructing, licensing, and certifying Health Facilities	"Public Health Services" Section 314 (d) PL 89-749 Hospital Administration Title VI, Public Health Service Act (Section 606) Medicare, Title XVIII of Social Security Act (Section 1864)	Bureau of Health Services, Public Health Service, HEW Hospital and Medical Facilities Program, PHS, HEW Social Security Administration, HEW	State Health Department State Insurance Commission State Department of Labor and Industries

WASHINGTON (Continued)

Department of Health (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Health Services to Indians	Section 302 (C-10) Federal Property and Administrative Service Act Maternal & Child Health, Title V of Social Security Act	Division of Indian Affairs, PHS, HEW Children's Bureau, HEW	State Health Department
Plan, organize, coordinate resources, and promote Smoking and Health Program	Public Health Services, Section 314 (d) PL 89-749 Public Health Services, Section 314 (e) PL 89-749	Bureau of Health Services, PHS, HEW	State Health Department State Department of Public Instruction
(2) Please cite examples where a state agency (or combination of state agencies) has been unsuccessful in their attempt to package federal grants, or discouraged from such attempts by presumed lack of federal authority. Provide the same details about the programs and agencies as in question (1).			
Highway Safety	Highway Safety Program, PL 89-564 Public Health Services, Section 314 (e)	Department of Transportation Public Health Services, HEW	Washington Traffic Safety Commission State Department of Health

WASHINGTON (Continued)

Department of Health (Continued)

<u>State Objective</u>	<u>Title of Grant Programs</u>	<u>Federal Agencies</u>	<u>State Agencies</u>
Enhancement of health services in local areas	Public Health Service, Section 314 (d) PL 89-749 Maternal and Child Health, Children's Bureau, HEW Title V, Social Security Act Medicare, Title XVIII and Social Security Administration, HEW XIX, Social Security Act	Public Health Service, HEW Children's Bureau, HEW	State Department of Health Division of Vocational Rehabilitation State Department of Public Assistance

WEST VIRGINIA

- (1) Has any single agency in your State (or combination of agencies) been successful in packaging two or more federal grants to achieve a specific state objective under federal legislative authority?

Comments:

The various departments of the West Virginia state government have had virtually no experience in the packaging of two or more federal grants.

- (3) Do you have pending one or more proposals for federal funding that involves an attempt to package federal grants?

Comments:

There may be some future instances in which, under the new Work Incentive Program set up by the

WEST VIRGINIA (Continued)

Comments (Continued):

1967 Social Security Act amendments, there will be new approaches so far as West Virginia is concerned in funding various types of work experience and related services. There are apparently serious legal questions yet to be resolved about what we actually will be able to do on this.

It would seem there should be opportunities in the field of health to package programs. HEW, OEO, HUD, and Labor have programs which, according to our Office of Comprehensive Health Services, have overlapping objectives that should be compatible.

Our Department of Education is cooperating with the U. S. Office of Education in packaging some federal programs. Progress has been made in combining all titles of the Elementary and Secondary Education Act. The Department of Education recommends the bunching of Titles I, II, III, V, and VI of the ESEA.

Supplement K

REPORT OF THE COMMITTEE ON STATE-URBAN RELATIONS

Introduction

Last year's report of this committee began with disturbing words about the "crisis of our cities." The crisis remains acute, and it remains a problem of national proportions.

Our distinguished colleague from Illinois, Otto Kerner, was chairman of the Presidential commission that warned of this growing crisis in plain, clear terms. The Kerner Commission has presented America with an enormous agenda. "It is time now," the commission said, "to turn with all the purpose at our command to the major unfinished business of this Nation. It is time to adopt strategies for action that will produce quick and visible progress. It is time to make good the promise of American democracy to all citizens. . . ."

Nearly lost in the broad national sweep of the commission's report were its recommendations to state government—basically, recommendations urging upon the States a greater supportive role. These were:

- For state (and federal) financial assistance for mayors and city councils to support the research, consultants, staff and other resources needed to respond effectively to federal program initiatives.

- For state cooperation in providing municipalities with the jurisdictional tools needed to deal with their problems; a fuller measure of financial aid to urban areas; and the focusing of the interests of suburban communities on the physical, social and cultural environment of the central city.

These concerns have been felt by this committee and by the Governors' Conference. They underlie the specific recommendations for action developed last year by the staff study, "The States and Urban Problems," which the Conference approved and which remain our unfinished business. They underlie the continuing work of this committee, and the recommendations and resolutions we are setting forth herein. They underlie the recent testimony before Congress of Governor Hughes of New Jersey, Chairman of this committee, who said: "The States no longer have the option to choose whether they want to assume responsibility and become involved; nor does the federal government have the option to choose whether it will involve the State if creative federalism is to have any meaning." They underlie the special programs of urban aid proposed and acted upon earlier this year by such States as New Jersey and New York.

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The Advisory Commission on Intergovernmental Relations, in its 1968 annual report, stresses the pivotal role of the States in dealing with the urban crisis. Many crucial determinants of the social, political and economic fate of the cities, it points out, are matters controlled by state constitutions and State Legislatures. Its assessment of the States was that they are still not involved enough in the functions of the urban government but, it added, "the pattern seemed to be changing. In another year or two such participation may become the rule rather than the exception."

It is one of the goals of this committee to help bring about a greater involvement of the States with their cities. This can be done, we think, by calling attention to state-urban problems; by developing recommendations for action both by Governors and by the staff of the Governors' Conference and the Council of State Governments; and by acting on resolutions that will guide the activities of the committee in its work with the Congress, the executive agencies, and the many other organizations devoted to research and action in community affairs.

Committee Activities During the Past Year

Governor Hughes of New Jersey testified in support of the Housing Act of 1968 before the Senate Subcommittee on Housing on March 19. In stating the position of this committee, he urged examination of the legislation with an eye to greater involvement and participation by the States in the solution of urban problems. He specifically recommended a system of program grants to the States to encourage a wide variety of state housing programs, and provision of federal funds to the States for planning and program assistance to Model Cities applicants.

Governor Love of Colorado, Chairman of the Committee on State Planning of the Governors' Conference, also testified in support of the Housing Act, stressing amendments recommended by the Governors at their mid-year meeting in March. Governor Volpe of Massachusetts, Chairman of the Governors' Conference, submitted a statement for the hearing record in support of the act and the Governors' recommended amendments.

During the mid-year meeting, the committee met with Secretary Weaver of the Department of Housing and Urban Development and Assistant Secretary Ruttenberg of the Department of Labor to discuss housing and job programs. The committee's concern for these two programs was reflected in its mid-year report and in the testimony offered before Congress.

Members of the Governors' staffs and cabinets met twice to discuss problems of state-urban relations. On February 15, the group met with the Institute on State Programming for the 70's at Chapel Hill, North Carolina, to discuss the current status and fu-

ture development of state departments of community affairs. The need for continuing staff assistance to these departments was discussed, and the Council of State Governments agreed to provide this assistance as well as to keep the departments in touch with Congressional developments and with the work of organizations in the urban field.

On May 28, the group met at the Ford Foundation office in New York City for a give-and-take discussion with federal officials on the role of the States in the Model Cities program. Agreement was reached that those States having the desire and capability to participate in the program should do so, and the Governors' Conference position favoring Model Cities planning grants to the States received some federal support. Representatives of three urban organizations—Urban Coalition, Urban Institute, and the States Urban Action Center—explained their programs and ways in which the States could utilize them.

State Activities in Community Affairs

In the nine months since the last meeting of the National Governors' Conference, there has been progress by the States toward new legislation, organizational arrangements, financial and technical assistance programs, and cooperative arrangements among other levels of government and the private sector, on matters relating to the problems of the cities. (Much of the response was doubtless spurred by the desperate social conditions revealed by the urban disorders.) But the progress has been uneven.

In a recent information report, "State Legislative and Constitutional Action on Urban Problems in 1967," the Advisory Commission on Intergovernmental Relations recounts this record of progress, emphasizing four broad categories: expanding local governmental powers to deal with urban problems; improving state-local relations through creation of new organizational arrangements; coping with areawide problems; and providing direct financial assistance. The record shows a trend toward revitalization of the role of state government in the American federal system, the report notes, but it concludes on this note of caution:

"In a number of states, however, some of the above trends are hardly discernible. In a few states, none of them is visible. Quite clearly, it has taken a considerable period of time for most states to recognize their role, responsibility, and stake in facing existing or potential problems attending the urbanization of the nation and in providing adequate remedial measures. . . . While many of the steps taken by state governments in 1967 with respect to urban problems were important, much remains to be accomplished if the states are to serve as active and innovative members of the intergovernmental

partnership. Now, more than ever before the federal system must be truly 'creative' and 'cooperative.'"

Responses to a letter to all Governors from the Chairman of this committee, asking information about activities of their States in the urban field, indicated that those States with the least "urban" populations seemed to be doing the least in the way of urban and community affairs programs. For example, the Governor of a western State replied that:

"We are a desert state with sparse population and our cities, most of them quite new, have benefited from the history of cities elsewhere in the country. Our needs are quite different from the needs of other areas and from densely concentrated cities and those policies would have small meaning for them."

Yet the problems of the cities do make themselves felt in the less urbanized States as well, particularly as the components of American society become more and more interdependent. Governor Guy of North Dakota realized this in his response:

"While these serious problems plague the ever-growing and teeming urban areas, similar problems are being created in the under-populated regions of our country. An insufficient tax base is closing schools and preventing bonding for recreation facilities, hospitals and other necessities for the good life. Young people and highly skilled and productive people of the low density population states are drawn, as if by a magnet, to where the job opportunities exist in the already over-populated states."

The problems Governor Guy refers to are the reciprocal of those that plague the cities.

State action on urban problems during 1967 has been thoroughly covered by the Advisory Commission in its information report just cited. In addition, its 1968 annual report lists the States which enacted various types of urban legislation, specifically mentioning those measures closely patterned on model legislation contained in its annual legislative program. The committee commends the Advisory Commission for these useful reports.

The information that follows is compiled from the state responses to the committee Chairman's letter of inquiry. It is intended only to highlight state activities, particularly since not all of the States responded to the letter, and is intended to update information from the Advisory Commission reports.

Studies were under way in a number of States of new activities for state government. These ranged from inquiries into particular functions or programs to subjects as broad as the structure of local government. In Wisconsin and Illinois, special commissions probed local government organization and financing and will make recommendations to their Legislatures; in South Caro-

lina, a similar study was conducted jointly by the Governor's office, the state municipal association, and the federal Department of Housing and Urban Development as a basis for determining whether a new local affairs agency should be created. Besides South Carolina, study groups were exploring creation of local affairs agencies in Georgia, Iowa, Kansas, Utah and Florida. A state planning-programming-budgeting system was under study in Kansas. In Connecticut, the feasibility of establishing "neighborhood development corporations" by statute to carry out advocate planning for model neighborhoods with state funds was being investigated, along with state-sponsored non-profit low-income housing corporations to operate in areas of need where private corporations did not exist. Studies to develop statewide housing programs for presentation to the Legislature were under way in Iowa and Pennsylvania. Model state building codes were the subject of inquiry in Iowa and Ohio.

New federal programs generated interest in the States. A number of States established state coordinators of inter-agency committees for the Model Cities program; at least five States—Arkansas, California, Hawaii, New Jersey and Pennsylvania—provided financial help to cities either applying for the program or selected. Hawaii appropriated \$125,000 for a "progressive neighborhood" program paralleling and supplementing Honolulu's Model Cities activities and stressing improvements in schools, health services to children, a community physician program, community improvements, community organization, a recreation center, and experimental programs to be developed by a public officials' and citizens' task force. Even greater interest was shown in two programs funded for the first time this year, the Community Development Training Program (Title VIII of the Housing Act of 1964) and the Urban Information and Technical Assistance Program (Title IX, Model Cities Act). As of the April 15 deadline, forty-four state applications had been received; grants have been announced over the last two months, and most applications are expected to receive some funds, according to the granting agency, HUD. Many States are using the grants to strengthen community affairs operations, and in several of the States having community affairs agencies, the Governor has designated these agencies to run one or both of the programs.

Three new departments or agencies of community affairs have been created this year. The newest is that of Rhode Island. Governor Chafee, in signing into law Bill S. 330 Substitute "A" on June 18, thereby creating the Department of Community Affairs, said,

"The great domestic problem of America today is to try to make our cities liveable, safe, with decent housing, education, recreation and adequate job opportunities for all. It is a problem that we must solve, and the creation of this depart-

ment . . . will permit the state to make a more concerted effort in attacking this problem in Rhode Island."

The new department combines the old Division of Local and Metropolitan Government (which heretofore performed more limited community affairs functions), the planning functions of the Rhode Island Development Council, the Division on Aging, the state Office of Economic Opportunity, and the Office of Federal Coordinator, and adds new functions. One of the major new functions is a \$200,000 seed money fund to encourage construction and rehabilitation of low- and moderate-income housing.

Other States with new local affairs agencies are Virginia and Tennessee. The Virginia Division of State Planning and Community Affairs, located in the Governor's office, became effective July 1. Its functions include, in addition to planning, collection "from the governmental subdivisions of the state information relevant to boundary changes, changes of forms and status of government, intergovernmental agreements and arrangements, and such other information as it may deem necessary." The Tennessee Office of Urban and Federal Affairs, created by executive order, complements the work of the Office for Local Government which will continue to provide research and information to local governments and to aid in interlocal cooperation and coordination of state activities affecting localities. The new office informs localities of federal grant programs, coordinates some state programs, and directs state antipoverty and economic development programs.

These new agencies increase the current total to nineteen, in eighteen States. In addition, bills to create local affairs agencies are pending in the Louisiana, Massachusetts and Texas Legislatures; bills were introduced, but not passed, in the Legislatures of Maine and Michigan. As has been noted, studies of such agencies are in progress in six States.

New financial aid programs have been initiated in a number of States. These include new or broadened revenue sharing with municipalities and counties in Georgia (sales tax) and South Carolina (alcoholic beverage tax); state subsidies for private development of low- and moderate-income housing in Hawaii and Michigan; construction of community facilities in Puerto Rico; construction of sanitary and airport facilities and acquisition of open space in Maryland; state aid for relocation in Maryland and California; special urban and urban-school aid in New York and Wisconsin; seed money for nonprofit housing in Rhode Island; a commonwealth "turnkey" (private development of public housing) program in Puerto Rico; and a Home Mortgage Credit Agency in Vermont. In addition to state financial assistance to cities planning and executing Model Cities programs already mentioned, there is Pennsylvania's new Partner-City program which that State's Department of Community Affairs describes as "a systems approach to

the complex problems of cities." State financial aid is available to designated cities as a flexible block grant, subject to state certification of a comprehensive plan. Regional task forces of state and federal officials work with corresponding groups of local leaders to achieve comprehensive goals, which may include political consolidations. The city of Johnstown was designated the first Partner-City in March.

Other new activities of the States in the broad field of community affairs include:

- Creation of a trio of urban development corporations by New York, empowered to undertake residential, industrial, commercial and urban renewal development; to conduct research and development in urban technology; and to guarantee loans for low-income housing and small business development. The corporations were established in April to speed the pace of moderate- and low-income housing, urban renewal and employment opportunities by mobilizing the joint financial and administrative resources of government and private enterprise.

- Enactment of a comprehensive housing program by Michigan that includes:

- (1) Creation of new funds totaling \$3 million enabling the state Housing Development Authority to finance low- and moderate-income housing;

- (2) Enactment of several new landlord-tenant laws concerning the rights of tenants in evictions, failure of landlords to maintain property, and occupancy of public housing;

- (3) Expansion of the powers of limited-profit urban redevelopment corporations to undertake large-scale renewal projects;

- (4) Passage of a fair housing law;

- (5) Revision of the state housing code with new civil sanctions for violations, including the placing of rent money in escrow for repair, and court-ordered repair with the cost thereof becoming a lien on the premises;

(In a legislative conference committee is a bill for home ownership by low-income persons that would permit prospective owners to contribute their own labor ("sweat equity") as a substitute for down payment.)

- Creation of statewide insurance pools to provide fire and extended coverage insurance to central city properties, by New York and Michigan. Wisconsin has established an informal pool arrangement for the inner city of Milwaukee, and is developing a statewide pool.

- Provision of tax credits for businesses which locate or expand facilities in core city areas and provide jobs and job training for residents therein, by New York. A similar bill is pending in the Illinois Legislature. A report to Governor Rhodes of Ohio by that State's Department of Urban Affairs on possible state housing

programs includes a draft bill which would provide tax exemption for low- and moderate-income housing construction and rehabilitation.

Federal Urban Legislation

The main endeavor of Congress this year in urban affairs has been the Housing and Urban Development Act of 1968, which, as of this writing, has passed the Senate and is before the House. It is a comprehensive measure which would provide authorization for several new and existing low- and moderate-income housing programs, important changes and broadening of federal grants for comprehensive planning, expansion of the Model Cities program, federal guarantees for property insurance in riot-affected areas, and other matters of interest to the States.

Also of importance is the Civil Rights Act of 1968 with its far-reaching open housing provisions. The Civil Rights Act, bolstered by the recent Supreme Court open housing decision, provides legal protection against discrimination in housing to residents of the twenty-seven States that lacked such protection under state law, and has strengthened protection in several of the States whose fair housing laws were less comprehensive than the federal law.

Both these pieces of legislation offer useful new tools for the States' urban kit. As well as expanding the administrative and supervisory role of the States in several programs, the legislation will require changes in the manner of participation by the States in programs administered at the federal level.

An example is the urban renewal program, to which several States are offering financial assistance. Title V of the Housing Act would provide a new financing approach for neighborhood development; increase the authorization both for renewal projects generally and for those in Model City areas; increase the amount and the purposes of rehabilitation grants; extend the rehabilitation loan program; provide a new interim assistance grant program for emergency repairs, cleanup and demolition to eliminate hazardous conditions in blighted areas slated for renewal or code enforcement; and would require that a majority, rather than a "substantial number," of units in proposed residential projects be for low- and moderate-income families.

Another example is the expansion of the rent supplement program. Section 202 of the Housing Act would not only increase and extend its authorization, but would enable the program to be used in projects financed under state and local programs. Such a provision would be of immeasurable benefit to self-sustaining moderate-income housing programs such as New York City's, where rising construction and maintenance costs are pushing project rentals be-

yond the means of many families the program was intended to benefit.

Other aspects of the legislation of particular interest to the States include:

Comprehensive Planning—The new name of the Section 701 Urban Planning Assistance program, broadened to include (1) urban and rural planning, and (2) human and natural resources planning as well as land use and physical facilities planning. Grants to multi-county rural planning agencies will be administered through the state planning office, but the local agencies must be composed "primarily" of local elected officials. The Agriculture Department will provide technical assistance through regional Technical Action Panels. Additional amendments proposed by the Governors' Conference for inter-program planning services, coordination of federal aids through state planning agencies, and annual minimum funding of state planning agencies were not incorporated.

Riot Insurance—Provides for federal reinsurance of private insurance policies against property damage in high-risk urban areas. To qualify, insurers would have to participate in state-developed "fair access to insurance requirements" (FAIR) plans that would spread the risks among insurers. A National Insurance Development Corporation (NIDC) would reinsure the policies, charging premiums to the private firms. Riot losses would be shared first by the private insurance companies, then by the separate States in which riots may occur. The NIDC would share the balance of the losses and could borrow from the treasury to pay losses in excess of income. This provision follows the recommendations of the President's National Advisory Panel on Insurance.

Other Authorizations—The act includes continuing authorizations for public housing, rent supplements, Model Cities, urban renewal, mass transit, open space land, and water and sewer facilities. Although the State's role in these programs is not spelled out in the act, several States have created a role for themselves through buy-in, technical assistance, and supplementary programs.

Low-Income Housing—At the heart of the act are its provisions for volume production of both rental and ownership housing for low- and moderate-income families, in accordance with the President's message on housing and the cities. The provisions stress maximum participation of private enterprise through National Housing Partnerships and a National Home Ownership Foundation. Provision is made for the applicability of federal interest rate subsidies to low-income housing projects financed by state or local governments. Other than for this, a role for state government is not defined; a Governors' Conference recommendation for program grants to the States to develop their own package of low-income housing was not adopted.

Urban Problems Needing Further Action

Employment, housing and urban development, urban transportation, crime control and law enforcement, the strengthening of state administrative capability, and the redress of fiscal imbalances within the federal system, were identified as primary areas for state concern and action last year in the staff study, "The States and Urban Problems." The eighty-five specific recommendations contained in that study remain on the agenda for further action, although as we have seen earlier in this report, the States are moving forward in these areas.

The Advisory Commission on Intergovernmental Relations has just completed a major study of one of the above areas, fiscal imbalance in the American federal system. Highlighted in that study, and substantiated by massive evidence, was the problem of fiscal overburden imposed on central city governments by the heavy concentration therein of low-income citizens in need of high-cost services, and by the withdrawal from the cities of ratable industry and middle- and upper-income taxpayers. The study also revealed the growing fiscal disparities between the central cities and the surrounding suburbs. A number of recommendations of this study concerned the States, one of them being the wider adoption of broad-based state taxes.

Other studies within the past year have centered on this serious problem. One of them, by a legislative commission of an eastern State, recommended that "the state, as a general policy, should assume a substantial part or all of the responsibility for financing functions which have state-wide impact and implications." Specifically, it recommended, in the absence of full federal assumption of welfare costs, state assumption of the entire non-federal costs of general and categorical public assistance. This step has already been taken by a number of States.

The States, this committee believes, must address themselves to the fiscal imbalance problem. In this task, they must join forces with the federal government and local officials in seeking equitable solutions.

Other important problems needing action and study include the following, without regard to priority:

- Development of state, multi-state, and federal-state policies to govern the growth of cities and the movement of people from poverty-stricken rural areas into central city ghettos. Such policies should address themselves to regulation of, and incentives for, industrial development and location; awarding of public contracts with a view to job creation in labor surplus areas; new community development patterns; incentives to attract the unemployed to areas where there are labor shortages; creation of uniform public assistance standards, and other matters. A report containing

such policy recommendations is forthcoming from the Advisory Commission on Intergovernmental Relations, entitled Urban and Rural America: Policies for Future Growth.

- Determination of a role for the States in rationalizing federal manpower programs. During the past three years, a number of such programs have been created, involving a variety of federal administering agencies as well as state and local counterparts, private industry and community groups. As a system, the machinery for helping the unemployed to find and hold jobs is scattered among different administrative bureaucracies with different goals. On top of this, the new work-incentive program (WIN) now required for recipients of aid to families with dependent children could dwarf all existing programs in size and impact on the States. The committee recommends that the Governors' Conference staff pursue these issues as they affect state government, and as they offer the States an opportunity for leadership.

- Coordinating federal assistance programs at the state level. One of the conference recommendations adopted at the mid-year meeting was an amendment of Section 701 of the Housing Act of 1954 to require coordination of federal-state joint action programs through state planning agencies. The recommended amendment would require any grant application coming from a state agency to be routed through the state planning agency for comment. Other conference recommendations, such as for planning-programming-budgeting and for authority of state agencies receiving grants to contract with the state planning agency for planning services, touched on the need to rationalize federal grants coming into a State. Recent Bureau of the Budget actions open the door for the Governors to take the initiative in most of these areas. Therefore, these recommendations of the Governors are being accomplished through administrative rather than legislative action.

- Cooperation between the States and the Department of Health, Education, and Welfare for urban problem solving. HEW Secretary Cohen has issued a memorandum stressing his top priority emphasis on the Model Cities program and his desire to find sources of money to aid Model Cities planning. In addition, at the May 28 meeting at the Ford Foundation office, James Alexander, director of HEW's Center for Community Planning, said that the department was working out plans to provide money to the States to do comprehensive planning for Model Cities. This welcome comment amounted to a direct administrative endorsement of what the Governors' Conference had hoped to accomplish through legislation--namely, to channel federal grant money to the States for planning and technical assistance to Model City demonstration agencies.

- Expansion of Title IX (urban information and technical assistance) to include all local governments. At present, Title IX grants can be made only to communities of less than 100,000 pop-

ulation. This limitation is not logical, as it denies the benefits of the new program to large cities that need it, and prevents coordination of this program with the closely related Title VIII (community development training) which has no limitation. The conference at its mid-year meeting recommended elimination of the population ceiling, as has the Advisory Commission on Intergovernmental Relations. Title IX may also be converted into an appropriate vehicle for making federal grants for all aspects of community development including housing, relocation, renewal, and code enforcement; and for including therein grants to the States for program development.

• Guaranteed employment programs. According to a recent national opinion poll, more than three-fourths of the American people are in favor of a national guaranteed employment program, although a majority of 58 per cent simultaneously oppose a program of guaranteed income. These are two of the most frequently discussed comprehensive approaches to overcoming poverty and unemployment. If the poll results are reliable, they indicate that Governors might wish to examine further the concept of guaranteed employment by initiating studies of possible roles for state government in helping to achieve full employment, particularly in cooperation with private enterprise in job development and training. The guaranteed income approach, although less popular, nevertheless merits serious consideration by the States and by the Governors' Conference, as its feasibility is already being tested in limited-scale demonstration projects.

Recommendations

The committee, in keeping with the positions taken by it and other Governors' Conference committees at the mid-year meeting, and in light of discussions held with federal officials and representatives of organizations working in the urban field, and in accordance with the problem areas and action proposals set forth in the staff study approved by the Conference last year, hereby offers the following recommendations:

That Governors individually in their respective States initiate and aggressively promote:

- Greater participation of the State, as the source from which municipalities derive their existence and their powers, as a creative and vital force in the attempted solutions of community problems.
- Greater and more progressive state involvement in the Model Cities program, and in all major federal-urban programs, particularly in response to increasing federal encouragement.
- Establishment of state housing goals and policies, together

with a program of implementation, and in cooperation with similar efforts at the federal level.

- A focusing of attention on rural poverty and its impact upon the movement of the poor to the cities.

- Formation, strengthening and adequate funding of cabinet-level departments of community affairs.

- Greater responsiveness on the part of state government in general to the attitudes and wishes of citizens, particularly of urban minority groups. Where community affairs agencies exist, they should, if the Governor so directs, keep alert to community attitudes toward state government and help to detect potential sources of friction.

- Strengthening of the state planning and programming functions, enabling them better to serve the State's chief executive, along the lines being recommended by the Institute for State Programming for the 70's.

- Greater and more effective citizen participation in local planning and programming, particularly as regards Model Cities and the antipoverty program.

- Greater use of the States' broad based taxing potential, and assumption at the state level of primary financial responsibility for programs of state-wide importance.

That the staffs of the National Governors' Conference and the Council of State Governments provide:

- Continuing staff services to state community affairs agencies and offices, including but not limited to publications, research assistance, review of legislation, and solicitation and publicizing of state viewpoints on urban problems.

- Special reports on such specific areas of concern as:

 - State coordination of federal and state assistance programs, within the bounds of state legal authority.

 - The role of the State in federal manpower programs.

 - The role of the State in housing and urban development, and in the formation and operation of urban development corporations.

 - The feasibility of a guaranteed employment program and the States' role in it.

 - A comparative analysis, by program, of the budgets of state community affairs agencies.

- A national workshop for community affairs personnel, perhaps as an outgrowth of a conference of community affairs agency heads.

- Liaison and coordination between Governors and community affairs officials and various organizations having an urban focus. Specifically, that the staffs develop closer working relationships with the Urban Coalition, the Urban Institute, and the States Urban Action Center.

- Continuing drafts of suggested state legislation, with the aid of legislative recommendations of the States Urban Action Center.

That the Executive Committee of the Governors' Conference consider the following several recommendations:

- To provide a stronger coordinating and participating role for state government in federal urban aid programs such as Model Cities, housing, relocation assistance, rent supplements, urban renewal, code enforcement, manpower and community action, and to strengthen state comprehensive planning in relation to these programs, and to help overcome the growing fiscal imbalance in urban areas, the committee recommends:

That the Congress and the executive agencies involve the States more actively in the planning and development of federal-state-local programs, as the States demonstrate their interest and competence in these programs;

That the concept and procedure of the Highway Trust Fund, which permits the earmarking of 1-1/2 per cent of every grant for planning purposes, be extended to certain other major federal grant programs and that the funds thus earmarked be directed to the state planning agency or to the Governor, to be used to develop program components within state plans;

That as federal program responsibilities are decentralized to regional offices, greater consideration be given to making regional boundaries coincide with state boundaries, and greater consideration be given to delegation of additional program responsibilities to the States themselves.

- To improve the effectiveness of federal assistance programs, the committee recommends that the appropriate state officials be invited to assist federal agencies in the drafting of program guidelines, and to offer their suggestions for the improvement of federal administrative policies and procedures.

- In recognition of the intergovernmental nature of many of today's complex urban problems, and the necessity for the participation in their solution of all responsible levels—local, state, federal, and private, including the poor; and in recognition of the insufficiency of public resources alone; the committee recommends the broader implementation in urban aid programs of the concept developed in Section 103 of the Model Cities Act, of requiring the active cooperation within those programs of federal, state and local government, the private sector, and the fast-developing leadership of the poor community.

Respectfully submitted,
Governor Richard J. Hughes, New Jersey,
Chairman,
Committee on State-Urban Relations

Supplement L

REPORT OF THE COMMITTEE ON TRANSPORTATION

This is the first year that the National Governors' Conference has had a full committee devoted completely to the full range of problems within the transportation area. The activity in the Congress in this field, the rapidly changing and expanding technology in transportation modes, and the growing pains of the States as they seek to meet the public's transit needs have kept the committee in constant motion.

Governors and their representatives first met in Washington, D. C., in early April to outline several problem areas of concern to the States. These included, among others, the automobile insurance study by the federal Department of Transportation, the Highway Trust Fund cutbacks, urban mass transit, statewide transportation planning, highway safety, and airport development. The committee directed at that time that the staff of the Governors' Conference continue to study these matters and report back to the committee members.

I requested that each Governor appoint a staff aide to work directly on the committee's tasks. These aides met in Chicago in late April and drafted several of the resolutions which we have considered at this annual meeting. A considerable workload was completed in this manner.

The major policy recommendations of the committee are contained in these resolutions.

During the course of this year, the National Governors' Conference has made its voice heard in the Congress in the area of transportation.

Governor John Volpe, our Chairman, has himself testified before Public Works and Highway Committees of both the House and the Senate. His expertise in highways is respected by these legislators.

As Chairman of the Transportation Committee, I have submitted statements for the records of Senate and House hearings on automobile insurance. Governor Buford Ellington, who has served very ably as Vice Chairman of this committee, and Governor Mills Godwin have both submitted statements to congressional committees on the matter of urban highway development. Many other Governors have made their views known by writing or calling their own representatives in the Congress.

Our experience has been that the Congress is eager to hear the views of the States and their leaders on a broad range of subjects. We feel that our impact has been felt in the transportation area.

The new Federal Highway Aid bill, now in conference committee, included, in both House and Senate versions, the repeal of the ten per cent penalty clause from the Highway Safety Program. This is one of the major recommendations of your Transportation Committee.

Efforts to divert Highway Trust Funds to other public works have been stopped largely due to policy positions expressed by Governors.

In our policy recommendations, we have sought not only to respond to the current legislative activity of the Congress. We have sought to challenge the Congress to new action, and to move in new and better directions. We have also sought to challenge ourselves, as leaders of the States, to new initiatives and creative action.

Respectfully submitted,
Governor Ronald Reagan, California, Chairman,
Committee on Transportation