

NATIONAL GOVERNORS' CONFERENCE

1972 WINTER MEETING

CLOSING PLENARY SESSION

International Ballroom Center,

Washington Hilton Hotel,

Washington, D.C.

Thursday, February 24, 1972

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The meeting was reconvened at 9:15 o'clock, a.m.,
Governor Arch A. Moore, Jr., Chairman, presiding.

PRESENT:

GUEST SPEAKER:

MR. DAVID J. MAHONEY,
Chairman,
American Bicentennial Commission

GOVERNORS:

GOVERNOR MANDEL,
Maryland

GOVERNOR MESKILL,
Connecticut

GOVERNOR CAHILL,
New Jersey

GOVERNOR PETERSON,
Delaware

GOVERNOR MOORE,
West Virginia
(Chairman)

GOVERNOR SHAPP,
Pennsylvania

PRESENT: (Continued)

**GOVERNOR SARGENT,
Massachusetts**

**GOVERNOR WEST,
South Carolina**

**GOVERNOR ROCKEFELLER,
New York**

**GOVERNOR LIGHT,
Rhode Island**

**GOVERNOR DUNN,
Tennessee**

**GOVERNOR WHITCOMB,
Indiana**

**GOVERNOR OGILVIE,
Illinois**

**GOVERNOR CURTIS,
Maine**

**GOVERNOR BUMPERS,
Arkansas**

**GOVERNOR ASKEW,
Florida**

? **GOVERNOR RAY,
Iowa**

**GOVERNOR REAGAN,
California**

**GOVERNOR DOCKING,
Kansas**

**GOVERNOR KION,
Nebraska**

**GOVERNOR GUY,
North Dakota**

? **GOVERNOR HOLTON,
Virginia**

PRESENT: (Continued)

**GOVERNOR SCOTT,
North Carolina**

**GOVERNOR DAVIS,
Vermont**

**GOVERNOR GILLIGAN,
Ohio**

? **GOVERNOR WALLER,
Mississippi**

? **GOVERNOR WALLACE,
Alabama**

**GOVERNOR HEARNES,
Missouri**

? **GOVERNOR MILLIKEN,
Michigan**

**GOVERNOR LUCEY,
Wisconsin**

**GOVERNOR ANDERSON,
Minnesota**

**GOVERNOR O'CALLAGHAN,
Nevada**

**GOVERNOR LOVE,
Colorado**

**GOVERNOR KNEIP,
South Dakota**

**GOVERNOR HATHAWAY,
Wyoming**

**GOVERNOR WILLIAMS,
Arizona**

**GOVERNOR FERRE,
Puerto Rico**

? **GOVERNOR EVANS,
Virgin Islands**

PRESENT: (Continued)

**GOVERNOR BURNS,
Hawaii**

**GOVERNOR KING,
New Mexico**

**GOVERNOR RAMPTON,
Utah**

**GOVERNOR ANDRUS,
Idaho**

**GOVERNOR ANDERSON,
Montana**

ALSO PRESENT:

**MR. JERRIS LEONARD,
Administrator,
Law Enforcement Assistance Administration**

MR. ROBERT CORNETT

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P R O C E E D I N G S

1
2 THE CHAIRMAN: May I ask the Governors to please
3 move to the quadrangle, please? May I ask all of those that
4 are not privileged, to clear the floor, to take a seat in
5 the gallery, please?

6 This morning we are pleased to have the Chairman
7 of the American Bicentennial Commission with us, Mr. David
8 J. Mahoney.

9 Mr. Mahoney has asked to make a very brief presen-
10 tation. Mr. Mahoney is from New York. In addition to being
11 a national business leader, he has been for the past fourteen
12 months and is presently General Chairman of the American
13 Revolution Bicentennial Commission. I am sure Mr. Mahoney
14 is no stranger to you. He is President and Chairman of the
15 Board of Norton Simon, Incorporated, and a member of the
16 Board of Directors of a number of other American corporations.
17 Now, as the Chairman of the Federal organization which is
18 responsible for the planning and implementing of the obser-
19 vance of the Nation's 200th Anniversary in 1976, he will ex-
20 plain the role and the activities of the Bicentennial Com-
21 mission.

22 And this will give us, as Governors, the oppor-
23 tunity to relate individually with respect to our State pro-
24 grams, and perhaps you might want to inquire.

25 I am pleased to present Chairman David Mahoney.

1 (Applause.)

2 CHAIRMAN MAHONEY: Thank you, Governor Moore. Thank
3 you, distinguished Governors, for allowing us to come before
4 you this morning.

5 I am fortunate to be the Chairman of an organiza-
6 tion that is in the headlines almost every morning recently.
7 The name on the Presidential plane that presently is in Peking
8 is the "Spirit of '76", which is what you might call a nick-
9 name for the Bicentennial Commission.

10 First, I would like to extend to you Governors the
11 gratitude of the American Revolution Bicentennial Commission
12 for the efforts and contributions that were made by your represen-
13 tatives and State Bicentennial Commission leaders in working
14 out a national plan, particularly for their involvement in the
15 past three days.

16 These few moments will be an opportunity to bring
17 you up to date on the Commission's progress with the challenges
18 that have been given to the American Revolution Bicentennial
19 Commission by the President and by Congress. In the interests
20 of time, I will oversimplify, but they are basically:

21 One, to make the Nation's Bicentennial truly na-
22 tional in scope.

23 And second, to involve all fifty States and the
24 Territories.

25 Now these goals and these challenges and these

1 expectations can only be accomplished with the support of
2 the representatives of the people, the elected leadership
3 represented in this room.

4 Now the Bicentennial can do many things, but it
5 can serve all of us as a catalyst for accomplishing some spe-
6 cific goals -- some goals such as:

7 Improved transportation.

8 Social reforms.

9 Improved housing.

10 Ecological improvements.

11 And in no way can the Bicentennial prove to solve
12 all of our problems in this somewhat polarized society, but
13 it certainly can be a beginning. It can be an attempt to
14 leverage and start the action to bring us closer together.

15 Yesterday at the "New York Times" there was a story
16 printed citing the differences of one country's planning for
17 its 50th Anniversary and making reference to our country's
18 plans for our 200th Anniversary. If I may, I would just like
19 to read you a few lines from yesterday's "New York Times";
20 the dateline is Moscow, February 22nd:

21 "As plans for the Bicentennial of the American
22 Revolution appear to be floundering on, the Soviet Com-
23 munist Party, which runs a tight ship, laid down the
24 law today for an Anniversary of its own, and there were
25 no 'if's', 'and's', or 'but's'. A Party Decree filling

1 all of the front pages and half of the second pages of
2 all major newspapers this morning mobilized Russia's
3 resources for the celebration of the 50th Anniversary
4 of the Soviet Union next December 30th."

5 And needless to say, we operate quite differently
6 here in the United States. As the French say, "Vive le dif-
7 ference!"

8 The American Revolution Bicentennial Commission
9 was not created by Congress to issue decrees or mandates --
10 in fact, just the opposite. However, in terms of operation,
11 my Commissar counterpart has a lot going for him. But the
12 hard way, which is the people's way, should be the better
13 way, and it is up to us to prove that it can be a better way.

14 Briefly, our assignment is to involve all of the
15 States and all of the cities and to stimulate and coordinate,
16 not to dictate. Unity is important, but it is the diversity
17 of our Federal system that makes America unique.

18 We in no way feel that this Bicentennial can be
19 run out of Washington. It can be coordinated out of Washing-
20 ton. We can provide leadership. But the actual Bicentennial
21 should be more throughout the States and should have a grass
22 roots involvement.

23 It is our intent to work closely with your repre-
24 sentatives and set up regional offices to coordinate with the
25 States and the Bicentennial Commissions in the States which

1 you have appointed.

2 We will be presenting to this country's leadership
3 Bicentennial plans and concepts as we nationally develop them,
4 or, more importantly, as your States develop them. So it is
5 really not what we are doing that will guarantee the success;
6 it is what you are doing.

7 Just briefly, some of the projects that have been
8 suggested for the A. R. B. C. by the States:

9 For instance, in Iowa, Governor Ray and his State
10 have presented the plan for a World Food Expo. We in the
11 A. R. B. C. look very favorably upon such an Expo. Most of
12 us are aware that food in the world is a problem, just as it
13 is in the United States, and perhaps it is one of the most im-
14 portant democratic assets that we present. It is hopeful
15 that all of the food and nutritional experts in the world can
16 come here and learn how we do it.

17 Florida, and Governor Askew and his Commission,
18 has plans for an "Interama".

19 Colorado has come to us and asked how we can help
20 them in its Winter Olympics in 1976.

21 And another point of interest, Governor Kneip of
22 South Dakota has been able to rally around him in a regional
23 way the Governors of the neighboring States and the Senators
24 and the Congressmen, for a project for Mt. Rushmore.

25 The support of these Governors is what is bringing

1 their plans to fruition.

2 We have many project plans, and some have been
3 considered bold, some daring, some innovative -- some perhaps
4 "old hat".

5 But in going about the country in the last eleven
6 months and speaking to your representatives and other people
7 interested in the Bicentennial, we constantly came back to
8 one point:

9 We needed facilities; we needed something as a
10 focal point. We needed something that the State Commissions
11 could talk about, something that they could do something with
12 within their own States. There has been too much of a vacuum
13 about broad generalities that the A. R. B. C. should improve
14 the quality of life.

15 The State representatives told us that "We need a
16 focal point within our State so that we can show our State
17 to America, and America can come to our State in the form of
18 tourism and see what we stand for and open our heritage of
19 the past and where we stand now and more forcefully perhaps
20 where we would like to be in the next hundred years."

21 One such concept was unveiled this week:

22 It is the Bicentennial Parks -- a network of leisure
23 and recreational and cultural centers throughout the United
24 States. The Commission last Monday unanimously recommended
25 that we present this program to you, to your representatives,

1 to see if it had the support or had the interest of the Gover-
2 nors.

3 Simultaneously we would be going to feasibility
4 studies to work out the costs and the problems that might
5 exist. If we can solve these two problems -- and I thoroughly
6 believe that we can -- we would then make a joint recommenda-
7 tion back to the A. R. B. C. Commission, and hopefully go
8 from there to the President and Congress to establish this
9 network of bicentennial parks for the people in each one of
10 the States and Territories.

11 We are proposing at this stage that these parks be
12 built on federal land, donated by the United States Govern-
13 ment. There is much land that will be decommisioned, and
14 we believe that in each State can be found areas for parks.

15 We believe that the building of the bicentennial
16 centers, as we see them, should be financed by the Federal
17 Government. The prototype that we have over here -- perhaps
18 we could discuss it at lunch with you. I would like to touch
19 on some of the values to the States that can come from these
20 bicentennial parks:

21 First, they would provide a focal point for in-
22 volving the union and the ethnic groups and other such organ-
23 izations as state historical associations.

24 We also believe that it would generate a favorable
25 economic impact during 1976 and thereafter, and provide ad-

ditional jobs for the State workers.

But perhaps most important, it can provide a lasting residual for the 200th Anniversary of a cultural, educational, and recreational center, for all 200 million citizens of the United States.

You will be briefed in more detail by your State Bicentennial Commissions and representatives; for those of you who would like a closer look at the concept, a prototype of the parks will be available for your study this morning, and it is truly only a prototype. It admits to great flexibility, flexibility of size, design, interior -- but it would have many common denominators that would relate to all fifty States.

You might say, in a sense, it is our attempt at revenue sharing. But more importantly, it is an attempt at responsibility sharing -- responsibility to the States and their governments. There is no question that it can be a sharing of excitement.

I have been accused recently, since this project broke, of dipping my hand into the federal till for funds for the State activity, and if so, I certainly plead guilty to it, but I do need your help. I need your help with Congress, I need it with the media, and I need it with your voters.

The parks, certainly, are not the only projects for the A. R. B. C. There are many more of varying scopes.

1 However, it is a specific one, and it is a bold and somewhat
2 daring beginning.

3 This brief capsule which Governor Moore and the
4 other Governors have allowed me to present to you is just the
5 top of the iceberg. Beneath it is great substance. These
6 parks, the whole theme and idea of the Bicentennial, are some-
7 thing that we have to do and we have to do it well.

8 The year '76 for all of us is an important one.
9 It has been truly said that if we didn't have a Bicentennial
10 Year that we would almost have to create one.

11 We believe that we can go to the people and build
12 our case with them on how we do, specifically and pragmatically,
13 something that brings in the minds and the hearts of all what
14 America was, what it can do now, and more importantly, per-
15 haps, what it should be in the next hundred years. I have be-
16 come personally quite wrapped up in this.

17 Many of you well know the story that some two hun-
18 dred years ago, fifty-seven men were asked to sign a document.
19 It was a document that, immediately upon signing it, they became
20 criminals subject to hanging upon apprehension. It also meant
21 great sacrifice to their homes, to their loved ones, to their
22 f arms, to their mills. That is what signing that document
23 meant.

24 But sign it they did. And I ask you Governors
25 and I ask the people of the United States, can we afford to

1 make less of a commitment for the next hundred years for this
2 country?

3 Thank you so much.

4 (Applause.)

5 THE CHAIRMAN: Thank you, Chairman Mahoney.
6 Governor Scott of North Carolina.

7 GOVERNOR SCOTT: Do we have time to inquire of Mr.
8 Mahoney?

9 THE CHAIRMAN: Can we take about five minutes for
10 questions and then move on to Committee reports?

11 I would hope that you can turn on all of the mikes
12 so that we wouldn't have any unusual delay in getting alive.

13 Governor Scott.

14 GOVERNOR SCOTT: Thank you, Mr. Chairman.

15 I would like to inquire, first, if the decision,
16 if the park idea, is this definite or something that is being
17 talked about as a possibility? Has a decision been made?

18 CHAIRMAN MAHONEY: No, Governor. A decision has
19 not been made.

20 We had unveiled this plan after a great deal of
21 study on the part of the staff and presented it to the Com-
22 mission itself. The Commission rightfully said that we should
23 go out and see if there is interest among State Governors for
24 this and also simultaneously do feasibility studies and work
25 with the States and, of course, with the Governors, as to where

1 we could get the land.

2 In bringing these together, we hope that we could have
3 it done sometime by June, to make a full-scale presentation
4 to the Commission with the support of the States and with
5 the feasibility studies, and then go before the President
6 and Congress, and hopefully have it wrapped up sometime this
7 year because, again, may I add, the time is running out on
8 us. We can replace many things, but we cannot replace the
9 time.

10 GOVERNOR SCOTT: One matter that is of concern to
11 us, I suppose that many States are like ours in that we have
12 a comprehensive master plan for park and recreational devel-
13 opment.

14 And although, as I understand your remarks, this
15 would be a government project on federal land, federally fi-
16 nanced, you did not make it clear that once the Bicentennial
17 Year is completed, whether or not this suddenly becomes a
18 shift to the States to maintain, or does it continue to be
19 a Federal Park?

20 But beyond that, I would hope that if this program
21 or this project proceeds, that you would allow the States to
22 have a great deal of input into this, in order that such a
23 project might fit in with our own development program.

24 Again, as all the Governors here know, we talk a
25 lot about the Federal assistance and we would want our home

1 State's people to have the input into the development of such
2 a program.

3 CHAIRMAN MAHONEY: Governor, I couldn't agree with
4 you more.

5 This program as recommended is quite flexible, and
6 it is intended -- it is intended to utilize the input of the
7 States. It has great flexibility, and without the input of
8 the individual States and its Commissions, cannot be success-
9 ful.

10 There are many things, Governor, to be worked out
11 in this. If we stayed in Washington on the A. R. B. C. Coun-
12 cil and tried to put all of these things in together, we would
13 be reducing the very input that you are talking about.

14 GOVERNOR SCOTT: One final question, Mr. Chairman.

15 Is it contemplated that the State would assume
16 maintenance and control of such a park following the Bicen-
17 tennial Year? Or would this remain a Federally financed and
18 supported project?

19 CHAIRMAN MAHONEY: Presently, Governor, it is the
20 intent of this Commission to make the recommendation to
21 Congress and the President that the land be turned over to
22 the State and that the park facilities be donated to the
23 States, and they would remain the property of the States
24 following the Bicentennial.

25 That is the plan.

1 THE CHAIRMAN: Is there any other question?

2 Thank you.

3 CHAIRMAN MAHONEY: Thank you.

4 THE CHAIRMAN: I would like to move to the reports
5 of the various Standing Committees at this time, and call on
6 Governor Exon of Nebraska to give the report, if he would,
7 of the Committee on Rural and Urban Development, in the ab-
8 sence of its Chairman, Governor Hall of Oklahoma.

9 GOVERNOR EXON: Thank you, Mr. Chairman.

10 In the absence of Governor Hall and the Vice Chair-
11 man, Governor McCall, both of whom, I understand, are out on
12 a football recruiting program (laughter), I am here to stand
13 in for them on the report of the Committee.

14 In August of 1970, the National Governors' Con-
15 ference adopted policy requesting the Administration and the
16 Congress to develop and implement a national growth policy
17 on community development. As a result of the passage of the
18 Housing and Urban Development Act in December of 1970, the
19 President will submit to the Congress next week the first
20 Presidential Report on Community Development. It is the hope
21 of members of the Committee that the Rural and Urban Develop-
22 ment Committee will report this both favorably because it is
23 very comprehensive in nature and will provide the Congress
24 with sufficient recommendations in order that a national growth
25 policy on community development will be implemented. It is

1 our expectation that next week's report will be viewed as
2 the beginnings of a national policy on growth in our metro-
3 politan and rural areas.

4 During the Winter Meeting of the Governors' Con-
5 ference, the Committee on Rural and Urban Development dis-
6 cussed a number of issues for which there is pending legis-
7 lation in Congress.

8 I think I should emphasize at this time that the
9 Committee is not making any specific recommendations at this
10 time that we are for specifically or against any of these
11 measures. But we think that we are moving constructively
12 ahead on many of these matters that have so long concerned the
13 Governors.

14 All of the actions taken by the Committee are in
15 conformance with the Policy Positions of the Governors' Con-
16 ference. The Committee will be asking your support for spe-
17 cific amendments to the pending legislation which will further
18 implement the Policies we have previously agreed on.

19 The Committee met last Tuesday with Secretary
20 George Romney -- Department of Housing and Urban Development,
21 Secretary Earl Butz -- Department of Agriculture, and Mr. Frank
22 Carlucci, Associate Director of the Office of Management and
23 Budget and other high ranking officials to discuss the pro-
24 posed new Federal Department of Community Development. As
25 part of the President's departmental reorganization plan,

1 this proposal would transfer to the Department of Community
2 Development and Housing such programs administered by the
3 Department of Housing and Urban Development; the highway and
4 urban mass transportation programs of the Department of Trans-
5 portation; the community action program from the Office of
6 Economic Opportunity; the economic development programs from
7 the Department of Commerce; and the rural development programs
8 of the Farmers Home Administration and the Rural Electrification
9 Administration of the Department of Agriculture.

10 To insert right here once again, I think that it
11 should be emphasized, as it was once again in our conversa-
12 tions with these Federal officials, that the President has
13 changed his mind completely -- that the Department of Agricul-
14 ture will and is scheduled to remain as a full Cabinet post
15 in the Administration.

16 Basically, as we will go into in more detail in
17 just a few moments in this report, we ask that the Governors
18 study in detail that portion of the programs that I have just
19 alluded to that will be transferred from those respective agen-
20 cies to the planned new Department of Community Development.

21 Because of the diverse nature of the Department
22 of Community Development, the Committee suggests that each
23 State thoroughly study its possible impact on your acts, and
24 the future that this action will have as we proceed with our
25 individual endeavor and responsibilities.

1 We were informed that any Governor wishing to be
2 briefed on Executive Reorganization and particularly the De-
3 partment of Community Development, will be afforded an oppor-
4 tunity to meet with high ranking Federal officials in your
5 own State Capitol.

6 We recommend to our colleagues that this mechanism
7 for clarifying the issues in connection with the Federal Ex-
8 ecutive Branch Reorganization, which the National Governors'
9 Conference has endorsed in principle, be used. Mr. Carlucci
10 has indicated a willingness to make all necessary arrangements
11 with the Governors' offices for this purpose.

12 Carlucci and some of his associates journeyed to
13 Oklahoma City last week, where the Governors in that area made
14 available to him key people in our Administration, so that
15 they could have a first-hand report.

16 I suggest that you study this offer by Mr. Carlucci
17 of the Executive Branch in great detail, and hopefully it could
18 allay some of your fears that some of your agencies and some
19 of the organizations within your States have, and some right-
20 fully so, with regard to the creation of this new Department.

21 The Committee discussed a pending legislative pro-
22 posal which would reform the delivery system for the alloca-
23 tion of housing subsidy funds to the States and cities. The
24 proposal, "Housing Block Grants to States and Metropolitan
25 Agencies", would give statutory authorization to Governors

1 and local elected officials for determining where and when
2 federally subsidized housing units are constructed.

3 Some of you have written to the House Banking and
4 Currency Committee in support of this proposal in principle.
5 The Committee believes that Title V should be carefully stu-
6 died by the Congress and at the proper time favorable action
7 should be taken.

8 With respect to the urban community development
9 legislation, the Senate Banking, Housing and Urban Affairs
10 Committee will soon report to the Senate -- to the Senate
11 floor -- a multi-billion dollar bill for revitalization of
12 our urban areas. Included in this measure will be a first-
13 year authorization of \$2.7 billion allocated directly to the
14 cities for urban renewal and related development purposes.
15 The funds will be restricted so that it is unlikely, even if
16 all funds are authorized, if all funds authorized are in fact
17 appropriated, for State-wide Community Development Agencies
18 to receive funds.

19 Therefore, the Committee is requesting your assis-
20 tance and support of a floor amendment to the Housing and
21 Urban Development Act of 1972 which would authorize an addi-
22 tional \$300 million which would be earmarked for the States.
23 These funds would be available, upon application, to any State
24 in which there existed a State-wide Community Development
25 Agency.

1 The Committee also discussed the pending rural de-
2 velopment legislation, including H. R. 12931, which is now
3 being debated on the floor of the House of Representatives.
4 Similar legislation has been introduced by Senator Dole and
5 others in the Senate.

6 The Committee is requesting your support for an
7 amendment to the pending rural credit legislation which would
8 provide that the funds appropriated to implement an expanded
9 Farmers Home Administration and Soil and Conservation Service
10 Program be allocated to the States by means of a statutory
11 formula and authorizes the Governors to develop a comprehensive
12 Rural Development Plan which will be implemented by utiliza-
13 tion of the funds available to each State.

14 Although we have not been able to seek such an
15 amendment on the House floor, the Senate Agriculture Committee
16 has not yet reported out a rural development bill and we will
17 be working closely with our Senators to seek favorable adoption
18 of this amendment. It is our understanding that this amendment
19 is in conformance with the objectives outlined by the President
20 in his special rural development message to the Congress on
21 February 1, 1972.

22 The Committee wishes to express its appreciation
23 to Secretary Romney and Secretary Butz for their hosting of
24 a luncheon last Tuesday with the members of the Committee.
25 I believe that our Committee will all long remember that one

1 of the highlights of this Winter Meeting was the gracious
2 consideration given to us by those Cabinet officials. Their
3 superb hostmanship extended even to the details of the noon
4 luncheon menu. Quite appropriately, we were served chicken --
5 Chinese Chow Mein -- cooked in accordance with a recipe re-
6 cently returned from China itself by Dr. Kissinger!

7 (Laughter.)

8 Mr. Chairman, I move the adoption of this report.

9 THE CHAIRMAN: Thank you, Governor Exon.

10 You have heard the report of the Committee on
11 Rural and Urban Development. The Chairman has moved the
12 adoption of the report.

13 Do I hear a second to that?

14 GOVERNOR WHITCOMB: Second.

15 THE CHAIRMAN: It has been seconded, moved and
16 seconded.

17 Now if there is no objection, the report of the
18 Committee on Rural and Urban Development will be received.

19 I would like at this time to call on Governor
20 Peterson, the Chairman of the Committee on Crime Reduction
21 and Public Safety for the report of that Standing Committee.

22 GOVERNOR PETERSON: Thank you Mr. Chairman.

23 Fellow Governors:

24 At our meeting in San Juan last September, our
25 National Governors' Conference adopted a policy statement

1 recommending the establishment of a national goal to reduce
2 crime. Specifically, we went on record urging the Federal
3 Administration and the States "to commit the resources ne-
4 cessary to stop the growth of violent crime and reduce it by
5 50 per cent of the peak year by 1981".

6 All of us are well aware of the difficulty of
7 reaching such a goal. But we also are aware of the great
8 need for striving to solve what is undoubtedly one of the
9 most serious problems facing our nation today.

10 I am pleased to report to you that considerable
11 progress is being made in helping us organize to move more
12 effectively toward our goal. Much of the credit for this
13 must be given to Attorney General John Mitchell and to Jerris
14 Leonard and the Law Enforcement Assistance Administration,
15 which he heads, for their leadership and close cooperation
16 and support with us.

17 Within two months after the San Juan Conference,
18 the L. E. A. A. -- following an earlier proposal by Attorney
19 General Mitchell -- provided the initiative and funding for
20 the formation of a National Advisory Commission on Criminal
21 Justice Standards and Goals. This Commission has brought
22 together approximately 200 experts from throughout the Nation,
23 along with outstanding laymen also concerned with improving
24 our criminal justice system.

25 The Commission's objective is to develop a national

1 strategy to reduce crime while providing equal justice under
2 law through the establishment of specific goals and standards
3 and timetables for allocating our resources to prevent crime
4 and -- by the most effective police, courts and corrections
5 systems -- to redirect the offender from a life of crime.

6 This Commission is structured around four action
7 task forces and eight advisory task forces. The action task
8 forces cover the traditional areas of police, courts and cor-
9 rections, and also the area of community crime prevention --
10 that is, those community activities designed to keep people
11 from embarking on a criminal career.

12 The Commission's objective is to prepare a blue-
13 print by which the States and the cities throughout the Nation
14 can determine the most effective ways to reduce crime. Its
15 reports will be completed by September and promises to be
16 this country's first comprehensive plan containing specific
17 goals and priorities and standards for improving our criminal
18 justice system and preventing crime.

19 Another tool was forged this week when Jerris
20 Leonard approved a proposal from our Governors' Conference
21 to establish a State Criminal Justice Action Program funded
22 by an L. E. A. A. grant of approximately \$450,000.

23 This project will be carried out by our Conference
24 in cooperation with the National Conference of State Criminal
25 Justice Planning Administrators and other organizations

1 associated with the Council of State Governments. It will
2 give them a staff that will enable the States to deal more
3 effectively with the L. E. A. A. and with the Omnibus Crime
4 Control and Safe Streets Act.

5 This Program will be the vehicle allowing the
6 States to exchange and disseminate information, to perform
7 research and to better coordinate efforts designed to reduce
8 crime and delinquency at the State and local levels.

9 This project dovetails nicely with the work of
10 the National Advisory Commission on Criminal Justice Standards
11 and Goals and should provide a strong mechanism to implement
12 the Commission recommendations.

13 We Governors at San Juan also expressed our deep
14 concern for the need to improve programs dealing with preven-
15 tion of juvenile delinquency. The term "prevention" referred
16 to those systems and sub-systems designed to keep a child out
17 of the juvenile justice system.

18 As you probably know, there are more than seventy
19 different Federal programs concerned with juvenile delinquency
20 prevention. All of us are familiar with the frustration
21 States experience in attempting to cut through the snarl of
22 red tape wrapped around these many programs.

23 This frustration certainly was a factor in our
24 recommendation at San Juan that all those Federal programs
25 be combined into one. Such a program would be funded by

1 block grants and administered by a single agency.

2 The Advisory Task Force of the Committee on Crime
3 Reduction and Public Safety accepted this challenge and has
4 come up with proposed legislation that would locate the ad-
5 ministrative agency in H. E. W. At our meeting here in Wash-
6 ington this Tuesday, our Committee endorsed the concept but
7 agreed to defer action on this proposal until we review it
8 with the Interdepartmental Council to coordinate all Federal
9 Juvenile Delinquency Programs -- a Council which is headed by
10 Jerry Leonard.

11 The Committee on Crime Reduction and Public Safety
12 this week also took these other actions related to our overall
13 goal of reducing crime:

14 -- It endorsed the concept of a jail inspection
15 and standards project which is being sponsored by the Amer-
16 ican Bar Association's Commission on Correctional Facilities
17 and Services, which is chaired by former Governor Richard
18 J. Hughes of New Jersey. The A. B. A. project would launch
19 a national effort to encourage creation of strong jail in-
20 spection and standards systems through model legislation,
21 regulations, and inspection and compliance systems.

22 -- The Committee informally accepted the principle
23 of a summons-in-lieu-of arrest report by the Community Re-
24 lations Service of the Department of Justice. The purpose
25 of this effort is to free our criminal justice system from

1 the overwhelming load of cases involving minor offenses,
2 such as drunkenness and vagrancy, that clog the system and
3 prevent it from dealing swiftly with the cases involving
4 serious offenses. The present system is inefficient and
5 costly in terms of both monetary and human values.

6 In summary, we Governors have repeatedly expressed
7 our strong support for the block grant approach. The Omnibus
8 Crime Control and Safe Streets Act, and its offspring, L. E.
9 A. A., have provided the first major block grant effort in
10 our country. This program also calls for leadership by the
11 Governors in managing and coordinating crime reduction programs
12 within the States.

13 In other words, it fits in very nicely with what
14 we Governors have been saying is required to get action in
15 some of these critical areas.

16 Now with L. E. A. A.'s creation last year of the
17 National Advisory Commission to define goals, standards and
18 priorities for reducing crime, and with L. E. A. A.'s approval
19 this week of a major grant to provide our Conference with
20 the staff to help our States reach those goals, we now have
21 the basic tools necessary to do our job, and I plead with
22 each of you, if you are not already doing so, to get close
23 to this program, to get personally involved and provide the
24 strong leadership necessary to demonstrate that with the
25 block grant approach, with the planning, with the direct as-

1 sistance of a single Federal administration, that we can get
2 results.

3 Now I believe that the Committee on Crime Reduc-
4 tion and Public Safety, in cooperation with L. E. A. A., has
5 in the past few months made healthy progress towards the
6 objectives established by the Governors' Conference. I want
7 to take this opportunity to thank all members of our Committee
8 and its Advisory Task Force for their dedicated efforts.

9 And now, Mr. Chairman, with your approval, I would
10 like very much to turn the microphone over to Jerris Leonard,
11 the Administrator of L. E. A. A., who is working so closely
12 with us, to make a few comments.

13 (Applause.)

14 MR. JERRIS LEONARD: Governor Peterson, Governor
15 Moore, gentlemen:

16 I will be very brief, and the reason I will be very
17 brief is because you have been so gracious to me and to my
18 associates in L. E. A. A. in giving up your time to allow me
19 to address some of your Regional Conferences at Atlanta and
20 the New England Governors Conference in Boston not too long
21 ago, as well as to open your doors to our regional adminis-
22 trators to discuss with you the problems which you might have
23 in working with this program, and I will be brief and express
24 that appreciation to you.

25 I know you have been welcomed, but I might open my

1 brief remarks by welcoming you again this morning, in view
2 of a front page story in the "Washington Post". You are in
3 a city that has the lowest crime rate that it has had since
4 May of 1967. And unfortunately on page 7 of the continuation
5 of that story -- and I wish that it had been on page 1 --
6 Chief Jerry Wilson points out that it is the commitment made
7 by the Congress and by the President and the programs that
8 he is able to put up and put into effect in this city that
9 have been the direct result in that crime reduction.

10 Unfortunately the story doesn't say that, by and
11 large, those programs are L. E. A. A. funded programs. It
12 poses it more generally in the praise of an L. E. A. A. pro-
13 gram and an indication that the direct crime specific reduction
14 result has come about through L. E. A. A. funded projects and
15 programs.

16 I don't want to go out too far out on a limb,
17 gentlemen, but I have to respond to one point that Governor
18 Peterson made, vis a vis your San Juan meeting. And that
19 is that the fifty per cent reduction in crime by 1981 was
20 based on the highest year between now and then; that now was
21 last September.

22 I think that we are very close -- in fact, maybe
23 this month we may have hit around zero. And it may well be
24 that we are that close to having no national increase in crime
25 for the first time in many, many years.

1 So I hope that 1971 -- last year -- Governor Peter-
2 son, will be the base year by which we are going to judge
3 whether or not we reach that fifty per cent reduction goal by
4 1981 -- and we might just possibly do it before that time.

5 I want to close with just these thoughts:

6 The Congress is making a substantial commitment
7 to this program.

8 The President is providing all of the leadership
9 necessary at the Federal level to make it go, and the commit-
10 ment to make it go.

11 As Governor Peterson pointed out and, I am sure,
12 you well know, no agency of the Federal Government has ever
13 been more dedicated to a total elimination of controls except
14 those required by the staff. As a matter of fact, at a con-
15 ference last -- two weeks ago in Galway Gardens, Georgia, the
16 top leadership of this agency adopted a position paper which
17 will be made public after it has been formally printed up
18 and stamped up, the essence of which indicates that by 1981
19 L. E. A. A. should have a bare minimum of maybe a hundred or
20 maybe less people. It ought to literally adopt a concept
21 of having an administrator to sign the checks, a secretary
22 to mail them out, and a check writer to make them out and
23 maybe a few auditors in the audit division; with the building
24 of the audit and the capability at the State level, it may
25 well be that G. A. O. audit procedures can even solve that

1 problem.

2 So that the entire seniority of the L. E. A. A.
3 body is dedicated to turning this program more and more over
4 to you, the government.

5 And we have been criticized -- and when I say "we",
6 I include myself because this is a partnership -- but the
7 truth of the matter is that the States have been more cri-
8 ticized than has L. E. A. A. itself. We are deserving of
9 most of that criticism.

10 But my final thought is that the facts show that
11 it is the individual attention given by the Governor and his
12 dedication to making this program go -- and there are many
13 at this table who know how true that is -- your individual dedi-
14 cation to making it go that will make it successful. If we
15 have that commitment and that dedication, I know that it will
16 go, and I assure you that you have mine, as long as I am Ad-
17 ministrator of this agency, for carrying out the block grant
18 concept to its fullest maximum extent possible, and to aid
19 to reduce crime and delinquency in this country, and I think
20 we are on our way.

21 Thank you.

22 (Applause.)

23 GOVERNOR PETERSON: Thank you, Jerry Leonard.

24 I move the adoption of the report of the Committee
25 on Crime Reduction and Public Safety.

1 GOVERNOR ANDRUS: Second.

2 THE CHAIRMAN: Thank you, Governor Peterson. May
3 I have a second?

4 GOVERNOR ANDRUS: Second.

5 THE CHAIRMAN: Governor Andrus seconds that the
6 report be received, and without objection, it will be a part
7 of the deliberations of the Conference.

8 I will, in effect, take a moment to call to your
9 attention that as Chairman of the Conference, I did write to
10 each of you in rather lengthy detail concerning the Conference's
11 deep concern over the L. E. A. A. program and the manner in
12 which Governors themselves moved to capture the goal and
13 direction of the program in their respective States.

14 I was to announce this morning that the Executive
15 Committee has unanimously agreed to execute a grant request
16 of the L. E. A. A. in the amount of \$450,000 for the express
17 purpose of giving the Conference a tool with which to work
18 to encourage Governors to take control of this very vital
19 grant program and to see to its success.

20 Essentially, we are going to be coming as a Con-
21 ference, in a spirit of friendship and cooperation, to en-
22 courage you to make a personal assessment of the program in
23 your respective States, and to encourage in every way possible,
24 to see to it that this vital program does give us as Governors
25 essentially that which we are so often asking of the Congress,

1 that it does move forward in an effective way to meet its
2 Congressional commitment, and also our Gubernatorial commit-
3 ment in that regard.

4 At this time I would like to call on Governor
5 Rampton, the Chairman of the Committee on Executive Management
6 and Fiscal Affairs, for the report of that Committee.

7 Governor Rampton.

8 GOVERNOR RAMPTON: Mr. Chairman, gentlemen:

9 The principal matter discussed during our Committee
10 meeting was the financing of education. That matter was dis-
11 cussed here yesterday, and I think no further comment would
12 appropriate at this time.

13 An additional matter considered by the Committee
14 was an assignment made to us to work with and attempt to have
15 implemented the proposal for an interstate consultant clear-
16 inghouse.

17 I would like permission to have Mr. Robert Cornett
18 discuss that for just a moment, Mr. Chairman.

19 MR. ROBERT CORNETT: Thank you. I won't need but a
20 minute.

21 Last year the Governors' Conference did ask the
22 Council of State Governments to set up a consultant clearing-
23 house. The basic notion is that States with a problem can
24 find help somewhere out in the other State governments.

25 We have been working now for a few months with this

1 to serve several States. The results so far have been very
2 good.

3 The consulting teams -- and they have usually been
4 teams rather than one man -- they go in and they come to grips
5 quickly with the issue. There has been very little wasted time
6 because they already know the subject matter. They have been
7 able to issue reports that have been useful to the States;
8 they have in every instance influenced something that has
9 been happening in the States.

10 We are now satisfied that we know what we are do-
11 ing and we are ready to go full blast. We need some business.
12 Call on us. I think that you will be satisfied with the re-
13 sults, and I know that it is not going to cost much.

14 The cost to your States is simply for the time and
15 travel expenses. Our consultants take no profit in that, no
16 consultant fees.

17 So we are ready to serve you.

18 Also, you need to remember that we are going to be
19 calling on your State people too. We already are. And so
20 let your people go, remembering that this is all short-term,
21 and in no instance will you be called upon to release a man
22 for more than a few weeks at most.

23 Thank you, sir.

24 GOVERNOR RAMPTON: Each of you have before you a
25 brochure that describes the program of how you avail your-

1 selves of these services.

2 Another matter assigned to the Committee on Exec-
3 utive Management was the matter of dealing with the Office
4 of Management and Budget in an effort to get the Federal
5 agencies and the Administration of Federal programs to recog-
6 nize State sub-districting.

7 Mr. Whiting appeared before the Committee yester-
8 day or the day before yesterday and made a presentation on
9 this matter. I will be corresponding with all of you by letter
10 within the next two weeks, giving you the material which we
11 have on that, and the agreements we have reached with the
12 Federal Government.

13 I am going to ask, Mr. Chairman, that the rules
14 be suspended to permit this body to consider a policy state-
15 ment proposal; even though ordinarily we do not do this at
16 the Midwinter Meeting, this is a matter of some urgency, and
17 was brought to the Committee by Governor Meskill.

18 Governor Meskill is the representative of the
19 Governors' Conference on the Advisory Council on State and
20 Local Government, Advisory Council to the Pay Board's Cost
21 of Living Council and the Price Commission.

22 A decision has already been made by that Subcom-
23 mittee and also by the Price of Living Council that even
24 though Federal employees are exempt from the jurisdiction
25 of the Pay Board, this is not true of State and local of-

1 officials.

2 What Governor Meskill would like to do is to have
3 the Advisory Council advise the Cost of Living Council, that
4 while State and local salaries are subject to the Pay Board
5 jurisdiction, the methods of review established for general
6 private sector wage increases are not satisfactory so far
7 as State and local government is concerned, and some special
8 consideration should be given to setting up specific review
9 procedures by the Pay Board for proposed payroll changes by
10 State and local government.

11 The policy statement proposal suggested by Governor
12 Meskill is as follows:

13 "The rules and regulations being adopted by the
14 Pay Board are primarily directed at the private sector,
15 and not responsive to the particular needs and problems
16 of state and local governments and their employees.

17 The Pay Board has not adopted special criteria with which
18 to measure public sector pay adjustment; and we feel
19 there is a pressing need for equitable and expeditious
20 handling of state and local government wage adjustment.

21 "Therefore, the National Governors' Conference,
22 at its meeting in Washington, D.C., February 24, 1972,
23 strongly recommends that the Pay Board establish a se-
24 parate public employee wage review category together with
25 appropriate machinery to deal with inequities."

Mr. Chairman, I would like unanimous consent to consider this proposed policy statement at this time.

GOVERNOR WILLIAMS: May I rise to a point of order?

THE CHAIRMAN: Yes.

GOVERNOR WILLIAMS: Is there a quorum present?

THE CHAIRMAN: A quorum is present.

The motion of the Governor of Utah initially that the rules be suspended for the purpose of receiving this policy statement -- may I have a second to that?

CHORUS OF VOICES: Second.

THE CHAIRMAN: It has been moved and seconded.

All those in favor --

GOVERNOR ROCKEFELLER: Question.

May I ask ---

THE CHAIRMAN: Yes, Governor Rockefeller.

GOVERNOR ROCKEFELLER: I hate to be fussy about it, but I just wanted to know if the policy statement includes the proposition that was indicated yesterday on the value-added tax?

THE CHAIRMAN: No, it does not.

GOVERNOR ROCKEFELLER: The policy statement? O. K.

GOVERNOR HAMPTON: This policy statement here has
nothing to do --

THE CHAIRMAN: This policy statement --

1 GOVERNOR ROCKEFELLER: We are not voting on your
2 total report?

3 THE CHAIRMAN: No, no, this just relates to the
4 matter of rules and regulations within the Pay Board.

5 GOVERNOR ROCKEFELLER: Thank you.

6 THE CHAIRMAN: I call your attention to the rules.
7 It is necessary for three-fourths of those present and voting
8 to support the suspension of the rules before a motion to
9 adopt a policy statement is in order.

10 All those in favor of suspension of the rules,
11 will you please raise your hands?

12 (A showing of hands.)

13 And Chris, will you please count them.

14 The rules have been suspended.

15 The motion is now made by the Governor of Utah
16 that the policy statement -- and I would like to read it again,
17 if I may, so that we are perfectly clear on what this con-
18 tains:

19 "The rules and regulations being adopted by the
20 Pay Board are primarily directed at the private sector,
21 and not responsive to the particular needs and problems
22 of state and local governments and their employees.
23 The Pay Board has not adopted special criteria with
24 which to measure public sector pay adjustment; and we
25 feel there is a pressing need for equitable and ex-

1 peditious handling of state and local government wage
2 adjustment.

3 "Therefore, the National Governors' Conference,
4 at its meeting in Washington, D.C., February 24, 1972,
5 strongly recommends that the Pay Board establish a
6 separate public employee wage review category together
7 with appropriate machinery to deal with inequities."

8 Is there a second to that?

9 GOVERNOR GILLIGAN: I second it.

10 THE CHAIRMAN: It has been seconded.

11 All those in favor of the policy statement, please
12 raise your hands.

13 (A showing of hands.)

14 All those opposed to the policy statement?

15 MR. CRINFIELD: Will you keep your hands up?

16 THE CHAIRMAN: All those in favor, please raise
17 their hands.

18 (A showing of hands.)

19 The policy statement is adopted.

20 Governor Rampton.

21 GOVERNOR RAMPTON: That concludes the report of
22 the Committee on Executive Management and Fiscal Affairs.

23 I don't know whether I moved the adoption of this
24 report. If I do, it would not be my intention -- I assure
25 Governor Rockefeller it is not -- to have the Committee here

1 take any position on the value-added tax. I would just move
2 that the report be accepted rather than approved.

3 THE CHAIRMAN: Is there any further discussion
4 on the motion of the Governor from Utah?

5 Now without objection, the report of the Committee
6 on Executive Management will be received.

7 At this time I would like to call on Governor West
8 for the Transportation Committee report. Governor West is
9 Vice Chairman of that Committee.

10 Governor West.

11 GOVERNOR WEST: Thank you, Mr. Chairman.

12 Governor Evans, the Chairman, was prevented from
13 attending the Conference by legislative matters, and you have --
14 it has been distributed to you -- a report of the Committee.
15 I am not even going to read it in the interests of time; I
16 am going to summarize the major part or the major thrust of
17 this report.

18 Actually, we spent most of our time identifying
19 the main areas of concern for study by the Advisory Task
20 Force and ultimate report. We identified six of these areas
21 and have given to these areas, to these six areas, priority
22 consideration, and hopefully we will have a meaningful report
23 and recommendation on them for our meeting:

24 The first is the area of public transportation.
25 We recognize the continuing problem and we hope to be able to
define the state's role in it.

1 Perhaps the most important single item discussed
2 was the matter of highway funding and the utilization of the
3 highway trust fund. This Conference, I believe, is already
4 on record as taking a rather strong position on the objection
5 to the withholding of highway funds. We were given considerable
6 information and input from several of our Governors, and we
7 anticipate that the Committee, the Advisory Task Force, will
8 devote considerable time to this; we are looking toward re-
9 affirming our position on this matter.

10 We also have assigned priorities to the area of
11 export and tourism opportunities, recognizing the necessity
12 in that areas as well as the interest of the new Secretary of
13 Commerce.

14 Under technology, a major issue will be a national
15 energy policy, hopefully defining:

16 What are our needs?

17 What is the fuel situation?

18 And more important, what should the role of the
19 States be?

20 Cable television is the fifth category.

21 The sixth is the matter of the issue of federal
22 agencies requiring dedicated computers for federally funded
23 programs. This can create real problems on very pertinent
24 issues with respect to the field of criminal justice. We
25 have asked our Task Force to consider it.

1 These are the six major areas of interest that we
2 will be considering, subject to any additional suggestions
3 or input from any of the Governors.

4 Mr. Chairman, I move the adoption of the Committee's
5 report.

6 THE CHAIRMAN: You have heard the motion of Gover-
7 nor West relative to the Committee on Transportation, Commerce,
8 and Technology report.

9 Is there a second to that motion?

10 GOVERNOR LOVE: I second.

11 THE CHAIRMAN: It has been seconded.

12 The report of the Committee on Transportation,
13 Commerce, and Technology will be received.

14 I would like at this time to call upon Governor
15 Rockefeller, our Chairman of the Committee on Human Resources --
16 excuse me, we are going to have to hold this.

17 May I at this time ask Governor O'Callaghan, who
18 made a request of the Chair to make a personal observation
19 concerning a matter of high importance to himself and, he
20 is sure, the other Governors. At this time I would like to
21 recognize Governor O'Callaghan.

22 GOVERNOR O'CALLAGHAN: Thank you, Mr. Chairman.

23 I hope the assembly here this morning will grant
24 me forbearance for speaking on an issue that may, on first
25 consideration, appear to have little to do with the subject

1 at hand. It is my judgement that this is the appropriate
2 forum for my remarks, which shall be necessarily brief because
3 of our full agenda.

4 In our nation today, there are 2,050 women and
5 children who are enduring the agony of separation from hus-
6 bands and fathers. They are the dependents of an estimated
7 1,800 American fighting men who are officially designated as
8 prisoners of war or missing in action in the Southeast Asian
9 conflict.

10 There are no words sufficient to describe the mental
11 and emotional anguish of those who have waited for as long as
12 eight years for news that their loved ones are healthy or
13 sick, missing or captured, alive or dead.

14 It is a testimonial to the moral fiber of America
15 that the P. O. W. - M. I. A. issue has become the most com-
16 pelling issue of the entire war. Americans care. They want
17 these men home, reunited with their families. The average
18 American -- and I am an average American -- cannot subscribe
19 to any proposal for peace that is not first conditioned on
20 the release of our prisoners of war.

21 We may hope. We may pray. Beyond that there is
22 little we can do at this time.

23 We can, however, take steps to make the lives of
24 their dependents a little more comfortable. We can provide
25 assistance to their wives and to their children. And by so

1 doing, we will keep faith with the men who have sacrificed
2 so much in the service of their nation. We can provide a
3 living memorial to these men.

4 Recently, at my request, Nevada became one of the
5 first two States -- Alabama is the other -- to approve full
6 tuition grants-in-aid at the State University for the wives
7 and children of men who have been officially designated as
8 prisoners of war or missing in action in Southeast Asia.

9 I would like to quote from a letter to me from Un-
10 iversity of Nevada Chancellor Neil Humphrey:

11 "I am pleased to be able to advise you that on
12 February 11, 1972, the Board of Regents approved the
13 following recommendations:

14 "a. Grants in aid of resident fees may be pro-
15 vided to Nevada resident widows of veterans who die
16 from injury or disease incurred or aggravated in line
17 of duty while in active military service after January
18 1, 1964; and to wives and children of servicemen who are
19 prisoners of war or declared missing in action in the
20 Southeast Asia war. This educational assistance will be
21 available for a period of 36 months of full-time atten-
22 dance.

23 "b. Declare it to be the Board of Regents policy
24 that those eligible for grants in aid for resident fees
25 in conformity with the paragraph above will also be

1 considered priority applicants for other forms of fi-
2 nancial assistance and student employment while attending
3 any division of the University of Nevada."

4 Mr. Chairman, Nevada takes pride in its role of
5 leadership to insure the education of dependents of men who
6 have given a full measure of devotion to this nation. It is
7 my earnest hope that all other States will take similar ac-
8 tion as quickly as possible so full-tuition scholarships for
9 their wives and children will become, in effect, a national
10 policy.

11 We owe it to our fighting men and their loved ones.
12 Yes, and we owe it to ourselves.

13 Thank you.

14 (Applause.)

15 THE CHAIRMAN: Thank you, Governor O'Callaghan.

16 At this time I would like to call on Governor
17 Francis Sargent, who is Vice Chairman of the Committee on
18 Natural Resources and Environmental Management to give the
19 report of that Committee at this time. Governor Sargent is
20 Vice Chairman of that Committee -- in the absence of Governor
21 Carter.

22 Governor Sargent.

23 GOVERNOR SARGENT: Mr. Chairman, thank you very
24 much. I seem to be a little bit of a bloody mess this morning
25 and I would just like you to note, Mr. Chairman, that this is

1 not new blood that I refer to here in that fashion occasionally
2 in my State.

3 (Laughter.)

4 I am very pleased to report this morning for our
5 Chairman, Governor Jimmy Carter. It is my understanding --
6 he didn't tell me so, but I understand that he had to go back
7 to Georgia to be sure that the Lieutenant Governor wasn't
8 running away with the State House!

9 (Laughter.)

10 Mr. Chairman, the environmental field is fast
11 becoming one of the most challenging areas in Federal-State
12 relations. The number of issues that have major consequence
13 for the States cover as broad an area as the environment it-
14 self.

15 We attempted in our Committee sessions to deal
16 with what seemed to be the most pressing of these issues.
17 We discussed both Administration programs and legislative
18 proposals before the Congress.

19 In a luncheon hosted by Secretary Morton, we spoke
20 with the leading officials of the Department of the Interior,
21 along with Russell Train, Chairman of the Council on En-
22 vironmental Quality, and William Ruckelshaus, Administrator
23 of the Environmental Protection Agency. Among the topics
24 discussed were new land use planning initiatives in the De-
25 partment of the Interior, environmental impact statement process

1 under the National Environmental Protection Act and the per-
2 mit system procedure under the 1969 Refuse Act.

3 In the afternoon session, attention was given to
4 pending legislative issues. And I might say that of primary
5 concern to the members of our Committee was the apprehension
6 that even the various Federal bills that are being proposed
7 in relation particularly to water pollution, I think that
8 these will not meet the total need and will not give the
9 deadline as established, and I think that this is becoming
10 more and more of grave concern, because if we can't show the
11 public that we are able to meet the deadlines, I think we can
12 expect that there will be public resentment regarding this.

13 But the promises that are being made in many legis-
14 lative proposals far outreach the financial support that ap-
15 pears to be forthcoming, and is absolutely necessary if those
16 promises are to be fulfilled. Promises without money only
17 succeed in producing disillusionment. We need action if we
18 expect to maintain the momentum generated to improve the en-
19 vironment.

20 We also met with Congressman Robert E. Jones,
21 Acting Chairman of the House Public Works Committee, to dis-
22 cuss the content of the pending water pollution control bill
23 as ordered reported. He stressed that a bill would be re-
24 ported sometime in March. The House bill has incorporated a
25 number of ideas proposed by the Governors to provide a sub-

1 stantial State role without which no progress can be made.
2 The Governors discussed the legislation with an emphasis on
3 the effects that the bill, if enacted, would have on State
4 programs.

5 The consensus was that the House bill would enable
6 the States to continue their central role in abatement pro-
7 grams while providing greater funding for continued program-
8 ming which would enable pollution abatement efforts to move
9 without interruption.

10 The Committee also addressed the proposed land use
11 planning legislation and affirmed its support of Federal as-
12 sistance to States for developing land use programs. Pro-
13 gress on the enactment of the interstate environment compact
14 was discussed, with an amended version of the McClellan bill
15 due to be reported by the Senate Public Works Committee today.
16 It is anticipated that the bill may go to the floor for final
17 action on February 29th and therefore action by the Governors
18 concerned about this matter would be appropriate at the pre-
19 sent time.

20 One example of the lack of financial support for
21 environmental programs is found in the area of solid waste,
22 where money allocated for the Resource Recovery Act has re-
23 mained static. This is of special concern where funds desig-
24 nated for State solid waste planning programs are being re-
25 duced at a time when their need is actually increasing. I

1 think this is true in the instance of all of the States.

2 The Chairman of our Committee, Governor Carter,
3 had a Joint Press Conference with representatives of the Fed-
4 e ral Government to announce a Symposium on State Environmen-
5 tal Legislation which is to be held in Washington on March
6 15-18.

7 The Symposium will be a precedent-setting example
8 of an effective Federal-State relationship for utilizing the
9 resources of Federal and State governments to achieve national
10 environmental goals. It should serve to eliminate many un-
11 necessary difficulties that arise between the Federal Govern-
12 ment and the States from conflicting program efforts or adminis-
13 trative procedures.

14 It will include representatives of State govern-
15 ments, including Governors, State Legislators, State Attorneys
16 General, and State Administrators, along with their counter-
17 parts in the Federal Government. These elected and appointed
18 officials will participate in workshops to develop and draft
19 suggested State environmental legislation covering a broad
20 range of ecological concerns.

21 The major purpose will be to present appropriate
22 drafts to the Council of State Governments' Committee on
23 Suggested State Legislation for consideration in preparing
24 its 1973 Report to the States.

25 The Committee looks forward to a productive year
in improving the balance of responsibility and authority

1 between the States and the Federal Government in dealing with
2 environmental problems, and I might say that we feel that one
3 of the most complicated problems that any State Governor has
4 today is the matter of Federal-State relationships -- and
5 particularly, perhaps, in the environmental field.

6 Mr. Chairman, that is the report of our Committee
7 on Natural Resources and Environmental Management, and I move
8 the adoption of the report.

9 THE CHAIRMAN: Thank you, Governor Sargent.

10 Is there a second to the motion of Governor Sar-
11 gent?

12 GOVERNOR ANDRUS: I so move.

13 THE CHAIRMAN: Governor Andrus has seconded the
14 motion that the report of the Committee on Natural Resources
15 and Environmental Management be received, and the report is
16 received.

17 At this time I would like to call on Governor
18 Rockefeller of New York, the Chairman of the Committee on
19 Human Resources.

20 GOVERNOR ROCKEFELLER: Mr. Chairman, fellow Gover-
21 nors, ladies and gentlemen:

22 The Committee on Human Resources' report -- I
23 would like to first express appreciation to the staff of the
24 Governors who are members of this Committee for the outstand-
25 ing report which they have worked over so carefully with the

1 Governors, which is before all of you. It is twelve pages
2 long. I am not going to read it.

3 I would like to discuss briefly some of the high-
4 lights of the report:

5 The first question that was discussed was the
6 question of the basic need for structural reform in our Federal
7 system.

8 I think we have all got to recognize, as Governors,
9 that the way the evolution of the Federal system is taking
10 place, that increasingly initiative by Governors is being
11 reduced, that increasingly power is coming to Washington,
12 centralized more and more in the bureaucracies, where even
13 the Secretaries of the Departments have a hard time control-
14 ling the operations. This was brought out clearly by the
15 Vice President yesterday, and the effort of the Administra-
16 tion is to try and reverse this process, but however the
17 process still continues.

18 Now, therefore, we had two basic questions which
19 we considered:

20 One was that perhaps this could be reversed if
21 there was a division of functions between the three levels
22 of government, namely:

23 That the Federal Government took full responsi-
24 bility for certain functions and they handled those -- the
25 funding, and if they want contracts for operations, fine,

1 but they are responsible.

2 And then the States had certain responsibilities,
3 certain functions for which they would be responsible.

4 And then leave to local government areas such as
5 police, fire, sanitation, problems of domestic concern to
6 the communities in which they live.

7 Now this would remove the necessity for a lot of
8 the overlapping and duplicating of both money and regulations
9 which now exist in the handling of the administration and the
10 affairs of the people of this country.

11 So that this is one of our basic concerns and this
12 theme ran through the consideration of various other prob-
13 lems. The way we feel, to simplify those areas where the
14 Federal Government is going to have to provide financial as-
15 sistance, at the present time, over a thousand categorical
16 grants -- and I think we have got to face realistically the
17 fact that under our present system a Congressman who is up
18 for reelection -- or a Senator -- is bound to be responsive
19 to a problem of his constituents which is going to have an
20 effect on his reelection. So he puts in a bill and we get a
21 new program.

22 Now if we could just let these programs, many of
23 them, be annual or voted on each two years, then they would
24 get the credit for having voted, but that isn't the case, so
25 they have to come up with a new program, even though there

1 is already one there, in order to be identified with it, and
2 their colleagues have to vote for it. And then with that goes
3 not only Congressional regulation, but in addition you then
4 get the bureaucratic regulations of the Departments, which
5 are multiple -- and, therefore, you get government by man in-
6 stead of government by law.

7 Now this is going a little bit further than what
8 has actually been attached here, but excuse me for expressing
9 what I feel about this problem.

10 The next question that comes up is related to
11 welfare reform and revenue sharing. We discussed yesterday
12 welfare reform and there is no point in going back into that
13 except that I would just like to say that the Secretary of
14 H. E. W. and the Secretary of Labor have hosted the Governors
15 on the Committee for lunch and had a full discussion afterwards
16 on this and other questions, and I would like to express my
17 appreciation to them.

18 As far as revenue sharing is concerned, I think
19 we have discussed our opinions on this, Governors, before.
20 There is no need to discuss that again. We are all hopeful
21 that the Senate -- pardon me, the House, the Ways and Means
22 will come out with a plan to pass the House and go to the
23 Senate, and the Chairman of the Senate Finance has agreed
24 to bring out the plan for consideration in the Senate that
25 comes from the House.

1 So we have this thought on the subject of basic
2 Federal aid to those areas where three levels of government
3 are involved, or two levels, but where Federal representatives
4 give categorical grants.

5 The Vice President yesterday referred to special
6 revenue sharing. We have called it traditionally block
7 grants.

8 Our feeling is that the block grant, pulling to-
9 gether the aid of the various categorical grants into simple
10 broad categories -- and then having statutes that control
11 the use of this money and having a State plan prepared in
12 which the State and its Governor and its people work with
13 local governments and come up with a plan within the framework
14 of the statutes and not within the framework of multiple
15 federal regulations developed by changing staffs of Departments
16 where the Governor and the local governments have no real
17 knowledge as to what is going to be of the plan in terms of
18 the policies, because they are constantly changing, and there-
19 fore we find ourselves not in a position to try and solve our
20 own responsibilities, our own problems using our responsibi-
21 lities to do so.

22 Now this is trying to look at a somewhat radical
23 change in the structure of the Federal system, but I think that
24 we have got to face frankly, ladies and gentlemen and col-
25 leagues, that under the present circumstances all levels of

1 government are running out of money; we are bound up in all
2 kinds of regulations -- both statute and administrative; and
3 that we are losing our capacity to be responsive to changing
4 needs in the society in which we live.

5 And it is a very serious and dangerous situation,
6 as far as the future of democracy in America is concerned.

7 I go on then briefly just to two other points in
8 connection with the discussions with H. E. W.:

9 One relates to -- pardon me; the Allied Services
10 Act; we had a full discussion with H. E. W. on that. Our
11 concern is that the way this is planned, while the States
12 have a role in setting up a plan, which has to be approved
13 by the Department, that basically what will happen is that
14 there will be, slowly but surely, a direct evolution toward
15 a federal-local relationship, in which the State really has
16 no meaningful role.

17 I think that this is a dangerous trend, and that
18 the best representative of the Federal Government is the Gov-
19 ernor in the region and that he work with the local govern-
20 ments.

21 And I think that ultimately it is almost impos-
22 sible, if you visualize a nation growing as rapidly as ours,
23 in which the Federal Government has direct ties with all of
24 the local units of government, bypassing the States -- and
25 while this hasn't happened yet, I think that we are moving

1 slowly toward that direction.

2 The other relates to the new H. E. W. regulations
3 regarding social services. We agreed with the goals, but
4 again we are concerned that the programs that they will spe-
5 cify are going to be directed largely by administrative deci-
6 sions rather than by regulations enunciated by the Congress
7 and, therefore, lead to the same kind of loss of initiative
8 at the State level.

9 And again I would like to refer to Governor Guy's
10 statement yesterday and the statement he made at that meeting,
11 where he has developed a plan in his State, which, I think,
12 is one of the most interesting and productive -- and this
13 was done entirely by the State and with State initiative in
14 a local approach.

15 Now we go on to higher education, and I would like
16 to suggest, if we may, that Governor Ogilvie make the report
17 on that.

18 We touched then in this report on two other sub-
19 jects:

20 Manpower -- we feel there that the best thing
21 would be a block grant on manpower. Probably there is no
22 more confused series of programs in the country today than
23 the manpower programs -- less effective probably than most
24 programs in terms of the dollars spent.

25 We would like to see a block grant of a special

1 revenue sharing grant with the States having responsibility
2 within the series of statutes, Federal statutes, for this
3 program, using whatever facilities in each State can most
4 effectively do the job.

5 Our last subject is drugs. I thought Governor
6 Evans yesterday made a really moving statement on that sub-
7 ject.

8 And our feeling is that at the present time we
9 don't have the knowledge or the expertise to deal with this
10 effectively and therefore a suggestion is that maybe a Man-
11 hattan Project type of approach, which was used during World
12 War II to develop the atom bomb, where the resources of this
13 country were mobilized -- in this case, it could be the re-
14 sources of the world, all levels of expertise to try and find
15 some basic, fundamental answers, and that without those we
16 are going to have a very difficult job controlling this grow-
17 ing cancer in our country -- and that that is Step One.

18 Step Two would be again the block grant with States de-
19 veloping in cooperation with the Federal effort programs for
20 their States that could be effective in not only treating but
21 preventing this scourge.

22 Mr. Chairman, I would like to move acceptance --
23 receipt of the report; I guess that is the way; I want to keep
24 in step with Governor Rampton and be as courteous on my side --
25 the receipt of this report by the Governors.

1 And I hope that you will have a chance to look
2 at the text when you get back home because there is some
3 very interesting material in this report.

4 Thank you very much. The members of the Committee
5 have been most diligent in their concerns regarding these
6 problems -- and to the staff, who, as I say, has done such
7 a good job, and especially our Subcommittee, headed by Dick
8 Ogilvie, which is excellent.

9 Thank you.

10 THE CHAIRMAN: You have heard the report of the
11 Committee.

12 Is there a second to that motion?

13 GOVERNOR RAMPTON: I would like --

14 THE CHAIRMAN: Governor Rampton, do you desire re-
15 cognition?

16 GOVERNOR RAMPTON: I would like to --

17 THE CHAIRMAN: You are on the air.

18 GOVERNOR RAMPTON: In particular, I would like to
19 emphasize the importance of the manpower legislation. There
20 are hearings going on, on the Hill, currently on various
21 pieces of manpower legislation. In fact, I think some hear-
22 ings are scheduled on the first and second of March.

23 A Subcommittee under Governor Rockefeller's Com-
24 mittee has prepared a proposed manpower reform bill. Gover-
25 nor Rockefeller has attached a draft of that bill, or a sum-

1 many of that bill, to the Committee's report.

2 I would like to urge that the Governors familiar-
3 ize themselves with that proposal and that we immediately contact
4 our Congressional delegation because, unless we act on this
5 within the next week or two, decisions may be made which will
6 prevent the adoption of the manpower reform suggested by this
7 Committee.

8 THE CHAIRMAN: Do I hear any requests for recog-
9 nition concerning the report of the Committee on Human Re-
10 sources?

11 GOVERNOR ROCKEFELLER: How about Governor Ogilvie's?

12 THE CHAIRMAN: I will do that in a moment.

13 Governor Licht of Rhode Island.

14 GOVERNOR LICHT: On the drug abuse, maybe I might
15 respond to it.

16 I recognize that one of the problems, of course, is
17 knowing how to deal with this, with this serious problem which
18 cuts across all levels of society, and we really don't have
19 any immediate or precise or even the best answer.

20 But I think that one of the problems that we find
21 in my State -- and perhaps it is true elsewhere -- is that
22 we have undertaken projects and yet we have really not been able
23 to fund them even though the programs would help us solve
24 the problems.

25 For example, in Rhode Island, we have what we call

1 "Project Hope", in which we have been able to take the per-
2 sons who are involved and bring them in and try to work with
3 them and help them out of the very bad situation in which
4 they find themselves.

5 We have a civil liberties law, which permits an
6 individual, without being prosecuted and without any possi-
7 bility of criminal violation, to ask for some relief.

8 I recognize that we don't have the answer, and
9 Governor Rockefeller has been very candid in saying that we
10 don't have the answer. But at least to the extent that we
11 have certain programs which at least in the first instance --
12 I am frank to say that my State takes some ninety per cent
13 of the increase in its budget for health, welfare, and edu-
14 cation, and many of these programs have been vital; others
15 haven't been funded.

16 Now I would like to ask Governor Rockefeller if
17 he has the feeling that we are going to get this block grant,
18 and if we are going to have action, because the Federal Go-
19 vernment has indicated at the Federal level the importance
20 of doing something about drugs and the President considers
21 this a serious national problem.

22 It is not only a serious social problem; it is
23 an economic problem. Those who are hooked on drugs lose
24 their economic initiative, and it also gets right into the
25 problem of criminal activities.

1 I think that, for example, without the precise
2 statistics, we might almost say that the great yield of the
3 crime in this country, particularly the crime in the streets,
4 stems from the desire to get money for drugs and the use of
5 drugs.

6 And I would like for Governor Rockefeller to res-
7 pond to this question of funding, even to the particular ques-
8 tion of how the States deal with the problem.

9 THE CHAIRMAN: Governor Rockefeller, do you want
10 to respond to that?

11 GOVERNOR ROCKEFELLER: Well, I think that the
12 Governor from Rhode Island put his finger right on the prob-
13 lem, and the programs that he mentioned are sound in terms
14 of helping the individual. I don't think there are any known
15 cures.

16 The cost of care for an individual under rehabi-
17 litation with proper psychiatric and home care training is
18 about eleven thousand dollars a year. We have between two
19 and three hundred thousand addicts.

20 We have spent now three quarters of a billion dol-
21 lars of State money, and we have cut back from 180 million
22 that we were spending a year back to about 140 million, and
23 it is like a tidal wave -- just overwhelming. And therefore,
24 let's take the scale that we are talking here, we have got
25 the Federal Government -- two billion dollars a year, including

1 finding capital, if that would be an important factor -- which
2 I don't think they are going to do because I don't think
3 there are Federal funds available in that dimension. But
4 even with that item, I think we might help those that are
5 in trouble, but you would not stem the tide.

6 That is why I say that I think we have to go to
7 a much more fundamental approach to try and find out what
8 are the dimensions of this problem in terms of our capabi-
9 lities, and the cure of those who are involved. And those
10 who say, "Well, just get rid of heroin," well, we got rid
11 of heroin and put them over on synthetic drugs, and the syn-
12 thetic drugs really, in the long run, the types that are
13 available, are worse in their impact on the individual than
14 is heroin.

15 So this is a very frank and forthright discourse.

16 THE CHAIRMAN: I would like to call on Governor
17 Ogilvie, who chairs a Subcommittee of the Committee on Human
18 Resources. That Subcommittee has been directed by the Executive
19 Committee to direct its attention to the question of higher
20 education financing and some aspects of higher education
21 generally.

22 Governor Ogilvie.

23 GOVERNOR OGILVIE: Thank you, Mr. Chairman. Gover-
24 nors:

25 It occurred to me some weeks ago that while we

1 have spent a great deal of time at our meetings on important
2 matters such as revenue sharing and welfare reform, that we
3 as an association have not been providing much input to the
4 Congress and to others in the area of higher education. And
5 I was rather interested in finding that each of us expends
6 about thirteen per cent of our general revenues in this very
7 important responsibility of State governments.

8 I have suggested to the Chairman that we might
9 create a Special Committee, such as we have in revenue sharing,
10 and chaired by Governor Scott, to address ourselves to matters
11 in the area of higher education. It became, I think, par-
12 ticularly appropriate to do this because there is legislation
13 that has now passed the House of Representatives and the Senate,
14 which, in some instances, is quite different -- and as so
15 often happens, when I made the suggestion, I got drafted to
16 be the Chairman.

17 The Committee is composed of Governor Rockefeller,
18 Governor Scott, Governor Smith, Governor Cahill, Governor
19 Shapp and myself.

20 We had a position paper prepared by the staffs of
21 the six States of the Governors I have named, and at a meeting
22 we held day before yesterday morning we reviewed the position
23 and made some changes in it and then that afternoon we had
24 made an appointment to meet with the House and Senate leader-
25 ship who were concerned with higher education, and Governors

1 Rockefeller and Smith accompanied me up there to talk to
2 Senator Beall and Senator Javits and Congresslady Green and
3 two other Congressmen on that House Committee.

4 At that time we brought to their attention some
5 thirteen points which we feel deserve consideration in what-
6 ever legislation the Congress passes.

7 I described our concern as:

8 First, we want the best possible legislation which
9 will help the States to do a better job in meeting our commit-
10 ment to higher education.

11 And secondly, we are very interested that there be
12 a recognition on the part of Congress that there be a careful
13 interfacing between the Federal programs that they will be
14 legislating and the programs that we are administering in the
15 States.

16 Thirdly, I was very impressed with the importance
17 that they attached to "post-secondary" education -- and I use
18 that "post-secondary" in quotes because they are talking about
19 education beyond just the type that would lead to a bachelor's
20 degree or a master of arts degree or something of that nature.

21 I am sure that you are all quite aware that only
22 about twenty per cent of the students that go on beyond high
23 school level do not pursue degree type programs.

24 And thirdly, I hope -- and I express this -- that
25 bussing is not going to be a complication in passing this le-

1 gislation, and that we were hoping that that would be con-
2 sidered separately.

3 Senator Beall told us at that meeting, in connec-
4 tion with this particular legislation, that his Committee
5 had come to an agreement that the Higher Education Bill,
6 which is S. 659, was ready to be reported out of his Com-
7 mittee for floor action, and I am happy to tell you that
8 yesterday and, I believe, today also, that the Senate is en-
9 gaged in floor action on this extremely important legislation,
10 and both Senator Beall and Senator Javits confirmed to us
11 that there had been an agreement that the bill would be voted
12 on in the Senate by March 1st.

13 The Higher Education Position Paper has been re-
14 produced and I think that probably you have already seen it.
15 If you have not, we have additional copies which will be dis-
16 tributed now, which will itemize the points that we made.

17 Now there are two things that I just want to em-
18 phasize and I made these as strong as I could:

19 The first is institutional aid -- that is, what
20 Congress will be providing for our institutions of higher
21 learning -- that this be consistent with State comprehensive
22 planning for post-secondary education.

23 I think our experience would probably be typical
24 of most of you. We have these enormous requests for contri-
25 buting moneys for our institutions of higher learning. All

1 of our universities would like to be complete entities. They
2 would all like to have a law school, a medical school, a
3 dental school, an engineering school. They would like to
4 have a whole variety of Ph.D. programs.

5 And in a State as large as Illinois, we have a
6 number of schools that are capable of that kind of develop-
7 ment, but, obviously, there is going to be a substantial du-
8 plication and we are no longer able to fund higher education
9 as liberally as has been the case in the past. And I was
10 hoping and I think we did make the point that Congress under-
11 stands that when we are dealing with higher education, it
12 is not just a single university in the State that should be
13 considered, but a total system.

14 A second point, that in terms of emergency assis-
15 tance to institutions, which is needed; there are many in
16 the private sector that are in very difficult straits -- that
17 that assistance be conditioned on a State certification; that
18 is, that there be opportunity for whatever body you have,
19 whether your Board of Higher Education or the Higher Educa-
20 tion Commission, to participate in the decision in terms of
21 the allocation of those funds because, as I indicated earlier,
22 we are not dealing with just one institution in most of our
23 States.

24 We have got a total system that has to be con-
25 sidered. It has to be nurtured.

1 And I concluded that I hoped that they would not
2 mess things up the way they did with welfare in the legislation
3 on higher education.

4 (Applause.)

5 THE CHAIRMAN: Thank you, Governor Ogilvie.

6 May I say in response to the question raised by
7 the Governor of Utah on the manpower legislation on the Hill,
8 we are presently arranging testimony by various of the Gover-
9 nors.

10 Governor Love having indicated his desire to tes-
11 tify and his willingness to testify, we are now studying the
12 question of the manpower legislation.

13 We have the motion of the Governor of New York
14 that the report of the Committee on Human Resources be re-
15 ceived. It has been seconded. Without objection the report
16 will be made a part of the record.

17 I direct your attention to the next portion of our
18 program for this Plenary Session.

19 You will recall that the Governors spoke very
20 convincingly on their desire to express themselves on various
21 matters that related to their States and various matters that
22 related to Congressional action. Significantly, we have placed
23 on the agenda the question of the discussion of environmental
24 matters, particularly as they relate to legislation presently
25 pending in Congress, but more specifically in the area of

1 water pollution control and land use planning.

2 A number of the Governors have expressed a great
3 deal of interest in this.

4 I have, as Chairman of the Governors', testified
5 on the program presently in the House, the Senate program
6 that is in the House, and have expressed the deep feeling of
7 the Governors and clearly enunciated the position of the
8 Governors relating to those resolutions adopted in San Juan.

9 At this time I would like to call on Governor
10 Sargent, who is Vice Chairman of the Committee on Natural
11 Resources and Environmental Management, who will make a
12 statement on the role of the Governors in balancing the en-
13 vironmental protection and economic development, and I will
14 move to Governor Andrus and Governor Scott and perhaps
15 Governor Anderson of Minnesota, if he is ready at that time.

16 Governor Sargent of Massachusetts.

17 GOVERNOR SARGENT: Mr. Chairman, I appreciate
18 very much this opportunity to comment on a problem that I
19 think we are all faced with. This is trying to balance the
20 economy with environmental concerns.

21 And I might say that I have had rather long exper-
22 ience in this respect. In fact, some twenty years ago I was,
23 in my State, in the environmental field. I was Commissioner
24 of Natural Resources, and at that particular time there were
25 very few people who really cared much at all about the en-

1 vironment.

2 Sure, the ladies in the garden clubs cared, and
3 some of the hunters and fishermen cared. But the general
4 public didn't care.

5 Today this is all changed, and I think that we find
6 that the public generally is gravely concerned about the en-
7 vironment in which we live. They are concerned in all of
8 the fifty States and the problem that I think we have now
9 is that the forces of progress and the forces of environmental
10 concern co-exist -- yes, they do but only as a habit.

11 A recent survey in my State characterized ecology
12 as the second most serious obstacle to business improvement --
13 this is what the businessmen say. They are saying that over-
14 emphasis on environmental concern is preventing them from ex-
15 panding business.

16 On the other hand, the activists claim that indus-
17 try destroys the environment, and they say that only zero
18 economic growth can eliminate the root causes of environmental
19 degradation.

20 Now I don't think that there is anyone more con-
21 cerned with this type of a row than the Governors are in this
22 nation. We are faced with it every day and every Governor
23 is attempting to address this problem in his own fashion:

24 Delaware has moved locally to limit further indus-
25 trialization of its coastline.

1 California has taken giant strides to reduce the
2 level of emissions of automobiles in the State of California.

3 Florida has asserted its intention of checking
4 rampant land development to preserve its unique environmental
5 assets. And certainly the shoreline of Florida is being
6 gobbled up at a very rapid rate, and efforts in that State
7 are being made in an attempt to limit this.

8 In my own State of Massachusetts we have been
9 active in pioneering in types of regulations to protect water-
10 fronts, to protect wetlands, and to protect scenic rivers.

11 But environmental concern must go hand in hand
12 with economic development if we are to achieve more than
13 token protection.

14 From these and other experiences, I want to sug-
15 gest four basic principles; now these principles can serve
16 to guide any Governor who is dedicated to achieving a balanced
17 society, a society which provides for goods and services while
18 it maintains a quality environment:

19 First, in my view, we should adopt the ecological
20 approach as the fundamental premise, for all decision making.
21 Now this does not mean a perspective devoted only to preserv-
22 ing nature. We can't possibly, any one of us Governors, forget
23 about the people and say that we are going to make our State
24 into a wildlife refuge, because this we can't do. More ob-
25 viously we can't in Massachusetts than in some other less

1 densely populated areas. We can't do that, and we recognize
2 it, obviously.

3 I think that we have got to remember that "ecology"
4 is not a synonym for "environment". Rather, "ecology" refers
5 to a relationship -- an organism's relationship to its entire
6 environment. That means its material as well as its financial
7 environment, its relationship to progress as well as to pre-
8 servation.

9 Thus a proposal to build a highway or locate an
10 industry, or even to develop a park, must be judged from all
11 of its aspects.

12 Roads not only move cars; they wreck neighborhoods
13 and scar the landscape. Industries not only produce jobs and
14 tax dollars; they pollute our water and foul our air.

15 Society can no longer, in my view, afford the uni-
16 lateral approach. The parks not only provide havens of green
17 grass and trees, but also they reduce land available for tax-
18 ation and increase the local taxpayer's personal burden.

19 So the ecology message cuts both ways, in my view.
20 Just as environmental implications in a development decision
21 require consideration, so must the economic consequences of
22 a conservation decision be carefully assessed.

23 Secondly, we must build an expanded set of human
24 values. No growth comes from replacing one set of values with
25 another. Exchanging the rhetoric of progress for the rhetoric

1 of the environment will not assure us of the quality of life
2 all by itself, for while words are free, action costs a great
3 deal of money. The solutions to our environmental problems
4 will require more dollars, not less.

5 We cannot afford in dollars, or in less tangible
6 assets, to choose between environmental deterioration and
7 economic deprivation. We must give equal place at the bar-
8 gaining table to both points of view, in my opinion. Prefer-
9 ence for one set of values over another will not ultimately
10 secure to us any of our desires.

11 So government must devise machinery for decision-
12 making that incorporates environmental and economic interests
13 both.

14 Third, we must place a higher priority on long-term
15 values than on short-term gains. There is not yet an effi-
16 cient method of forecasting human events indeed, so our de-
17 cisions today must maximize options for the future.

18 We are all practicing politicians. We are held
19 responsible by our electorate for short periods of time --
20 one term, two terms -- and in the instance of the Governor
21 of New York, a great many terms!

22 (Laughter.)

23 But in many cases it is a relatively short period
24 of time.

25 Yet we are required to reach decisions, you and I,

1 that affect generations ahead of us. I face these situations
2 in my State; you do in your States.

3 Right in Boston, in the Greater Boston area at the
4 present time, we are attempting to develop a balanced trans-
5 portation system, and I have held up a great many highways,
6 attempting to accomplish a balance which we have been ignoring
7 in the past.

8 In my view, we must face the possible -- in our
9 State, for example, we must face the possible exploration and
10 exploitation of oil and gas resources in areas that are tra-
11 ditional fishing grounds off the New England Coast. We must
12 reconcile the growing conflict between environment and industry
13 within our State.

14 And this is no different from other Coastal States.

15 Yet I would urge that a political leader would
16 come to be judged by the validity of his decisions in the long
17 run and not by the expediency of a particular short-term in-
18 terest, and I think that we must remember that the voters,
19 by and large, are far more sophisticated than perhaps we
20 always give them credit for being.

21 Finally, the best means to balance competing in-
22 terests is to provide for public participation in governmental
23 decision making. Above all, we must demonstrate that the
24 government is open to its people, we must create effective
25 avenues for people to challenge their government out of their

1 deeply held convictions, to challenge their government and
2 change it.

3 But we can't rely solely on confrontation. We
4 must take positive steps to prevent polarization in between
5 environmental and business leaders.

6 Each segment of the society must share in the
7 others' experiences and approaches. Each must come to appre-
8 ciate the others' needs and problems. I don't personally
9 believe that we can change America's values where the envir-
10 onment is concerned through damaging clashes and confronta-
11 tions. This doesn't work.

12 But we can change our ways of regarding problems,
13 change the kinds of solutions developed, through enlightened
14 communications.

15 In Massachusetts we have taken steps toward a bal-
16 anced expression of a need. The reconstruction of State go-
17 vernment into well-defined cabinet agencies gives focus to
18 our efforts, and other States have also been doing the very
19 same thing. Opportunity for citizens' advice is built into
20 the structural rearrangement.

21 We have also moved to create joint task forces of
22 the business and environmental interests -- together, not in
23 opposition, together they try to assess both the economic
24 and environmental needs of our State.

25 We are devising new procedures in potentially con-

1 troversial programs such as power plant sitings and public
2 housing. The proper balance between material and environmental
3 aspects of the quality of human life will be sorted out, hope-
4 fully, before conflict occurs.

5 So I would just like to say in closing, in conclu-
6 sion that environmental decisions are far broader than anyone
7 realized only a few years ago.

8 The very word "environment" must be seen in its
9 full dimension, which includes -- includes but does not ne-
10 cessarily oppose -- the economic. This delicate balance is
11 the problem that we face, and I think that we can no longer
12 go completely one way or the other. I think that we have got
13 to try to devise a balance, and this is a problem that is
14 as complex as the environment itself.

15 And I would just like to say that I appreciate
16 the opportunity to mention this problem to the Governors.
17 Already they are faced with it every single day, and I think
18 that the solution to these problems is much more difficult
19 when you comprehend what the problems are.

20 Thank you very much, Mr. Chairman.

21 (Applause.)

22 THE CHAIRMAN: Thank you, Governor Sargent.

23 The Chair recognizes Governor Andrus of Idaho, who
24 will make some observations concerning regional arrangements
25 for joint environmental management programs.

1 Governor Andrus.

2 GOVERNOR ANDRUS: Thank you, Mr. Chairman, and
3 gentlemen:

4 Yes, from our Committee Governor Sargent has re-
5 ported some of the activities of our Committee within the
6 past few days.

7 I will make a few observations on my own and then,
8 hopefully, if there is a desire on the part of the other Gov-
9 ernors, we can discuss land use planning legislation that is
10 before Congress at the present time and in many different
11 forms.

12 But there seems to be a discussion now on the part
13 of some people -- not those within the Governors' Conference,
14 but some within the private sector -- that the thrust of the
15 environmental concern has reached a peak. Well, let us, as
16 your Committee within the last Governors' Conference, assure
17 you that this is not the case -- not, at least, in our op-
18 inion.

19 Basically, I think, in the past few years, many
20 of the problems have been brought to light and the States are
21 working on them individually. The Federal Government is in-
22 volved in the legislative process. Maybe this has taken a
23 little bit of the glamor out of it, but it certainly has not
24 caused any decrease in the activities on the part of the
25 individual States to solve these problems.

1 Now we have heard within the discussion, mentioned
2 in our Committee report, by Governor Sargent and others, of
3 the environmental compact. Well, this morning I would like
4 to take a few moments and show you that in an informal com-
5 pact situation what we have been able to accomplish in the
6 Pacific Northwest, the Far West, the Rocky Mountain Region.

7 The three States -- Washington, Oregon and Idaho --
8 now by ourselves in Idaho, a small State in population but
9 with two Senators and two Congressmen, frankly not a whole
10 lot of clout when you start fighting the battle by yourself
11 in Congress, but with three States joining together, three
12 Governors, six Senators and numerous Congressmen, it improves
13 your chances tremendously.

14 Now in two issues that come to mind immediately --
15 the Hell's Canyon discussion that has been in the press
16 throughout the nation -- Tom McCall, Dan Evans and myself
17 joined together in opposition to a gigantic, multi-million
18 dollar construction project that would have blocked this
19 canyon.

20 Now Idaho by itself would not have had the impact
21 on the Federal Power Commission and others that the three
22 Governors accomplished.

23 We accomplished it simply by sitting down together
24 and having the meeting, making the determination that we were
25 going to oppose this project collectively, from the three

1 States.

2 That dam has not been built. I personally feel
3 that it will not be built in that area. This was accomplished
4 by true regional cooperation on the part of the Governors of
5 the three States.

6 Now within the fisheries aspect, the fish or salmon
7 that come from the Pacific Ocean up the Columbia, up the
8 Snake, and into the State of Idaho, again we had a problem
9 with nitrogen super-saturation within the water caused by
10 water falling over these dams for power, for transportation
11 purposes, water falling upon water and causing the problem.
12 Again, one of the States could not have accomplished this
13 with the Army Corps of Engineers; as you know, they are res-
14 ponsible only unto themselves, in many instances; they are
15 more concerned with immediate construction and moving on.
16 But to decrease this, the slotted bulkhead solution, the
17 equipment from the dam, the control and release of the waters,
18 gave us the opportunity to:

19 Number one, demonstrate the problem.

20 Number two, move to the solution area.

21 This was accomplished, or is being accomplished,
22 again by regional cooperation by the Governors of the States
23 of Idaho, Washington and Oregon.

24 These things can be accomplished. They are going
25 to have to be accomplished on a regional basis because air-

1 sheds and watersheds do not recognize political boundaries.

2 We have situations where upstream problems have
3 a traumatic effect many times on the downstream States or the
4 downstream regions that might be doing an excellent job. So
5 it has worked in the West.

6 We are continuing to utilize this activity, and
7 within the problems of our various areas.

8 Now on the Hill, the legislation that we discussed
9 within the Committee, the Water Pollution Control Act that
10 Governor Sargent mentioned is a very important piece of legis-
11 lation. We have the Senate version that is passed that has
12 been in the Senate, that is over in the House.

13 There is legislation being prepared -- and Congress-
14 man Jones discussed that with us -- to each State here, whe-
15 ther large or small, this is very important legislation, be-
16 cause we are in water pollution control, solid waste disposal,
17 are the areas that I think that we stand to not be able to
18 meet the deadlines that we ourselves collectively have set
19 here by Congressional action, by action within our own States.
20 If this is not accelerated, we, individually, within our own
21 States, are going to have to stand up before the people and
22 say, "We have not met the deadline; we cannot meet the dead-
23 line, because the rules and regulations are there, the problems
24 are there, but the legislation that would enable us to correct
25 this situation, the funds, were not made available."

1 Solid waste disposal -- there has been a great
2 deal of discussion along this area, but if you want to look
3 at your individual States, you had the two, the same two
4 methods of disposal that you had ten years ago. You've got a
5 choice:

6 You can burn it or bury it.

7 Now we had to accelerate this technology in this
8 area.

9 There is a project in Menlo Park, California, now,
10 that is a pilot project that we are looking into for the
11 solutions to these problems.

12 But basically, we are going to have to accelerate
13 our interim solutions or report to the people that we cannot
14 meet the deadlines that we ourselves have set.

15 Now land use planning, this is an area that perhaps
16 some of the Governors would like to discuss. With the Chair-
17 man's permission, we will continue.

18 But each of you received within your office some-
19 place this comparison of land use legislation that is on the
20 Hill right now. If you are not familiar with it, I would
21 suggest that you take thirty minutes and familiarize yourself
22 with the legislation in that this legislation will have a
23 tremendous amount of control over the individual States.
24 Now there is lots of legislation of this subject matter, but
25 there are problems, we think, from your Committee of the

1 National Governors' Conference, with some of the areas:

2 Number one, the right of appeal of the decision
3 of the Secretary of the Interior as to State land use plan-
4 ning. We were advised in our Committee meeting that this was
5 being discussed to amend the bill and include this appeal
6 provision, but presently that one office has the right to
7 accept or deny without established rights of appeal.

8 There are many areas, but now if there is any
9 Governor that would care to comment on this?

10 Governor Hathaway of the State of Wyoming.

11 GOVERNOR HATHAWAY: Governor Andrus, in your
12 statement to the Congressional Committees on the Water Pol-
13 lution Control Act, you have had two philosophies here:

14 One that we try to reach the control by standards.

15 And another philosophy that there be a prohibition
16 of any degradation of any stream, which could eliminate, for
17 example, irrigation, which sends silt into a stream.

18 Did you get any feeling as to whether or not the
19 House bill will modify the Senate bill in this respect, and
20 that we will go back to the quality standards approach?

21 GOVERNOR ANDRUS: Governor, this, the message that
22 was transmitted to us was verbal; nothing is on paper as yet.
23 But joining together the quality aspect along with permissive
24 or the permit system to discharges that are allowed, the end
25 result is the quality, the standards, the levels of the water

1 within the river.

2 Take the Snake River in Idaho as an example:

3 Here is an area where we have a lot of irrigation
4 problems. We have had our problems. But in 1971, for the
5 first time in history, we decreased the bacteria count and the
6 other things within the river.

7 Quality, the end result, quality will be looked at
8 in cycles, according to Congressman Jones.

9 Are there further comments on that land use plan?

10 THE CHAIRMAN: Questions?

11 GOVERNOR ANDRUS: Governor Lucey, did you have
12 some material on land use planning to impart?

13 All right, for my part let me thank you, and again
14 I suggest that you familiarize yourself with this land use
15 planning legislation because we have got to have the input in
16 here to retain what Governor Hathaway was talking about, the
17 right to determine the quality of water, what we are going
18 to use land for within our own States, instead of having it
19 determined for us in, well, in this part of the United
20 States.

21 Thank you, Governors.

22 (Applause.)

23 THE CHAIRMAN: Thank you, Governor.

24 I just want to say that Governor Lucey of Wisconsin
25 has some observations concerning land use planning legisla-

1 tion.

2 Governor Lucey.

3 GOVERNOR LUCEY: Thank you, Governor Moore.

4 In a recent issue of the "Saturday Review", an
5 interview of a fellow by the name of Peter Walker, who is a
6 member of the British Cabinet, and who boasts that the Bri-
7 tish Government is the first government in the world to
8 elevate the environment to the level of Cabinet status, and
9 he is the Minister of the Department of Environment -- and
10 in this interview, he was asked about land use policy and
11 he described what kind of policy they have in Great Britain.

12 And then he was asked what he thought of the
13 prospects for land use policy in the United States, and he
14 pointed out that he was not very hopeful because, first of
15 all, we have not one entity to deal with but fifty, and that
16 most States had already delegated their responsibilities
17 for zoning to local communities, local units of government,
18 and that, therefore, it would be almost impossible to pull
19 back any of the powers that were necessary for any kind of
20 a system, a systematic approach to the whole business of
21 developing a national land use policy.

22 I would like to address myself to that, not only
23 the land use issue but the whole matter of the environment
24 at this time.

25 I do appreciate this opportunity to discuss with

1 you the environmental questions that, I think, are common to
2 all of us.

3 In my judgement, the role of the States is critical
4 in creating a healthy environment and in an intelligent use
5 of land, water and air. This, however, can only be accomplished
6 through cooperation with the Federal Government.

7 The development of a new approach to Federal,
8 State and local cooperation is the formidable task that we
9 face -- and the one that Peter Walker has predicted that we
10 will fail to achieve.

11 Recent statistics indicate that there is going
12 to be some reduction in the rate of population increase.
13 We were talking a few years ago about 300 million Americans
14 by the year 2000. Now one of these says 288 million and some
15 say as low as 250 million. Nevertheless, there is going to
16 be in the next thirty years a very substantial increase, and
17 the fact is that this new American public will place some
18 important demands on national and local resources, and some
19 of these are already under enormous stress.

20 We must learn to live with a greater emphasis on
21 the quality of life and perhaps less reliance on an optimum
22 employment rate.

23 We must provide for a more equitable distribution
24 of the earth's resources to our own people and indeed to all
25 of the citizens of the world.

1 Our expanding population and its pressures create
2 great problems for our ecosystem and raise three major ques-
3 tions:

4 First, where will growth and development occur?
5 I believe the answer is obvious. It will occur largely in
6 already overcrowded urban areas under severe environmental,
7 social, and economic stress.

8 We need a policy that will direct growth to com-
9 munities and new towns in rural regions where the physical
10 environments are excellent and economic growth is lacking.

11 Second, we must insure that citizens now and in
12 the future will have good housing and productive, satisfying
13 jobs in healthy urban environments.

14 They must also have the opportunity for recreation
15 in nearby parks, as well as access to wild and scenic views,
16 lake shores, scientific preserves, historical sites, forests,
17 and national parks.

18 Third, as we move to clean up our air and water
19 and land, we must be cognizant of who is going to pay for
20 environmental quality. Unless we are mindful of the economic
21 impact of environmental policies, we will tend to place highly
22 regressive taxes on those least able to pay -- namely, the
23 poor.

24 Federal and State regulations, for example, on
25 air pollution, require anti-smog devices on the new automo-

1 biles and periodic cleanups on existing cars, and this will
2 impose additional costs on all of the citizens, but it will
3 be felt most heavily by those in low income groups.

4 Clean air is critical for survival. However, we
5 should not inequitably set systems for the costs of clean
6 air.

7 Our governmental system is capable of developing
8 to meet these challenges and of meeting these challenges.
9 The task for the "New Federalism" that we hear so much about
10 is to develop new governmental institutions which are respon-
11 sive and sensitive to the needs of all of our citizens.

12 Centralization of governmental power, whether it
13 is at the State or Federal level, must be avoided.

14 Last summer I came to Washington to testify before
15 the Senate Committee on Interior and Insular Affairs on both
16 Senator Jackson's bill and the Administration's bill, both
17 intended to develop a land use planning capability at the
18 Federal level. I was heartened to see that the Congress was
19 addressing itself to this important issue and I would like
20 to make a few observations about this issue here this morn-
21 ing:

22 First, a National Land Use Policy Act must delin-
23 eate planning and implement responsibilities for the Federal,
24 State, and local governments. To require State planning
25 without providing a national framework is not to achieve a

1 national land use policy.

2 Thus, I submit that the Federal Government must
3 plan for our electrical energy needs, for transmission cor-
4 ridors which cross State lines, for air, water, mail and
5 highway transportation systems which relate to a national
6 comprehensive growth policy.

7 Second, I believe that the mission is so important
8 that national leadership should come from the President's
9 Office and not from a line agency such as the Department of
10 the Interior or the Council of -- the Water Resources Council.
11 The President's Environmental Quality Council has performed
12 well during its short existence.

13 But only with the prestige and support of the Of-
14 fice of the Chief Executive can the Environmental Council
15 continue to provide a framework for land use planning, not
16 only at the national level but at all levels of government.

17 Third, multi-state cooperation, as it is develop-
18 ing under Title 5 of the 1965 Public Works and Economic De-
19 velopment Act and the Water Resources Act of 1965, should
20 be maintained and strengthened. These institutions put go-
21 vernment closer to the people. They provide for a sharing
22 of responsibility between Federal and State governments, and
23 deal with problems that extend beyond the boundaries of any
24 individual State and yet are less than national in their
25 scope.

1 Fourth, national direction must be provided to
2 eliminate the proliferation of planning institutions created
3 as the result of numerous Federal Acts, each dealing with a
4 specific problem. This can be done through regional planning
5 institutions, provided however that they are truly representa-
6 tive of all segments of society, both the majority and min-
7 ority interests, and not simply loose federations of special
8 interest groups.

9 Fifth, at the State level, my experience has led
10 to the conclusion that continuous attention on the part of the
11 Governor to land use and other planning problems is essen-
12 tial. States must play the pivotal role in the process of
13 relating and tying together national, multi-state, regional,
14 State, and local planning efforts.

15 In Wisconsin, we have recently created a task force,
16 and we are fortunate in obtaining the services of my predec-
17 essor, former Governor Warren Knowles, as the Chairman of
18 this task force. The function of the task force is to advise
19 me and the legislature on how we can best deal with land use
20 problems which cross local governmental boundaries. This
21 group is developing recommendations on problems which are
22 State and regional in character, such as the preservation of
23 prime agricultural lands, the protection of mineral resources,
24 wetlands preservation, and other kinds of concerns, land con-
25 cerns, that transcend local boundaries.

1 The Committee is also developing methods of deal-
2 ing with such problems at the State level.

3 Sixth, economic sanctions and inducements at the
4 Federal level will be necessary to insure that land use plan-
5 ning will truly constitute a national land use plan. In
6 other words, I think that it is awfully important that instead
7 of the Federal Government simply urging the States and the
8 regions to plan, that there be a vast national plan that we
9 can relate to.

10 But, in addition, I think that any kind of Federal
11 approach in the matter of land planning must apply both the
12 carrot and the stick if you are going to have the kind of
13 cooperation at the State and local level that will develop
14 a workable plan.

15 Where States fail to act, and where issues are
16 critical, the Federal Government may well have to assume the
17 planning responsibility and delimit Federal programs to ach-
18 ieve the planning goals that are desired.

19 Lastly, the national land use planning must be
20 flexible enough to encourage innovation and individual ap-
21 proaches by the States. I think that the one advantage of
22 the Federal system is that it does permit a diversity and
23 variety of landscapes that are so essential to the health and
24 the well being of the citizens of this country.

25 Thank you very much.

1 (Applause.)

2 THE CHAIRMAN: Thank you, Governor Lucey.

3 At this time I would like to call on Governor
4 Davis of Vermont for observations concerning land use plan-
5 ning.

6 Governor Davis.

7 GOVERNOR DAVIS: Mr. Chairman, I shall try to be
8 very brief here and give you a very quick overview of what
9 we have done in Vermont, namely because we are, number one,
10 a rural State with something to preserve and an opportunity
11 to preserve it, which, we think, is greater than may be the
12 situation in some of your States.

13 And secondly, we are small in size, both in popu-
14 lation and in geography, and for this reason we think that it
15 is possible that other people -- maybe the experts in this
16 field are taking a similar view -- that it is possible to get
17 a totality of views concerning this environmental problem in
18 a small State, as well as the perspective, that is more dif-
19 ficult to get in some of the other States.

20 Now we have the shoreline zoning restrictions that
21 have been referred to here in separate bills. We have a
22 special control of all elevations above 2,500 feet, primarily
23 because above twenty-five hundred feet in the State of Vermont
24 the ecology is very fragile indeed, and it is impossible to
25 develop above twenty-five hundred feet without the danger

1 of real damage to the lands and country below.

2 But in addition to that, our main control over
3 land use in the State of Vermont, and our approach to land
4 planning over the long pull, is contained in two Acts:

5 Act No. 250, which relates to the development of
6 land and the restrictions thereon, and the manner in which
7 development is permitted.

8 And Act No. 252, which I believe is the most un-
9 ique approach to the matter of water pollution anywhere in
10 the world. And I won't go into the details of that other than
11 to say that the Water Act prohibits, after a specified date,
12 putting anything into any of the waters of the State of
13 Vermont without a license from the Water Resources Depart-
14 ment.

15 The Act goes on to provide that if the substance
16 is polluting in character, then the permit will be a condi-
17 tional permit only, and will be based upon precise conditions
18 as to the restoration of the purity of the water and the
19 elimination of the pollution both as to the time frame and
20 as to the manner in which it is done, and then at any time
21 that the person with that conditional permit gets off line
22 as far as conditions or timing is concerned, he becomes sub-
23 ject to sizable fees, which are a penalty in addition to the
24 general criminal penalty

25 They have knocked down the criminal penalty that

1 has been added within our State because of the problems of
2 proving that any single person putting anything into the
3 water has thereby degraded the water from one level to an-
4 other have been found to be very difficult indeed.

5 But coming back to the land use development and
6 land use planning provided under Section -- under House Bill
7 250, I think you have to get just a bit of the history of the
8 State of Vermont in order to understand why we approached it
9 in this way.

10 To my amazement, when I began to look into the
11 problem, I found that seventy-five years ago, at the turn of
12 the century, in Vermont over seventy per cent of its geograph-
13 ical content was in open spaces and today over seventy-two
14 per cent of it is in timbered lands, which seemed to be in
15 exactly the opposite direction in which I supposed that things
16 were going.

17 We also found that the trend toward development
18 in Vermont at the present time, largely because of the ski
19 developments and the recreational importance, the importance
20 of the recreation today, and the immigration into our state
21 for recreational purposes is coming very rapidly -- we find
22 that the moving off of the farms, which were originally on
23 the higher elevations and kept the timber off the lands, came
24 about as a result of Australia coming along with a new type
25 of sheep which put us out of the sheep business, which kept

1 the trees from growing and the seedlings from growing, and
2 a lso the farmers moving down off the hills into more arable
3 land into the better lands in the valleys.

4 And so we found that there was great danger in
5 the southern part of our State, where one company owned over
6 \$100,000 of timbered lands, and it happened to be before ski
7 development, and with the people along the Eastern Seaboard
8 that are using our facilities now -- and I hope that you
9 don't get any idea that they are unwelcome, because they pay
10 most of our sales taxes and they contribute to a large part
11 of our economy, but, on the other hand, they have got to
12 develop to our desires; we want to develop but we want to
13 develop in a reasonable way.

14 And we took a quick count in the southern part of
15 the State and found that in the last few years there have
16 been built there twenty thousand new vacation homes, and most
17 of them on higher elevation -- many of these homes are fifty
18 thousand and hundred thousand dollar homes, and these homes,
19 many of them, obviously are going to be year-round residences
20 at some future time as time goes on.

21 They are building these homes in many places with-
22 out adequate roads and expecting the towns to build the roads
23 and plow the snow on grades running as high as fifteen or
24 sixteen per cent, without any provision at all for reasonable
25 disposal of human wastes, and the ecology on those higher

1 elevations, even though below twenty-five hundred feet, is
2 not adequate to take the sewage or the human waste and use it
3 in the septic tanks, which has been the method in the past.

4 So what did we do?

5 We passed the Land Development Act, which provided
6 that anybody developing any piece of land had to get a permit
7 from a Regional Environmental Board. The Regional Environ-
8 mental Board was a compromise between giving the power to
9 the town and keeping it for the State.

10 Most everybody seems to be happy with it now after
11 two years of operating under it. I mean, as happy as you can
12 be with any law that takes away a good portion of your personal
13 liberty.

14 And we knew that land use planning on a scientific
15 basis had to be a part of this problem, so we approached it in
16 three steps:

17 First, we put in the law itself the very specific
18 directions and standards with reference to development, which
19 we knew were not wholly adequate, but which were a first
20 step there.

21 Then the law itself provided for the construction
22 of two land use plans:

23 One to be done within a year, called the "Land
24 Use Capability Plan", which, in effect, was a first step,
25 which took all of the -- or inventoried all of the land in

1 the State as to its soil characteristics and other character-
2 istics, as to what it could support by way of the type of
3 development, and it was provided that when the Governor signs
4 that plan, it becomes guidelines for the Regional Commission,
5 and this we have just completed.

6 We are now moving into the third phase, which will
7 be the final Land Use Plan, which will be submitted to the
8 legislature, and this we are now trying to accomplish by
9 bringing into the picture a Statewide input on the part of
10 people.

11 And here I want to emphasize what Governor Sargent
12 said with reference to the people's interest in environment,
13 at least in Vermont.

14 I recognized the capacity of us Americans to blow
15 hot and blow cold about things as they come along and I have
16 always been worried about the fact that we were on a crusade
17 that hasn't any lasting power.

18 But I found to my amazement that that certainly
19 was not true in the State of Vermont. With the help of the
20 Ford Foundation, we have entered into an educational program
21 and we took a very sophisticated poll-- a very sophisticated
22 poll Statewide, and to our amazement we found that over seventy
23 per cent of the State in all of the major categories of our
24 environmental approach are highly enthusiastic and in support
25 of it -- and the last question we asked them was, "Would you

1 be willing to pay \$150 a year of your own money to bring
2 this about?"

3 And sixty-three per cent said "Yes" to that ques-
4 tion.

5 So I don't think, at the moment, there is any ques-
6 tion of our support in Vermont. And this is an agricultural
7 State, in which four years ago when I first went around the
8 State when I first campaigned, in the small towns people
9 would say, "Governor, do you believe in zoning?"

10 Of course, I knew, I was very aware then, I guess
11 I gave them a politician's answer that was "Yes and no."
12 And my next campaign came along and I had a proposal for a
13 plank in my political platform, from a real estate man and
14 a developer no less, who said, "Governor, I think you ought
15 to have a plank in your platform, something that says that you
16 are going to hire all of the displaced farmers in the State
17 of Vermont, and post them around the four boundaries of the
18 State, and at State expense furnish them with mattocks and
19 don't let a damn soul in from here on in."

20 And that is the attitude of a lot of people in
21 the State of Vermont, but we know that we can't make it stick
22 and we really don't want to make it stick.

23 But land use planning was one of the things covered
24 in the poll and that received the highest -- actually the
25 highest rating of any answers with approval, of any of the

1 questions that we had.

2 Now it is going to be a long time before we know
3 exactly what the kickback is going to be; we leave to the
4 towns in Vermont who have a land use plan of their own in
5 the town -- we leave them entirely alone, and say that in most
6 towns we will only be concerned with development involving
7 ten acres in quantity.

8 Everywhere else, where there is no land use plan,
9 the State takes over the responsibility. The Regional Com-
10 mission will report to the State Commission, which has appeal
11 power or appeal responsibility.

12 We have had only twelve appeals out of nearly a
13 thousand acted and decided upon cases of large development
14 in the State of Vermont. I am far more enthusiastic about
15 the success -- and not only the need but the opportunity for
16 the success of land use planning as a result.

17 (Applause.)

18 THE CHAIRMAN: Governor Davis. Governor Davis,
19 they would like to ask Governor Davis a question. Would you,
20 please?

21 GOVERNOR WILLIAMS: Did I understand you -- Gov-
22 ernor Williams -- did I understand you to say you now had more
23 trees in your State than you had previously?

24 GOVERNOR DAVIS: More what?

25 GOVERNOR WILLIAMS: Trees. More forests? More

1 trees?

2 GOVERNOR DAVIS: Oh, yes, we have more acreage in
3 Vermont by far than we had at the turn of the century. At
4 the turn of the century we had gone into sheep farming, and
5 because small dairy farming -- the farms originally were built
6 on the high ridges.

7 Now the farmers have moved off for a variety of reasons
8 and the farmers, the successful ones who could survive econom-
9 ically, are operating in the more fertile areas down in the
10 valleys.

11 The fact is that seventy-two per cent -- seventy-
12 three per cent of all of the area of Vermont is covered with
13 timber at the present time, and back at the turn of the cen-
14 tury it was exactly opposite; seventy-one per cent was open
15 land.

16 GOVERNOR WILLIAMS: The reason that I asked that
17 question is because there is a cacaphony of doom across our
18 country as if we had destroyed that land. When you said that --
19 in our desert country in Arizona, 25,000 people couldn't have
20 lived in the valley where our capital city is, where a million
21 now live, because we changed it, and changed it for the bet-
22 ter, with golf courses and laundries and all of the things
23 that go with civilization.

24 So we haven't done as bad a job as some would say.
25 We have left some ragged edges, and at least we can improve

1 it.

2 THE CHAIRMAN: Governor Scott of North Carolina.

3 May I interrupt to say that Governor Scott will
4 be the concluding speaker in the program presentation this
5 morning.

6 Governor Scott.

7 GOVERNOR SCOTT: Mr. Chairman, members of the Con-
8 ference:

9 I wanted to make just a brief comment, and more
10 particularly about some of the problems of our coastal waters.
11 Many of the members of this Conference are Governors of States
12 that have extensive coastal areas with the attendant problems
13 of coastal zone management and so forth.

14 The importance of land use planning is evidenced,
15 of course, by the various Governors of individual States who
16 have established land use plans and programs, and as has al-
17 ready been mentioned this morning, by the Congressional efforts
18 to provide a national land use policy and the many proposals
19 that have been presented to the Congress for that purpose.
20 The enormity and complexity of a nationwide land use planning
21 program, a central program that might be put into effect --
22 I think that all of us recognize that land use planning can
23 be a useful tool to prevent the degradation of the environ-
24 ment and to guide more wisely any further development of our
25 limited natural resources.

1 But this very fact provides that such complex leg-
2 islation is not yet right around the corner. Yet there is
3 one area of land use planning which does present immediate
4 problems which demand early solution -- this is our coastal
5 zone.

6 These problems of our coastal zone cannot wait for
7 a national land use bill.

8 Of our 2,500 square miles of estuary waters in
9 North Carolina, some twenty to forty thousand acres already
10 are closed to shellfish fishing. Pollution abatement, dredg-
11 ing and fill control measures are only a part of the answer
12 that we have found.

13 Another and larger part is the management and con-
14 trol of the uses to which our estuaries are put through a
15 coastal zone management program.

16 And then we find a separate but related problem
17 exists nearby:

18 The over 100 miles of barrier dunes in North Caro-
19 lina have been staunchly protecting these estuaries and our
20 marshlands and our outer bank lands for thousands of years against
21 the onslaughts of the winds and the waves of the Atlantic, but
22 they cannot stand up to the onslaught of construction equip-
23 ment, as development encroaches upon these fragile strands
24 of sand known as our Outer Banks.

25 Lands which in the past have been unproductive,

1 and even have been considered wastelands, and which have
2 caused coastal dwellers much hardship while struggling to eke
3 out a marginal existence from these lands, are suddenly co-
4 wted by the large developers willing to pay large prices.
5 And quite understandably, the local governments in these
6 coastal areas resist fiercely the surrendering of any of their
7 prerogatives of the management and control of these areas.

8 And the result is that developers offering lucra-
9 tive investments and more jobs, appreciating property values
10 and increased incomes, are more welcome in the coastal areas
11 by the local governments than the Federal and State government
12 with their dredge and fill restrictions and condemnation
13 suits and other apparent infringements on the traditional
14 rights of the property owners to do what they want with their
15 land.

16 This attitude is exemplified by many coastal pro-
17 perty owners, who continue to turn down beach erosion control
18 assistance from the Corps of Engineers rather than relinquish
19 those rights that they have traditionally held and allow their
20 beaches to become public beaches as required by the Corps.

21 Therefore, Federal programs are urgently needed
22 which will provide more advantages to the coastal area and
23 a basis for the solution of these problems and the establish-
24 ment of a workable program.

25 Funds must be provided also for the administration

1 of these programs, and we need somehow to establish methods
2 whereby State governments can acquire and protect valuable
3 estuary and marshlands and outer bank areas.

4 Of course, the alternate, the alternative to public
5 ownership and preservation is private ownership and the ex-
6 panding development with the increasing demand upon the Corps
7 of Engineers to stabilize the beaches, to protect this de-
8 velopment, all, let's say, at a cost to the taxpayers -- these
9 costs are tremendous at times.

10 By their very nature these coastal areas are un-
11 stable and will continually change because storms and other
12 natural forces open and close inlets, shift the beaches, re-
13 shape the islands. So, from an economic viewpoint alone, as
14 more coastal areas come into public ownership -- for example,
15 as marine sanctuaries or seashore parks -- as these areas are
16 preserved in their natural state, more Federal money will be
17 saved from future erosion control within these areas.

18 And yet, where development does take place, there
19 is an urgent need for wise direction of that development to
20 also minimize future stabilization costs.

21 We find that over ninety per cent of the Atlantic
22 Coast is already developed. Because of this we do need as-
23 sistance in the Coastal States. It is urgently needed. And
24 we indeed need coastal zone management programs.

25 Thank you, Mr. Chairman.

1 (Applause.)

2 THE CHAIRMAN: Thank you very much, Governor Scott.

3 The State of Minnesota has put together a very
4 interesting computerized census of the land mass of that
5 State, and Governor Anderson is making available to us a
6 map which he hopes will have some considerable value, as a
7 joint effort by the State of Minnesota and the University of
8 Minnesota.

9 And I am hopeful that you will find it useful in
10 your further identification regarding questions of land use
11 planning.

12 I respectfully call to your attention the mockup
13 in the left of the room relating to the remarks by Mr. Ma-
14 honey of the American Revolution Bicentennial Commission,
15 so that you might have a little better translated to you what
16 he is talking about in terms of parks and parklands identified
17 with the Bicentennial, and their development.

18 There is on the program a meeting of aides, which
19 will take place in the Ballroom East, beginning at 2:00 p.m.,
20 and that is for all of the aides of Governors or as many of
21 the aides of Governors as might be available.

22 We will move from here to a luncheon at the Depart-
23 ment of State, and given by the Department of Defense and the
24 Department of State. We shall conclude somewhat close to the
25 hour at 4:00 this afternoon.

1 I would like to ask Mr. Crihfield if he has any
2 announcements that need to be made at this time.

3 MR. CRIHFIELD: Just a brief supplement to the
4 Chairman's comment.

5 Go to the C Street entrance and try to be there as
6 close to 12:20 to 12:30 as you can. We would appreciate it
7 if you would wear your badges for security identification pur-
8 poses.

9 Tonight the party will also be starting at the C
10 Street entrance.

11 THE CHAIRMAN: Is there any Governor who desires
12 recognition on any matter at this time?

13 If not, this session stands adjourned.

14 (Whereupon, at 12:00 o'clock noon, the meeting was
15 concluded.)
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NATIONAL GOVERNORS' CONFERENCE

1972 WINTER MEETING

OPENING PLENARY SESSION

(MORNING SESSION)

International Ballroom Center,

Washington Hilton Hotel,

Washington, D.C.

Wednesday, February 23, 1972

21

JEANNE HINES - REPORTER

2230 Massachusetts Avenue, N.W.

Washington, D.C. 20008

Telephone HUDson 3-6161

NATIONAL GOVERNORS' CONFERENCE
1972 WINTER MEETING
OPENING PLENARY SESSION
(MORNING SESSION)

- - -

International Ballroom Center,
Washington Hilton Hotel,
Washington, D.C.
Wednesday, February 23, 1972

The meeting was convened at 9:10 o'clock, a.m.,
Governor Arch A. Moore, Jr., Chairman, presiding.

PRESENT:

SPEAKER:

THE HONORABLE SPIRO T. AGNEW,
Vice President of the United States

GOVERNORS:

GOVERNOR MANDEL,
Maryland

GOVERNOR MESKILL,
Connecticut

GOVERNOR CAHILL,
New Jersey

GOVERNOR PETERSON,
Delaware

GOVERNOR MOORE,
West Virginia (Chairman)

GOVERNOR SHAPP,
Pennsylvania

PRESENT: (Continued)

**GOVERNOR SARGENT,
Massachusetts**

**GOVERNOR WEST,
South Carolina**

**GOVERNOR ROCKEFELLER,
New York**

**GOVERNOR LIGHT,
Rhode Island**

**GOVERNOR DUNN,
Tennessee**

**GOVERNOR WHITCOMB,
Indiana**

**GOVERNOR OGILVIE,
Illinois**

**GOVERNOR CURTIS,
Maine**

**GOVERNOR BUMPERS,
Arkansas**

**GOVERNOR ASKEW,
Florida**

**GOVERNOR REAGAN,
California**

**GOVERNOR DOCKING,
Kansas**

**GOVERNOR EXON,
Nebraska**

**GOVERNOR GUY,
North Dakota**

**GOVERNOR HOLTON,
Virginia**

**GOVERNOR SCOTT,
North Carolina**

1 **PRESENT: (Continued)**

2 **GOVERNOR DAVIS,**
3 **Vermont**

4 ? **GOVERNOR GILLIGAN,**
5 **Ohio**

6 **GOVERNOR WALLER,**
7 **Mississippi**

8 **GOVERNOR WALLACE,**
9 **Alabama**

10 **GOVERNOR HEARNES,**
11 **Missouri**

12 **GOVERNOR MILLIKEN,**
13 **Michigan**

14 **GOVERNOR SMITH,**
15 **Texas**

16 **GOVERNOR LUCEY,**
17 **Wisconsin**

18 **GOVERNOR ANDERSON,**
19 **Minnesota**

20 **GOVERNOR O'CALLAGHAN,**
21 **Nevada**

22 **GOVERNOR LOVE,**
23 **Colorado**

24 **GOVERNOR KNEIP,**
25 **South Dakota**

26 **GOVERNOR HATHAWAY,**
27 **Wyoming**

28 **GOVERNOR WILLIAMS,**
29 **Arizona**

30 **GOVERNOR FERRE,**
31 **Puerto Rico**

32 **GOVERNOR EVANS,**
33 **Virgin Islands**

PRESENT: (Continued)

**GOVERNOR BURNS,
Hawaii**

**GOVERNOR KING,
New Mexico**

**GOVERNOR RAMPTON,
Utah**

**GOVERNOR ANDRUS,
Idaho**

**GOVERNOR ANDERSON,
Montana**

C O N T E N T SITEMPAGE

Call to order

6

Opening Statement by Governor Arch A. Moore, Jr.,
West Virginia, Chairman of the National
Governors' Conference

6

Address by The Honorable Spiro T. Agnew,
Vice President of the United States

11

Motion to adopt Rules of Procedure

29

Discussion of Revenue Sharing

30

Educational financing and value-added tax

53

Recess

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P R O C E E D I N G S

MR. BREVARD CRIHFIELD: Ladies and gentlemen, the Chairman of the National Governors' Conference and the Vice President of the United States.

(Applause.)

THE CHAIRMAN: Mr. Vice President, fellow Governors, ladies and gentlemen:

It is my privilege to welcome you to the Fifth Annual Winter Meeting of the National Governors' Conference. We meet here in Washington to measure the progress of Federal-State relations. The importance of that question cannot, in my judgement, be overstated. It is vital to our federal system of government, a system which made this the greatest nation in history, with unparalleled freedom for its citizens.

Governors have been meeting together for sixty-four years to deal collectively with the problem of Federal-State issues in an attempt to improve the services available to all people from all sources of government. There has never been a time of greater need or greater challenge to our system than that which we face now. In a world of mass media and instant answers, as Governors we are asked to solve problems which have persisted and which have grown in our society for generations.

But instead of pessimism -- pessimism which may occur over the result of the failure of government to satisfy

1 the needs of all of our people, I have, as a single Governor,
2 a sense of growing optimism. In so far as the solutions re-
3 solve themselves in a resurgent and revitalized federalism,
4 I am confident we can approach them, for I have seen in this
5 past year a new spirit in the States expressed in many, many
6 ways.

7 For one, if I may use an example, I happen to be-
8 lieve that the people who elect us care more about what we
9 do. They are beginning to see that our actions have an in-
10 creasing effect upon the quality of living in their lives.
11 They demand more of us, and their demands give us strength,
12 strength to bring this fight for federalism to those in po-
13 sitions of responsibility here in the nation's capital. With-
14 out that commitment, we would be allowing a bureaucracy to
15 develop which staggers the mind and stifles the imagination
16 and which responds neither to the people nor to their leaders.

17 Even worse, if I might suggest, we are allowing
18 Congress to grow insensitive to the role that must be played
19 by the States and their localities if our Federal system is
20 to survive. We have failed, in some respects, to remind them
21 that legislation which upsets the exquisite balance between
22 federal, state and local governments can succeed only in im-
23 peding progress, in limiting freedom, and in limiting initia-
24 tive at every level. I believe we are beginning to give them
25 that message now.

1 In the few weeks of 1972, more Governors have come
2 to Washington to testify and consult with the Congress and
3 the Administration than in any other similar period in our
4 history. They have spoken collectively for the National Gover-
5 nors' Conference, and they have spoken individually for their
6 respective States. And the results are already manifest, as
7 you shall hear in the course of our meetings here this week.

8 I happen to believe that this is only the beginning,
9 a new beginning, I might say, for an old effort. The needs
10 of our modern society are as complex as its people. They
11 demand answers equally complicated, and resources that stretch
12 beyond anything that we have known. Those answers are not to
13 be found in a single place, any more than the people who ask
14 them.

15 Washington, our nation's capital, does not have
16 all the answers. And even if it did, it is a remote place
17 to many of the people in this land of ours. Newly concerned
18 citizens have learned that the federal government is too vast
19 and too cumbersome to respond to their pleas. Cities, on
20 the other hand, have neither the resources nor the authority
21 to resolve many of the tremendous social issues of our time.

22 These people -- the blacks, the bankers, the bakers --
23 are turning to the States, to us, to solve the problems of
24 hunger, of education, and of urban decay.

25 I happen to believe that they are finding new men

1 with new vision in state government -- men who are willing to
2 try new ideas, to find new avenues for citizen involvement.

3 We cannot lose this moment in history. If we fail
4 now to respond to the entreaties of the young, the entreaties
5 of the old, and of the needful, they will not, in my judgement,
6 call upon us again.

7 To speak of federalism is to speak of balance of it
8 as its central concept -- balance of power, balance of resources,
9 and balance of responsibilities. In the past decade or so, we
10 have lost our balance to the point of toppling. We have at-
11 tempted to right ourselves with slogans. Small wonder that
12 we have had a measurable lack of progress.

13 To restore the balance of our fiscal affairs, we
14 have urged the enactment of revenue sharing. To restore the
15 balance of responsibility, we support the passage of legisla-
16 tion which relies upon the States for implementation. To res-
17 tore the balance of decision-making authority, we encourage
18 the strengthening of federal regional offices and the establish-
19 ment of regional units within our States.

20 In reviewing Federal-State relations, I have at-
21 tempted here this morning to assess where we have been and where
22 we are going. If I see progress -- and I do -- I see an even
23 greater need for even more progress. No one can care more about
24 the vitality of our system than a Governor of one of our res-
25 pective States. His ability to deal with the many problems

1 of a modern society is severely affected by his power to act
2 within that system. He cannot fulfill his responsibilities
3 without adequate support, let alone in the face of obstacles.

4 If we have the greatest nation on the face of this
5 earth, it is due in large measure to our system of government,
6 a system which has encouraged the best efforts of our richest
7 resource, our people. Those people today are demanding more
8 of their leaders. If we do not meet the challenge of the new
9 world, we shall have faulted on the promise born almost two
10 centuries ago. The Governors of our States are a vital and
11 a necessary part of that endeavor to create a better world.
12 We must build greater States to form even a greater nation.
13 I believe we can. I believe we will.

14 All of us are, at one time or another, in Washington
15 with some degree of frequency. We are here doing the job for
16 our individual States, but we do share a common destiny. And
17 we are not delivering as well as we can this message of fed-
18 eralism, which is representative of the collective voice of
19 the National Governors' Conference. I believe we are approach-
20 ing a time when the Congress is now learning to ask for that
21 message. Many of you, I am sure, have heard the question, as
22 you respond to a Senator or a member of the House of Repre-
23 sentatives, in Committee assembled, "Do you speak for all
24 of the States?" The answer is that you speak to the policy
25 positions of the National Governors' Conference.

1 It is said that this City of Washington is built
2 upon associations. None of them, in my judgement, is more
3 significant than ours. None is more representative of the
4 public interest. And let us in that way speak to that inter-
5 est for a better tomorrow.

6 Fellow Governors, it is indeed a privilege of mine
7 to present the Vice President of the United States.

8 (Applause.)

9 VICE PRESIDENT AGNEW: Governor Moore, members of
10 the National Governors' Conference, and your guests:

11 First I want to apologize for a slight delay in my
12 attendance this morning. I was stopped briefly in the lobby
13 by a gentleman who was promoting a new book. It was called
14 "How to Win in Twenty States or Less".

15 (Laughter.)

16 I am glad this isn't a political gathering today.
17 My doctor told me I only have eight months of charisma left!

18 (Laughter.)

19 I don't want to waste it in Washington!

20 I know how you feel about the tremendous coverage,
21 the intense excitement in the country, over the foreign affairs
22 trip now in progress. I know that you are all greatly relieved
23 that Howard Hughes is now safe in Nicaragua.

24 (Laughter.)

25 But I would like to welcome you to Washington on

1 behalf of the President. I am sure that all of you share
2 our pride and interest in the mission to China that he is now
3 engaged in, and that you wish him much success in his efforts
4 for world peace.

5 (Applause.)

6 This morning I am pleased to announce another step in
7 the President's continuing effort to improve the intergovern-
8 mental comprehensive planning process and the Federal response
9 to regional needs. He has authorized me to invite the seven
10 Governors of the Arkansas-Mississippi Valley area to form a
11 "whole-state" regional commission for their area.

12 Rather than being restricted to portions of States,
13 this commission would consist of entire states -- the entire
14 States of Arkansas, Kansas, Missouri, Oklahoma, Louisiana,
15 Mississippi and Tennessee. It would represent a cooperative
16 Federal-State effort to help solve the economic problems of
17 the region and would operate in a manner similar to other
18 regional commissions now in existence. The commission would
19 function under Title V of the Public Works and Economic De-
20 velopment Act of 1965, as amended, until the passage of the
21 Rural Special Revenue Sharing proposal, after which time it
22 would operate, as would the other commissions, as a part of
23 that program.

24 At the same time, the President has asked me to
25 invite the Governors of existing Title V commission States to

1 convert their commissions to a "whole-state" basis. This
2 would allow them to begin planning for the use of both general
3 and special revenue sharing funds, as well as other grant
4 programs, on a comprehensive statewide basis. The Appalachian
5 Regional Commission, the pioneer of such groups, which, as
6 you know, is not a Title V creation, would be an exception
7 in that it would continue to function on a non-"whole-state"
8 basis and regardless of geographic overlap with other regional
9 commissions that may have been converted to a "whole-state"
10 basis.

11 The President also invites those of you whose
12 States are not presently in a regional commission to consider
13 forming one for the convenience of planning and promotion of
14 interstate projects of specific interest to your regions.

15 My remarks today may reflect a certain nostalgia
16 for the days when I was privileged to sit in this group as the
17 Governor of Maryland. At that time, I was totally uninhibited
18 by national responsibility and found it relatively easy to
19 identify the Federal Government as the tormentor who was causing
20 many of my frustrations. I might say that that was not exactly
21 an unusual position for a Governor to take at that time -- and
22 I would guess that no sudden immunity from criticism has enveloped
23 Washington since I left this Council.

24 Now I am faced with the plain fact that I am charged
25 with the task of rectifying intergovernmental deficiencies --

1 or at least with articulating a strong and definitive recom-
2 mendation for their correction. I have thought long and hard
3 about the specific problems and, in doing so, I have come to
4 the conclusion that the general problem too often has been
5 obliterated by intense concentration on specific program in-
6 tricacies.

7 In my judgment, we frequently seek solution to our
8 basic difficulties by superimposing a melange of cosmetic de-
9 tail on a hopelessly unworkable basic concept. This proli-
10 ferates red tape, which in turn camouflages the problem and
11 makes it nearly impossible for the governmental professionals
12 charged with its solution to cope with it. They are so busy
13 playing with the elaborate machinery -- so fascinated with
14 the surveys, studies, interim conferences and verbose reports,
15 replete with meaningless words such as "meaningful", "viable",
16 "relevant" and "interface" -- that they actually forget that
17 they are there to solve a problem. In some cases, they even
18 forget what the problem is.

19 So let us consider for a moment the very basic and
20 general problem -- achieving the simplest and the most effi-
21 cient delivery of appropriate governmental services to the
22 people and doing so within the framework of our tripartite
23 system.

24 Now, fundamentally, gentlemen, there are two ob-
25 stacles. First, there is a procedural maze to be penetrated

1 and dismantled. This is difficult, but not impossible; and
2 I will discuss it first. But inextricably entangled in the
3 mechanics is the second problem, the deep philosophical ques-
4 tions which are not so easily solved -- for example, which
5 level of government can most effectively render a service,
6 how that service should be funded, and whether one level of
7 government is justified in going around or over another to
8 achieve its objective. First, let us consider the easier side
9 of our quandary.

10 As all of you are aware, one of the basic goals
11 of the Nixon Administration during the past three years has been
12 to make federalism more workable -- to simplify and streamline
13 our three-level system that, in the last decade, has begun to
14 stagger under an ever increasing burden of unnecessary complex-
15 ities.

16 It is a goal that you, the Governors, as well as
17 elected officials at the county and city levels have seen
18 clearly and have worked with us to achieve.

19 I believe we have made significant progress. There
20 is every indication that the Congress this year will enact
21 general revenue sharing -- the keystone of our efforts to
22 strengthen State and local governments and thus revitalize the
23 Federal system.

24 But I would suggest to you that now is no time to
25 become overly optimistic or to relax in our efforts to insure

1 that the bill that emerges from the House Ways and Means
2 Committee is a strong one. It should, at the very least,
3 write into law the basic principle of revenue sharing that all
4 of us have worked so long and so hard to achieve.

5 We are at a point now where details of the bill
6 are still being negotiated and amended. Perhaps, you may
7 find it worth your while during your stay here to express
8 again to Congressional leaders your keen interest in the le-
9 gislation and in the form it will take.

10 Lest there be any feeling that the enactment of
11 general revenue sharing is a foregone conclusion this year,
12 let me remind you that at this time last year the whole sub-
13 ject was being written off as a dead issue by the media pundits
14 and by many of the leaders in Congress. Only your strongly
15 expressed interest kept the principle of revenue sharing alive.

16 There is another side to the President's revenue
17 sharing proposals that is just as important as general revenue
18 sharing to our efforts to make government more flexible and
19 locally oriented, but that side has not attracted as much of
20 your attention and enthusiasm. I would recommend that you
21 give it serious consideration in your discussions this morning.
22 I refer to the proposed improvement in the grant system that
23 we call special revenue sharing.

24 I want to emphasize that this is not simply a
25 consolidation of grants because there are other factors that

1 are overridingly important in special revenue sharing.

2 Let me review briefly what is involved here. Even
3 though you are familiar with many of the details, they will
4 bear repeating.

5 We went from 44 Federal grant-in-aid programs in
6 1960 to 530 such programs in 1970, thus bringing chaos out of
7 confusion.

8 Special revenue sharing, in its simplest form,
9 represents the conversion of more than 130 of these narrow
10 categorical grant programs into six broad areas of national
11 concern, with most of the red tape cut away and with the el-
12 imination of the requirement that the State and local govern-
13 ments match Federal contributions in order to receive the
14 funds. Also eliminated would be the frustrating, wasteful
15 delays of months and sometimes years that are now necessary
16 to obtain advance Federal approval for each grant. And,
17 equally important, the deceptively stricturing maintenance
18 of effort requirement would be abolished. Because of main-
19 tenance of effort, many Governors have found themselves locked
20 into programs where actual year-end costs exceeded budgeted
21 costs by two and three hundred per cent.

22 By no stretch of the imagination is this a dis-
23 mantling of the Federal grant system, as some critics have
24 charged. After all, it only affects one-third of the existing
25 categorical grant programs. It is rather an improvement of

1 the grant system by making it workable, by leaving at the
2 Federal level those programs which require a national approach,
3 but moving to the State and local levels the resources and
4 authority to administer those programs that can best be handled
5 at State and local levels rather than in Washington.

6 Now, gentlemen, these programs are now languishing
7 in their second year before the Congress. They have much merit
8 and we feel sure that, with your help, they can be enacted.
9 Again, it may be necessary to compromise on some of the de-
10 tails. But just as in general revenue sharing, if we can get
11 the principles enacted we will have scored a major triumph
12 in making government more workable.

13 In the special revenue sharing program areas,
14 these principles should apply:

15 -- Automatic distribution of the funds through a
16 needs based formula.

17 -- Conversion of related narrow categorical grants
18 into the special revenue sharing program to give the State and
19 local officials the option of changing the programs to best fit
20 the needs of their areas.

21 -- Elimination of requirements for State and local
22 matching funds as a condition for receiving such aid.

23 -- Elimination of requirements for prior Federal
24 approval.

25 These are principles that I know you believe in and

1 can endorse, however you may feel about any particular grant
2 or proposed grouping of grants under special revenue sharing.
3 I urge you again to make these views known to the Congress
4 while you are in Washington.

5 We are facing some basic decisions. We need to
6 decentralize government in areas where there is now a Federal-
7 State clash and the best time to do it is now, while you have
8 an Administration in Washington committed to helping you achieve
9 that objective.

10 Most of us know that for many years prior to the
11 Nixon Administration, the trend of power in government has
12 all been in one way -- toward Washington. And it has bred
13 some monstrous results.

14 You may be familiar with some of them, such as:

15 -- A neighborhood health center in Louisville
16 spent \$50,000 a year just to apply to the various funding
17 authorities which supported it.

18 -- One State had 93 people on its payroll who did
19 nothing but apply for Federal education grants.

20 -- And remember the 2-1/2 foot high, 56-pound
21 stack of paper that Secretary Romney displayed as a single
22 urban renewal application?

23 -- The local welfare worker in Los Angeles who
24 had to wade through 110 pounds of regulations -- 50 pounds
25 more than the American GI carries into combat -- in order to

1 carry out her responsibilities.

2 -- And the discovery that in Oakland, California,
3 only fifteen per cent -- only fifteen per cent of the federal
4 funds went through the Mayor and other elected officials.

5 And I'm sure you have your own home-grown horror
6 stories to match or top these.

7 The name of the game has been grantsmanship. We
8 are simply trying to change it. The new name is Revenue
9 Sharing -- and it will not require gamesmanship of any kind.

10 Now, let us return to the more vexing problem that
11 I previously mentioned -- the matter of clashes between levels
12 of government over such competitive subjects as the allocation
13 of tax resources, or what government provides certain basic
14 services, or the subsidization of private activits groups.

15 Never in our history has the Federal Government
16 been more generous in sending money to help the States and
17 localities; but never in our history has the Federal Government
18 been more arrogant, insufferable and self-serving than it is
19 in dispensing this largess.

20 There has been a heavy-handed intrusion into the
21 judgments that Governors and Mayors were elected to make.

22 Never before has bureaucratic gamesmanship caught
23 Governors and Mayors in such a crushing vise, to the end that
24 they are damned by their political opponents if they do not
25 snatch up every available dollar from Washington, whether or

1 not commitment to that particular program suits their prior-
2 ities.

3 Never, until the Great Society, had the Federal
4 Government funded unelected activists to "defend" their com-
5 munities against the very officials elected by the majority
6 to protect those communities.

7 Gentlemen, these are conditions that the Nixon
8 Administration would like to correct. Revenue sharing will
9 help, but a grass-roots rejection of the idea that career
10 elitists in Washington should make decisions for every Gover-
11 nor, every Mayor, and every County Official is sorely needed.

12 The difficulty is that some of these programs, in
13 part, do serve a useful purpose. I would like to close by
14 discussing with you one that impacts on all levels of govern-
15 ment. This particular program has much to commend it. Its
16 aims are altruistic, and a considerable portion of its per-
17 formance cannot be faulted. But its accomplishments are good
18 reason to reform it; to be sure that certain inherent weaknesses
19 are corrected before they destroy the program. I speak of the
20 O. E. O. Legal Services program, which I have had occasion to
21 examine recently.

22 There is no doubt that the provision of legal ser-
23 vice to the poor is a worthy undertaking. But the problem
24 with the Legal Services program, as now structured, is that
25 it has great potential for political mischief and can be abused

1 so as to frustrate the basic function of government.

2 Before I proceed to define the hazards, I want to
3 make it very clear to everyone here -- to every public offi-
4 cial, every guest of this Conference, every newsman -- that I
5 am very much in favor of providing legal services for the
6 poor. And I am not in the least opposed to suits against
7 governmental agencies to redress grievances. But I am opposed
8 to grinding the processes of government to a halt through
9 dilatory legal maneuvers -- especially where the object of
10 the suit is a social result that is more important to the sub-
11 sidized poverty lawyer than it is to his clients.

12 In fairness, I think it is important to note that
13 almost 98 per cent of the law suits brought under the Federally-
14 funded Legal Services program concern day-to-day legal problems
15 such as divorce, fraud, contract, eviction and such matters.
16 These are not at issue.

17 It is in the other two per cent of the cases,
18 brought against governmental bodies or agencies, that the
19 potential for mischief-making and frustration of the will of
20 the people -- the majority of the people, if you will -- is
21 to be found. And may I point out that the majority of the
22 people is a heterogeneous mass consisting, among other groups,
23 of substantial segments of the poor.

24 Notwithstanding the demonstrated benefits of the
25 Legal Services program, there are some inherent weaknesses

1 which operate to the detriment of the poor and of the total
2 community as well.

3 Specifically, through the present system we have
4 provided for those few persons who would abuse the program the
5 opportunity to do just that.

6 We have provided a vehicle whereby Federal funds
7 can be used to pursue the political objectives of a few, rather
8 than the legal rights of the poor.

9 We have provided funds which can be diverted to
10 harass, harangue and thereby prevent duly elected officials
11 from fulfilling their responsibilities through the exercise
12 of the authority vested in them by the electorate -- in short,
13 funds which can be used to deprive them of the political power
14 which our system of government bestows through the ballot box.

15 We have provided for those few who would do so the
16 opportunity to advance their own personal causes, with their
17 client, the poor, receiving at best secondary consideration
18 and at worst merely being the means to finance political am-
19 bitions.

20 I believe, as I know you do, that State and local
21 governments should be fully accountable to every American for
22 their actions and for their inaction. But just as the poor
23 must be protected from unfair governmental actions, they also
24 must be shielded from those who would misuse worthy programs for
25 their own political ends.

1 Last year, in his Legal Services Corporation mes-
2 sage, the President recognized the very critical need for
3 changing the present system. Unfortunately, the bill written
4 by the Congress was so irresponsibly structured that it could
5 not be accepted. As the President noted at that time, the
6 door was "left wide open to those abuses which have cost one
7 anti-poverty program after another its public enthusiasm
8 and public support." An example of such abuse is the recent
9 suit in Massachusetts by one Federal anti-poverty agency
10 against another Federal anti-poverty agency -- both paying
11 their legal fees from the Federal tax dollar.

12 We continue to support a responsibly structured
13 corporation. The rationale and thrust of the President's
14 message are as appropriate today as they were last year. We
15 must have change, and we must have improvements in the pro-
16 gram.

17 We must seek to provide a system wherein the rights
18 of the poor and the general citizenry can be protected with-
19 out at the same time preventing State and local governments
20 from carrying out and exercising their legitimate duties and
21 responsibilities.

22 We must devise a legal and governmental balance
23 to avoid situations where the rights of the majority can be
24 violated by the efforts of those who claim to defend the
25 interests of a few. I would request that you, the Governors,

1 along with your State and local bar associations, examine
2 the operations of this program within your States and let us
3 have your recommendations for improvement.

4 One matter that should be considered is the very
5 sensitive, the very real problem of the lawyer-client rela-
6 tionship.

7 A basic quandary of the Legal Service program --
8 both in design and in operation -- is that the professional
9 independence of the lawyer, grounded in the Code of Profes-
10 sional Responsibility, is in direct conflict with the concept
11 of a centrally directed and controlled social program. Yet,
12 in so far as the Legal Services program is designed to attack
13 the root causes of poverty through litigation and not merely
14 provide legal representation for individual poor people, it
15 is undeniably a social program of the broadest possible scope.
16 The program has always consisted only of a mechanism and a
17 broad mandate. There have been no policy decisions at the
18 top focusing the program's resources on certain problems or
19 otherwise directing the activities of the individual lawyer.

20 Because of the requirements of the Code of Profes-
21 sional Responsibility, any restrictions on the activities of
22 individual lawyers would be, and have been viciously opposed --
23 vigorously opposed. Without some kind of control and decision-
24 making at the top, however, you have a Federal Government pro-
25 ject using federal moneys, public moneys for public purposes

1 without public direction and without public accountability.
2 Individual lawyers or local project directors make the key
3 decisions on what social causes to pursue as well as the means
4 and degree of pursuit.

5 This is publicly-funded activism without public
6 accountability. It perhaps reaches its zenith in the role
7 of the Legal Services lawyer as general spokesman and advo-
8 cate for the poor as a group on basic community issues. Since
9 there is no organized method, such as polling or election,
10 to determine the interests of the poor on any issue, Federal
11 Government funds can be used by some lawyers to advocate their
12 own opinion of what is in the best interest of the poor and
13 the community. Thus, the Legal Services program not only
14 moves basic social decision-making from the legislature into
15 the courts; it also changes the moving force from a public
16 figure to a private one.

17 It is imperative that this social action orienta-
18 tion be understood and properly dealt with in order to prevent
19 abuses. The utilization of taxpayers' money by non-accountable
20 persons for social purposes requires careful surveillance.
21 Who decides what is in the public interest -- whether elected
22 officials, Legal Services lawyers or others with valid claims
23 to some say in the matter -- that is a serious question, who
24 makes the decision, which deserves careful analysis. This is
25 not the average client walking into a lawyer's office for
representation. This is a social action program.

1 Again, let me emphasize that I am in no way ques-
2 tioning the right of every American, rich or poor, to access
3 to our legal institutions. What I am saying is that the Legal
4 Services program, with its great potential for impact on our
5 society, requires careful administration. There are 2,000
6 lawyers with an excess of 60 million dollars of Federal funds
7 carrying out the objectives of this program in every State
8 in the Union. Our societal fabric is carefully woven with
9 the threads of our legal system and careless tampering with
10 that system could unravel the entire structure.

11 Legal Services lawyers operating without the nor-
12 mal economic restraints, and with the enormous resources of
13 the Federal treasury, must be better supervised by the bar
14 associations and must be held to a higher standard of conduct
15 if the Federal Government is to meet its obligations to its
16 constituents.

17 The basic issue is the social action direction
18 of the Legal Services concept. If we are to provide Federal
19 funds to attack social problems through litigation by Legal
20 Services lawyers, we must realize that we are turning over
21 the identification of such problems and their solutions to the
22 Legal Services program. And we should require a broader input
23 in the determination of national goals for that program.

24 Most importantly, I submit that it is totally fal-
25 lacious to argue that nobody may question the activities of

1 these lawyers on grounds that to do so is a breach of the
2 Code of Professional Responsibility. That reasoning com-
3 pletely ignores the social action nature of this program and
4 the fact that it is operated with national pragmatic goals.
5 In fact, carried to its logical extreme, this argument when
6 added to the social orientation of the program, effectively
7 endows Legal Services lawyers as the only social reformers
8 beyond public scrutiny.

9 I have raised questions here that I have not at-
10 tempted to answer. I don't, in fact, have the answers. But
11 I have seen the danger signals flying from this vehicle that
12 has been created with the very noble and worthwhile objective
13 of serving the interests of the poor; I have seen its poten-
14 tial for great harm and obstruction to the efforts of the
15 representative, elected government to do a job for the bene-
16 fit of the whole community. And I suggest that the program
17 deserves our most careful scrutiny and consideration for im-
18 provements.

19 We should not, we cannot, stand idly by and allow
20 the perversion of our system by a few who would determine on
21 their own what is best for society and work their will at the
22 expense of the taxpayers without ever having to go through
23 the traditional electoral process or in any other manner of
24 accounting for their actions.

25 The genius of the American Federal system lies in

1 its adaptability to the needs of the people it serves. That
2 is fundamental to our way of life. The Nixon Administration
3 remains dedicated to the goal of keeping our Federal system
4 responsive and effective so that today, as it has for nearly
5 two centuries, that system will continue to provide the greatest
6 good for the greatest number of people.

7 (Applause.)

8 THE CHAIRMAN: Thank you, Mr. Vice President, and
9 we want to share as much of our Conference as is possible
10 with your schedule. We would like for you to sit in on the
11 discussions of the various subject matters that will be dis-
12 cussed in the Plenary Sessions. We realize that there are
13 many demands upon your time, and we would certainly be delighted
14 for you to stay.

15 I would like at this time to call for a motion
16 that we adopt the Rules of Procedure for the Conference that
17 will control at this particular session.

18 GOVERNOR OGILVIE: So move.

19 THE CHAIRMAN: Governor Ogilvie.

20 GOVERNOR OGILVIE: I move the adoption of the Rules
21 of Procedure.

22 THE CHAIRMAN: Governor Ogilvie has moved the adop-
23 tion of the Rules of Procedure.

24 Is there a second?

25 GOVERNOR SCOTT: Second.

1 THE CHAIRMAN: Governor Scott seconds the motion.

2 All those in favor of the motion by Governor Ogilvie,
3 please say "aye"?

4 (A chorus of "ayes".)

5 All those opposed?

6 (No response.)

7 The Rules of Procedure have been adopted for the
8 Conference Session here in Washington.

9 The first subject matter for discussion by the
10 Governors generally is the field of general revenue sharing.
11 I would like to lay the predicate for this discussion by
12 sharing with you some of the activities of your Executive
13 Committee.

14 Immediately upon the adjournment of the Conference
15 in San Juan, and with the express invitation of the President
16 to join him on discussing matters of the economy of the coun-
17 try, the Executive Committee took advantage of this particular
18 time to meet with Chairman Mills of the House Ways and Means
19 Committee, and to discuss with him then the general posture
20 to open future broader discussion of the question of general
21 revenue sharing legislation.

22 We were highly encouraged, as a direct result of
23 that meeting, that revenue sharing, general in nature, would
24 receive the attention of the Congress immediately upon its
25 reconvening in January.

1 So that you might also have a full understanding
2 of your Executive Committee, the Executive Committee met here
3 in Washington in January, responded to the invitation of
4 Senator Mansfield and Senator Scott, to a luncheon on Capitol
5 Hill with the Committee Chairmen and various of the leadership
6 of the respective Houses.

7 At that time again a general discussion was under-
8 taken with the leadership, and the Committee Chairmen of both
9 Houses of Congress, relative to general revenue sharing. At
10 that time your Executive Committee went on record unanimously
11 supporting the Mills fiscal coordination proposal, believing
12 that in doing so that we spoke for the Governors in this li-
13 mited respect, and that was that we were supporting a concept
14 of general revenue sharing, and that that was the attitude of
15 the Governors.

16 Chairman Mills would like to have been with us
17 this morning, but a meeting of the Democratic members of
18 the House of Representatives to debate rules changes in the
19 House prevented his appearing, but he has asked me to say
20 several explicit observations concerning revenue sharing:

21 One, to this point, particularly relating to the
22 progress of the bill in the hearings, Chairman Mills has given
23 us his complete commitment that general revenue legislation
24 will be on the floor of the House by March 15th of this year.

25 (Applause.)

1 He has further indicated that the bill generally
2 will follow the lines as have been discussed by members of
3 the National Governors' Conference staff and the staff of the
4 Ways and Means Committee.

5 However, he did indicate that there would be some
6 amendment to the bill in Committee, but that I should express
7 to you the amendments presently under consideration would in
8 no way affect the general understanding of the Mills bill
9 and its approach to the problems of States, participation
10 of States, and the allocation of funds to States.

11 Now having shared that with you, I would like at
12 this time to encourage the participation of the membership
13 of the General Revenue Sharing Subcommittee of the National
14 Governors' Conference -- Governor Scott of North Carolina,
15 Governor Ogilvie of Illinois, Governor Holton of Virginia,
16 and Governor Mandel of Maryland, to determine whether or not
17 they have anything that they would like to say at this time
18 in regard to any of our meetings, either by way of confirma-
19 tion or further expansion upon what I have said concerning
20 the actions of the National Governors' Conference.

21 Governor Scott.

22 GOVERNOR SCOTT: Mr. Chairman, Mr. Vice President,
23 and fellow Governors:

24 As all of us know, this Conference has been on re-
25 cord as actively working on a revenue sharing program for a

1 number of years. Not only have the Governors of this nation
2 endorsed the revenue sharing principles, but so have a number
3 of others in the nation, including the Mayors of the cities
4 of our country, the County Executives and the County Commis-
5 sioners, representing that area of local government, our
6 state legislatures, the President and his Administration --
7 and, as we have heard a moment ago, Representative Mills has
8 given us the promise of getting the bill out on the floor in
9 the very near future.

10 Of course, there are various stages of the develop-
11 ment of the revenue sharing proposal -- oh, two or three years
12 ago there were points of view that were dependent upon the
13 levels of government involved.

14 The Governors' Conference, together with its Task
15 Force on Revenue Sharing, was instrumental and really played
16 a very major role in bringing together these various points
17 of view on revenue sharing. There has been a meshing of those
18 interests during the planning and development period of the
19 past two or three years.

20 And so we find ourselves today considering a bill
21 in which local governments -- the cities and the counties --
22 will be provided for in Title I of H. R. 11950, and in fact
23 the local governments have priority assistance in which they
24 will receive some two and a half to three and a half billion
25 dollars for distribution to local governments, broken down

1 into two major categories:

2 The maintenance and operation expenses, which would
3 provide funds for certain broad areas of the public safety
4 and environmental protection, public transportation, youth
5 recreation programs, health, and financial administration.

6 And then the other category would be capital expenses
7 for such things as sewage collection and treatment, refuse
8 disposal systems, public transportation, the acquisition of
9 open spaces and public facilities for parks, and urban renewal
10 programs, and so on.

11 And within the categories above, the states, of
12 course, would have a role in reviewing and authorizing the
13 priorities for local government, which were allocated, up to
14 twenty per cent of the total sum for regional and sub-state
15 programs.

16 As far as the State governments are concerned,
17 there are certain principles cranked into it. Of course, there
18 would be an appropriation continuing for a period of five
19 years, and an amount of 1.8 billion dollars would be placed
20 in a special trust fund for distribution to the State govern-
21 ments.

22 And out of this 1.8 billion dollars to the States,
23 each State would receive an amount equal to fifteen per cent
24 of its individual income tax collection in the prior year.
25 The payments to the States with no State income tax provision

1 should continue, I think, for a minimum of four years.

2 There are many other aspects to this legislation.
3 Of course, it is still being discussed and developed. But
4 your Conference staff and the Committee itself of this Con-
5 ference has played, as I said, a major role in working with
6 Chairman Mills and the members of his staff and the Committee
7 itself.

8 And the time for legislative implementation of
9 this revenue sharing principle is here, and the question is no
10 longer, "Should this mechanism be used for meeting today's
11 needs?" -- the question is how it can come about in a govern-
12 mental system of coordination that provides not only for the
13 sharing of revenue -- but, more importantly, it provides a
14 needed mechanism for intergovernmental planning and program
15 development which has not been available to this nation be-
16 fore.

17 So the time for action is here and, as the Chairman
18 has pointed out, it is up to us now to stay right in there
19 and give that final push to get this principle enacted during
20 this session.

21 (Applause.)

22 THE CHAIRMAN: Thank you very much, Governor Scott.

23 The floor is now open for general discussion among
24 the Governors relative to revenue sharing and any questions
25 that you may desire to pose, or any Governor desiring to make

1 any statement relative to the subject matter, I will be happy
2 to recognize him at this time.

3 Governor Holton, a member of the Special Committee
4 on General Revenue Sharing. Governor Holton, would you prefer
5 to speak from your seat or -- please come to the front.

6 GOVERNOR HOLTON: Thank you, Mr. Chairman.

7 I think it should be added to what has been said
8 that what we have seen in the development of general revenue
9 sharing over the past three years is in itself a very fine
10 example of true federalism at work.

11 When I started calling the Congressmen from Virginia
12 about three years ago to urge their support for revenue sharing,
13 they hardly responded on the telephone or to a letter -- just
14 one of those formal things.

15 The thing that brought this about was the fact that
16 the Governors, aided very materially by the Mayors, put the
17 great attributes of this idea at the feet of the Congressmen,
18 with great enthusiasm -- and some might even say pressure --
19 and it did bring the Congress around to consider this great
20 opportunity.

21 And I want, as a member of the Subcommittee, to
22 acknowledge the very definite influence that the Governors
23 have had on the Congress in bringing this to the point where
24 it is today. I would emphasize -- and it has been emphasized --
25 that we must not let up on this.

1 One of our more nervy Governors has budgeted what
2 he expects to receive from a bill that is yet to be introduced
3 in the Congress of the United States!

4 (Laughter.)

5 I won't identify him. But he has more nerve than
6 I do.

7 But it is coming. And we must stay behind it.
8 It has the additional feature, in addition to the strengthen-
9 ing of the Federal system in itself -- a very significant
10 feature, it seems to me -- to enable the States, by their
11 influence on allocation of apportionment of funds that go
12 to localities, of strengthening some of the regional oppor-
13 tunities that we have in the States, and it is a very difficult
14 problem for me to see how, and to find a way to have counties
15 and cities and adjacent counties work together, but this
16 allocation device will be very helpful in that regard, and
17 I think that too is one of the major problems facing State
18 and local governments today, to stop wasting the money that
19 we are wasting by competing with each other rather than by
20 cooperating with each other.

21 So all of these things, I think, are within our
22 grasp, and as a member of your Subcommittee, I say, "Don't
23 let up!"

24 (Applause.)

25 THE CHAIRMAN: Thank you very much, Governor

1 Holton.

2 May I inquire as to whether or not any other Gover-
3 nor desires to be recognized?

4 Governor Shapp of Pennsylvania.

5 GOVERNOR SHAPP: Mr. Chairman, Mr. Vice President:

6 This is the second time that I have had the oppor-
7 tunity to address the Governors' Conference from this podium.
8 I feel like this is where I came in!

9 Last year was my first Governors' Conference, and
10 I came down from Harrisburg in just about four hours to attend
11 these meetings, because at that time the financial condition
12 of the Commonwealth of Pennsylvania was in very serious
13 straits, and I came down here and attended the meetings. We
14 discussed the great needs of the States for revenue sharing
15 and for reform of the welfare system.

16 A year later we are back to the same old stand,
17 talking about the needs of the States for both of these pro-
18 grams -- for revenue sharing and for welfare reform. And I
19 am disappointed, and I would be wrong if I did not express my
20 disappointment, that so little has happened in the past year
21 to move these programs forward to fruition.

22 In the meantime, up in Pennsylvania, we have gotten
23 our financial affairs straightened out so that they are better
24 than they were last year -- I am even accused of having a
25 surplus this year. The fact remains that we, like many States,

1 still have to cut back, and cut back drastically, on many of
2 the programs that are needed for the people in our State
3 because of the tremendously heavy drain of welfare funds that
4 are required to support a lot of the poor people in our State.

5 This afternoon I intend to speak out on the spe-
6 cifics of welfare.

7 But right now I did want to express my complete
8 disappointment at the failure of Washington to make any sig-
9 nificant progress this year in resolving the basic problem
10 of getting additional funds to the States. I have heard be-
11 fore that Representative Mills -- Chairman Mills -- hopes to
12 have some debate on the floor, hopefully soon.

13 And now, with your permission, Mr. Chairman, I
14 would like to take a couple of moments to turn to some of
15 the remarks of the Vice President that he made to the Conference
16 this morning:

17 I would like to defend the Administration known
18 as the "Great Society". I thank that Democratic Administra-
19 tion for setting up the O. E. O., so that the little people
20 of this nation would have the same rights to get legal help
21 in order to speak out against injustices that are imposed
22 upon them -- some of these injustices, unfortunately, imposed
23 by local and State officials, including Governors.

24 It may be that only two per cent of the people
25 who are getting the legal aid are attacking the way that local

1 officials and even Governors carry out their duties, but these
2 are an extremely important two per cent of our citizens, and
3 I would remind the Governors here that it was but a small
4 minority of our forefathers that brought about our great Re-
5 volution and brought into being this great democratic nation.

6 The Vice President said in his address to us that
7 most of us know that for many years prior to the Nixon Admin-
8 istration the trend of power in government was all one way --
9 toward Washington, and it has bred some monstrous results.
10 And yet he objects to local attorneys that represent the poor
11 in cases involving these people near their homes.

12 Is it the purpose of this nation that only the wealthy
13 can afford attorneys to represent their interests?

14 "We must seek," said the Vice President, "to pro-
15 vide a system wherein the rights of the poor and the general
16 citizenry can be protected without at the same time preventing
17 State and local governments from carrying out and exercising
18 their legitimate duties and responsibilities.

19 No, we must not step on the rights of any of our
20 people, including the poor, but we also should not have cen-
21 sorship of what those rights really are. I think that the
22 individual citizen must have the right to participate in their
23 communities, and when they need local help in order to even
24 attack the policies that have been implemented by local of-
25 ficials and State officials and the other Federal officials,

1 they should have that, that right.

2 I do not believe that the attorneys who represent
3 the poor are seeking self-aggrandizement. I think that it is
4 up to the courts to decide, after a case has been presented
5 to them, and let the courts decide what is right.

6 I look upon the O. E. O. program, as it was es-
7 tablished under the previous Administration -- and particularly
8 the legal services provided by it to the poor -- as one of
9 the great achievements of the previous Administration, an
10 achievement that helped make this nation truly one that is
11 operated by the people for the people.

12 (Applause.)

13 GOVERNOR LIGHT: Mr. Chairman.

14 THE CHAIRMAN: Yes.

15 Governor Licht of Rhode Island.

16 GOVERNOR LIGHT: I think that it might be --

17 THE CHAIRMAN: May we have a mike supplied over
18 here?

19 GOVERNOR LIGHT: Can you hear me?

20 THE CHAIRMAN: Yes, all right.

21 GOVERNOR LIGHT: Mr. Chairman, I noted that if you
22 could ever say that we were underplaying the question of our
23 interest in revenue sharing, it is this morning. There is a
24 reason for it.

25 I would like for no one to get the impression that

1 we are not as vitally concerned today as we have been in the
2 last three years since I have been attending the Governors'
3 Conference, and before that. And the reason that we are in
4 this position is that, as you have indicated, Chairman Mills
5 has stated that there will be a revenue sharing bill on the
6 floor of the House by the middle of March.

7 The Executive Committee has attended meetings with
8 the leadership of the House and the Senate and we have received
9 some assurances that these things will take place. Both the
10 bill on welfare reform will be reported out of the Senate
11 Committee -- and we are in this situation, that if indeed
12 these matters are going to happen, then, of course, we know
13 that debate at this stage is not the most pleasant thing in
14 this forum, but I would imagine that we ought to make it
15 plain that our lack of aggressiveness relates solely because
16 we have been led to believe, by those in the highest positions
17 of authority, that these things are going to happen.

18 So I would not like to have any thinking or under-
19 standing on our part that it will come to pass in this session
20 of the Congress to be taken as any diminished interest on our
21 part, because there isn't a State here that hasn't looked with
22 some dependence upon the possibility that in this fiscal year,
23 or certainly in the next fiscal year, that we are going to have
24 relief.

25 I know you say that, Mr. Chairman, because I think

1 we are all realists. If, for example, they can get it, well,
2 why make a big argument about it? But the point is that we
3 expect, at least, that the Congress will respond this year
4 to the legitimate needs, the vital needs of our respective
5 States.

6 A VOICE: Hear, hear!

7 (Applause.)

8 THE CHAIRMAN: Thank you very much, Governor
9 Licht.

10 Governor Davis of Vermont.

11 GOVERNOR DAVIS: Mr. Chairman, I --

12 THE CHAIRMAN: Will you hold it until we get a mike
13 to you?

14 GOVERNOR DAVIS: I had thought that we were talking
15 about revenue sharing, but because of the remarks of the Governor
16 of Pennsylvania, I should like to respond very briefly by
17 saying that the exact conditions portrayed by the Vice Presi-
18 dent have been happening in the State of Vermont to the extent
19 that I had to intercede after a long, bitter disagreement,
20 with the trustees of the organization, and was able to work
21 out an agreement concerning political activities by legal aid
22 lawyers.

23 It is not curing the situation, but it has, to
24 some extent, ameliorated it. The conditions were exactly as
25 portrayed by the Vice President. If it exists in other States--

1 as I suspect it does -- something ought to be done about it
2 and fast.

3 And one of the things that I would recommend is
4 that we change the law to give to the Governors of the States
5 an effective veto -- not the kind of veto which we have now,
6 which is ineffective.

7 THE CHAIRMAN: Thank you very much, Governor.

8 GOVERNOR MESKILL: Mr. Chairman.

9 THE CHAIRMAN: Yes.

10 Governor Meskill of Connecticut.

11 GOVERNOR MESKILL: May I have the mike?

12 Mr. Chairman, I too would like to address myself --
13 and I don't want to get off of the subject of revenue sharing,
14 because I think that it is so important, and hopefully our
15 efforts in this field will result in our States getting the
16 kind of help that we need under the new federalism. But I
17 would like to respond to the remarks of the Governor of Penn-
18 sylvania.

19 I listened very carefully to the remarks of the
20 Vice President, and if I recall correctly, the Vice President
21 said that ninety-eight per cent of the cases handled were
22 problems where poor people needed and got the services of
23 legal assistance lawyers, and this was all to the good and
24 he supported this, and that he was concerned primarily with
25 the two per cent that did not fall in this category -- this

1 two per cent of the cases where legal aid lawyers, federally
2 funded, were more interested in social action and social
3 reform than they were in protecting the rights of the indigent,
4 and he opposes this and I do.

5 And I associate myself with the remarks of the
6 Governor of Vermont. And I can single out cities and towns
7 of my own State as having to involve myself in situations
8 where this is exactly what was happening.

9 We have had cases where before the ink was dry on
10 new legislation, the legal aid lawyers had clients in the
11 court to strike down the legislation, because that legal aid
12 lawyer didn't agree with the philosophy of the elected repre-
13 sentative of the State of Connecticut.

14 I think that the Vice President's remarks were
15 on target, and I am sure that Governors on both sides of the
16 aisle have had similar problems, without singling out any
17 particular area, in their own States.

18 THE CHAIRMAN: Thank you, Governor Meskill.

19 I think that a point must also be made at this
20 time concerning again the general posture of revenue sharing.
21 We admit that we have problems.

22 I believe all of us can very vividly recall that
23 at our Conference -- our Winter Conference -- a year ago,
24 that there was a sufficient amount of fragmentation that set
25 in among the Governors, concerning their enchantment or dis-

1 enchantment with revenue sharing, that there was a very ada-
2 mant position being enunciated on Capitol Hill, particularly
3 from the very, very respected and distinguished Chairman of
4 the House Ways and Means Committee, that he was not at that
5 time disposed to even discuss it, that it was a dead issue.

6 Now anybody that knows the manner in which the
7 Congress works, it is a rather time consuming and a rather
8 arduous road to travel for any legislative proposal, let alone
9 one that seeks to establish in this nation a new and broad
10 and fair concept of the federal government sharing revenue
11 with the states and with the city municipalities.

12 I too feel like somewhat, in a way, the Governor
13 of Pennsylvania, that we all are in a way frustrated by the
14 immobility of government, or by the inability to have that
15 quick response as Governors in relationship to our own agencies
16 of government.

17 But when we have taken a proposal which, for all
18 practical purposes, was pronounced dead and buried one year
19 ago, and find that we do have a different atmosphere, a dif-
20 ferent attitude, I believe that it very well speaks construc-
21 tively of the work of the staff of the Governors' Conference,
22 and certainly the willingness of the distinguished Chairman
23 of the House Ways and Means Committee to obtain the views of
24 all of the interested echelons of government.

25 While we are here holding out again some promise

1 that revenue sharing is going to be a fact, and that govern-
2 ment -- that, as Chairman Mills has indicated, we will have
3 a bill on the floor by the fifteenth of March, I think that
4 it is a decided improvement over the climate that we were
5 operating in last year. And, of course, all of these items
6 take time, but I believe that we are in a much better position
7 to fully appreciate the opportunity of realizing our goal.
8 Nothing would please me any better than to stop talking about
9 revenue sharing and to start to enjoy some of its benefits,
10 as the Governors of States, and I am sure that in fact that
11 is how the majority of us feel.

12 The Governor of California.

13 GOVERNOR REAGAN: Mr. Chairman, I would just like
14 to second what the Governor of Vermont said a little while
15 ago about the great factor that has been watered down by the
16 Governor's veto, regarding some of the programs coming to
17 the States, and this also applies to revenue sharing.

18 If revenue sharing finally emerges as lots of money
19 given to the States, but with specific strings tied into the
20 way they use it without any regard for priority for the par-
21 ticular item within the State, then again we have wasted our
22 time. We are sovereign States. I think that the greatest
23 knowledge and the greatest control as to how the money should
24 be expended within the State belongs to the government of each
25 State, and I would hope that we would continue to press. I

1 think that one of the reasons for the great delay is that
2 this body particularly has not made it plain until recently
3 that we believe in this, that it is necessary to us, that we
4 must have it.

5 We simply sit in our respective fifty States and
6 wait for someone in Washington to bring it about in the
7 Congress -- and I don't think the Congress acts that way.
8 And I would hope that this group would make it unmistakably
9 clear before we leave here that we believe and want, believe
10 in and want revenue sharing, and we want it on a block con-
11 cept; we want as much as possible the power of veto for the
12 governors, and we want as much discretion as possible in the
13 use of that money within our States

14 And I would suggest in that context that while I
15 wouldn't expect the bill out of the Congress to dictate what
16 form of taxation each State should have, that the tax burden
17 of a State, its willingness to tax itself should be a factor
18 in the distribution and the amounts of those funds.

19 THE CHAIRMAN: Thank you very much.

20 Governor Smith of Texas.

21 GOVERNOR SMITH: Mr. Chairman, is the mike on? May
22 I have the mike?

23 THE CHAIRMAN: You are not alive yet; let's get
24 some power down there.

25 Did you try it?

1 GOVERNOR SMITH: Is the mike on now? Would you
2 like me to come up there?

3 THE CHAIRMAN: Would you like to come up here to
4 the mike?

5 GOVERNOR REAGAN: A fellow back up there in the
6 corner -- hold up your hand so that the man will know who is
7 doing it. He can't find you.

8 THE CHAIRMAN: O, K.

9 GOVERNOR SMITH: All right?

10 THE CHAIRMAN: Governor --

11 GOVERNOR SMITH: I believe it is on now. Not on?

12 THE CHAIRMAN: Yes.

13 GOVERNOR SMITH: Well, Mr. Chairman, I would like
14 to take a brief moment here to make a brief statement.

15 Certainly, as the Governor of Texas, we support
16 this concept of revenue sharing in the States and cities and
17 counties as contained in Congressman Mills' bill, and I would
18 say this, however, certainly too provided certain changes are
19 made in the allocation formula for funds to the States. Presi-
20 dent Nixon's proposal for revenue sharing, which now seems
21 to be Congressman Mills' substitute proposal, could, if en-
22 acted, provide welcome financial relief for the States.

23 Now it is my belief, however, that as Governors we
24 must approach revenue sharing in a reasonable and in a practical
25 way. When the Federal Government is operating with an approxi-

1 mately forty billion dollar deficit, I cannot conceive how
2 the Congress would be able to supply the States with all of
3 the revenue benefits which the bill contains.

4 Now since the Mills proposal is receiving most
5 serious consideration, I would make the following observations
6 concerning the bill in its present form:

7 In the first place, the method of allocating funds
8 to State governments is an attempt, it seems to me, to coerce
9 states without an income tax to enact one.

10 Second, the selection of State taxes is a basic
11 right of the States and to me should be preserved.

12 Third, revenue sharing tied to tax efforts rewards
13 those States that spend the most, and penalizes those States
14 that are more economical and efficient.

15 Fourth -- and I join the Governor of California
16 on this -- tax efforts should not be measured by selecting a
17 percentage of one State tax, but should consider the total
18 tax, but should consider the total tax effort in relation to
19 the quality of service that a State provides for its citi-
20 zens.

21 Now we realize that it is essential that the cities
22 and the counties in this nation receive adequate financial
23 assistance from both State and Federal Government. The Mills
24 proposal, on the very important point of the needed total taxes,
25 to States and Federal assistance to their cities and counties

1 but certainly it seems to me that it should be amended whereby
2 we would have the same allocations to the States as is now set
3 up for the cities.

4 THE CHAIRMAN: Any further discussion?

5 Governor Ogilvie.

6 GOVERNOR OGILVIE: Mr. Chairman and fellow Gover-
7 nors:

8 I have been in the forefront of the fight for re-
9 venue sharing for many years, and I have had the opportunity
10 to carefully examine H. R. 11950, Congressman Mills' approach
11 to revenue sharing.

12 Considering the way in which Federal funds are
13 presently returned to the State and local government through
14 the categorical grant-in-aid system, Mr. Mills' bill is a mon-
15 umental step in the right direction. Substantial new moneys
16 involved would, for the first time, be distributed to the
17 State and local officials, with the flexibility that we need
18 to put the money where our problems are.

19 I recognize that there are differences between
20 Mr. Mills' bill and the President's general and special revenue
21 sharing proposals. My friends, those differences are incon-
22 sequential in comparison with the difference between Congressional
23 approval of the revenue sharing concept this year and no bill
24 at all, and this is what we have got to keep in mind.

25 I think we should applaud the Ways and Means Com-

1 mittee Chairman for introducing H. R. 11950, and we worked
2 with him to get the concept established by the Congress in
3 1972 because, once adopted, there is no doubt in my mind that
4 it can be improved upon in the coming years, particularly
5 as State and local governments improve their own capacities
6 in managing the domestic programs of this country.

7 We as Governors are united behind the fundamental
8 concepts that are common both to the President's and to Mr.
9 Mills' proposal -- we will get revenue sharing this year. We
10 cannot allow under any circumstances, any minor differences of
11 opinion or alternative formula for distribution to be followed --
12 our common interest is in passage.

13 Thank you.

14 THE CHAIRMAN: May I inquire as to whether or not
15 that -- Governor Rockefeller of New York.

16 GOVERNOR ROCKEFELLER: I would like to second very
17 strongly what has been said by my distinguished colleague, Mr.
18 Ogilvie, to get this out of Committee in the House, to get it
19 on the floor, to get it over in the Senate, to get of the Com-
20 mittee in the Senate -- and then let them work out the differ-
21 ences between the two Houses to give us the opportunity of
22 expressing a new concept in relationship of Federal-State re-
23 lations.

24 And I think that the comment that the Vice Presi-
25 dent made in an excellent presentation clearly indicates the

1 importance of this in preserving the role of the States.

2 And I should like to just make one additional re-
3 mark, Mr. Chairman, and that is that in addition to the work
4 of the Governors and the staff, I think we ought to thank
5 the Vice President, who has been a major factor in getting
6 this concept started and keeping it alive through these
7 fateful years.

8 (Applause.)

9 THE CHAIRMAN: Before moving on, do any of the
10 Governors desire further recognition in the area of the general
11 subject matter of revenue sharing?

12 If not, at this time, I would like to have Governor
13 Rampton of Utah share some thoughts and remarks with us con-
14 cerning the problem of education and seek to encourage your
15 participation in a broad discussion of this problem, which is
16 beginning to surface even more with each court decision. And
17 Governor Rampton, we are indeed appreciative of your willing-
18 ness at this time to share some thoughts in this regard.

19 GOVERNOR RAMPTON: Gentlemen, as you are aware,
20 there have been a number of court cases decided in the recent
21 weeks bringing into question the school finance formula in
22 the various States.

23 As of now there have been five cases decided by
24 courts -- none of them yet by the ultimate appellate court
25 to which those cases may get. In addition to that, there are

1 approximately forty other cases in the various States now
2 pending.

3 There has been some misunderstanding -- popular
4 misunderstanding -- as to the holdings of these cases. None
5 of the cases attack the property tax per se. That is not the
6 basis of the holding. The holdings generally are to the ef-
7 fect that because of the way it is collected and expended,
8 the property tax results in unequal educational opportunity.
9 In other words, if you collect the property tax on a small
10 geographic basis, on the basis of an individual school dis-
11 trict, and expend it on that basis, it doesn't yield the same
12 number of dollars, district to district -- the same number of
13 dollars per child.

14 And so we should not concern ourselves too deeply
15 with the property tax as such, but rather look at the real
16 issue, and that is the question of whether or not, regardless
17 of the tax source used, and regardless of what the method of
18 distribution is that is used, does it provide approximately
19 equal dollars per child throughout the district?

20 Up to now, all of the cases that have been decided
21 have merely held that there must be equality of opportunity
22 within a given State.

23 It would probably be a logical extension of the
24 doctrine sometime to say that it is applied within the nation.
25 But up to now it has been only within a State.

1 Now Mr. Hickey, the attorney for the Governors'
2 Conference, has prepared a legal summary of the cases. I
3 think he has done an excellent job. This has been distributed
4 to you.

5 The President has asked the Committee, the Advisory
6 Committee on Intergovernmental Relations, to make a study of
7 this problem and to report back to the President sometime during
8 the coming summer.

9 We have here, I believe, Mr. Shannon. Are you here,
10 Mr. Shannon? Of that Committee -- is Mr. MacDougall here,
11 at least?

12 MR. MAC DOUGALL: Yes, I am here.

13 GOVERNOR RAMPTON: Mr. MacDougall, I wonder if
14 you would come up here for just a minute and tell us what
15 the scope of the assignment that you have been given by the
16 President is, and where you stand on the matter at the present
17 time?

18 MR. MAC DOUGALL: Governor Rampton, Mr. Chairman,
19 Mr. Vice President, and assembled Governors:

20 Where we stand at the moment on the Advisory Com-
21 mission on Intergovernmental Relations with respect to this
22 study is that it began the day of the Commission meeting of
23 February 10th, the only special meeting held by that Commis-
24 sion in its thirteen years of operation.

25 It has been a distinguished Commission because

1 at all times we have on it four of you as members. Governor
2 Reagan, Governor Hearnes, Governor Ogilvie and Governor Bumpers
3 are now serving on the Commission and, of course, will be your
4 direct channel into the Commission and its studies.

5 The study has no time-table with respect to its
6 completion. I think you know that what we have been asked
7 to do by the President was in the State of the Union Message
8 and that it consisted of an examination, a thorough, objective
9 examination, of a proposal, not regarded as a White House
10 proposal or as a Presidential proposal, a proposal that would
11 vent this one to us from several administration sources, which,
12 put together, would involve a national value-added tax solely
13 for the purpose of eliminating the residential property tax
14 for public school purposes.

15 Now the plan is as simple as that and it is as
16 complex as that.

17 It could cost as much in gross tax receipts or
18 bring in as much as eighteen billion dollars a year, or even
19 more. It comes complete with suggestions for removing the
20 regressive nature of the tax with suggestions that would
21 guarantee that the residential school property tax is in fact
22 eliminated in every state.

23 It comes with caveats as to relief for residences;
24 it comes with requests for guarantees that local school boards
25 must continue to control local schools throughout the country.

1 Now this then is the project that the Commission undertook.

2 But before it did it, it adopted a policy state-
3 ment by a unanimous vote on the tenth of this month, and in
4 that policy statement it said:

5 "The study shall proceed as follows:

6 ✓ "Its first stage shall be examining whether or
7 not a massive infusion of federal funds for this purpose
8 is necessary in this country.

9 ✓ "And that the second and succeeding stage, regard-
10 less of the answer of the first, shall be the examination
11 of the value-added tax, and every other alternative that
12 may be seriously presented by anyone to a value-added
13 tax."

14 The status of the study then is that the Commis-
15 sion will receive a report at its next meeting on the 19th
16 of May as to the first phase, and as to progress on the second
17 phase.

18 From that date on the length of the study will
19 depend entirely on the Commission's views as to how deeply
20 the ancillary issues should be investigated and studied.

21 So I think, Mr. Chairman, that is where we are,
22 and this is something on which we will be contacting all of
23 you. We are working closely with your staff on a daily basis
24 right now.

25 (Applause.)

1 GOVERNOR RAMPTON: We have asked the Committee
2 that is studying this to reach no final conclusions on this
3 matter until the Governors' Conference has an opportunity to
4 make some input. Of course, at this meeting, we will not be
5 adopting a position on it.

6 However, our staff -- the Task Force staff -- will
7 continue to work between now and the June meeting in Houston,
8 and we will have at that time prepared for presentation to
9 the Governors as a whole a position on this matter of educa-
10 tional financing.

11 However, our Committee has expressed itself as
12 to where we stand on a number of things, and I think maybe
13 I should share that with you at the present time:

14 First, we feel that there is no necessary or log-
15 ical relationship between educational financing and the value-
16 added tax, except it takes money to finance education and
17 the value-added tax might be one source of getting it.

18 Secondly, we are adamantly opposed to a value-added
19 tax. I think that that was the unanimous opinion. We feel
20 that it is a sales tax in effect, that most of the States
21 use the sales tax quite extensively, that it would become a
22 competitor for our sales tax, and before long the Federal
23 Government, if they move into value-added, would preempt
24 the sales tax field pretty much as they have preempted the indi-
25 vidual income tax field now, and we would oppose the adoption

1 of the value-added tax on any basis.

2 Furthermore, the property tax in most States is
3 not overworked. In some States it is. It is a regressive
4 tax, but not as regressive as the value-added tax.

5 Furthermore, the very methods by which it is sug-
6 gested that the value-added tax could be made non-regressive --
7 that is, by credits on income tax and so forth -- could be
8 applied to the property tax as well as to any other tax, if
9 that is the feeling of the Administration or the Committee
10 that is studying this, that the value-added tax -- that some-
11 thing should be done about the property tax to make it less
12 burdensome.

13 A third conclusion at which we arrived was that
14 achieving educational equality, at least at the present time,
15 is not a matter for the Federal Government, but a matter for the
16 State Governments.

17 It may be, if we take the next logical step, if
18 the courts do, to require equality between the States, that
19 it will become a Federal question, but at the present time
20 we feel that it should be handled on a State basis. It will
21 take money, but it is the opinion of our Committee that we
22 are already here in two areas asking money from the Federal
23 Government:

24 ✓ First, on revenue sharing.

25 ✓ And secondly, on taking over the welfare load.

1 And it would be not consistent for us to again come
2 in here with a plan that is going to require massive payments
3 from the Federal Government to the States.

4 Furthermore, it is our feeling that while the cost
5 of achieving equality is going to differ greatly from State
6 to State, that if in fact we get either general revenue shar-
7 ing or if we get a "take over the welfare" plan, there will
8 be enough State money loosened up in our budgets so that we
9 can take care of this on a State level.

10 And the last thing is that we proposed, we hope
11 to come up with some alternate proposals for school finance
12 formulas to be presented to the States that they can avail
13 themselves of, if they desire to do so.

14 I think, Mr. Chairman, that states about where
15 we are. We have some of our staff people here to respond, if
16 you want:

17 The Education Commission of the States is here,
18 and there are others, other people -- Mr. Tolman, I think,
19 from one of the Committees that is studying educational
20 financing. These gentlemen can make a response.

21 THE CHAIRMAN: If you will remain here?

22 Governor Williams of Arizona, please.

23 GOVERNOR RAMPTON: Go ahead, Jack.

24 GOVERNOR WILLIAMS: I am not on your Committee,
25 but I would like to put something into perspective here that

1 concerns me:

2 When you educate a people, you take a great step
3 toward indoctrinating them and propagandizing them.

4 Many years ago I took a trip down to an early
5 capital of the State of Sonora. To get to it, it took us --
6 we went four miles an hour, to give you an idea of our speed.
7 We were in trucks. It took us ten hours to go forty miles.
8 This was in a very isolated section of Sonora.

9 When we reached this little town, the government
10 had just put in the first schooling, and we heard the hum of
11 youngsters in the classroom and later we watched them come
12 out and play. And as I looked at that school, I thought:
13 Here they are teaching tool subjects -- reading and writing
14 and adding. And I thought: Fifty years from now they are
15 going to have their problems. The P. T. A. will be in here,
16 the A. F. L. - C. I. O., and the Daughters of the Mexican
17 Revolution.

18 (Laughter.)

19 And all of the various groups, trying to put new
20 things into that school to indoctrinate those students.

21 Now it is easy; they are giving them the tools
22 to take them out of poverty and into the success that every
23 civilization wants.

24 The great concern that I have is, what is the
25 level and what are you going to teach?

1 The tool subjects are fine, but then we begin to
2 add all of the peripheral things, which become propaganda
3 in the last analysis, and our President is now visiting a
4 country where the final answer is in a little red book that
5 Mao has.

6 And I think that we must watch this very carefully
7 because what we are talking about is the future of the think-
8 ing of our kids and the future of a civilization.

9 I wanted to share that with you because it has
10 been on my mind ever since I went there. And I talked to our
11 own school people, and I am becoming now an advocate of an
12 approach somewhere to have a competitive structure to what
13 we call the "free American public school system", which has
14 become, in many instances, simply a propaganda device in order
15 to sway our children into one way or another of social think-
16 ing.

17 GOVERNOR RAMPTON: Well, let's see. Governor
18 Rockefeller.

19 GOVERNOR ROCKEFELLER: Mr. Chairman, I was interested
20 in the problem that is on the floor of the studies that are
21 going to be made and brought to the next Governors' Conference.
22 The only question I had was why we have to have a report when
23 the Committee has already come to conclusions as to their
24 opinion on the subject as to whether it would be of any possible
25 means of helping the States?

1 GOVERNOR RAMPTON: Well, the reason for it, Gover-
2 nor Rockefeller, is because the opinion of the eight Governors
3 on the Committee may not turn out to be the composite opinion
4 of the fifty Governors that are going to have to pass on this
5 policy State-wise.

6 You and I discussed this a little bit in the Vice
7 President's office a month or so ago, and I would gather that,
8 at least at that time, you for one would not necessarily agree
9 with the conclusion that I have stated on the part of the
10 Committee members, and maybe your position in regard to this
11 would represent the majority position among the Governors,
12 although it wouldn't represent the majority position of the
13 Committee members.

14 GOVERNOR ROCKEFELLER: Well, the only reason that
15 I am raising this is because of the fiscal problems that we
16 all have that have really grown so serious, I don't think that
17 we can arbitrarily rule out the possibility of a new source
18 of revenue, and the argument that maybe they can handle the
19 problems themselves and have solutions for them, and have
20 problems with property tax in the various school districts --
21 just as one Governor I would like to say that in my opinion
22 the Federal Government, primary and secondary education nation-
23 wide, possibly fifty per cent of our expenditures -- I think
24 that we have got to have a broader base support, and I would
25 think that the President's suggestion is at least an interesting

1 one that ought to be studied in depth.

2 It is a system of taxation that is used in many
3 other countries of the world.

4 And when you say that there would be more Federal
5 income tax if it were not for the State income tax, I don't
6 honestly think that the amount of this is a goal -- because
7 the truth of the matter is, if you have a value-added tax and
8 you get your State sales tax, you will find that your sales
9 tax income would increase because it would be on top of the
10 value-added tax as well as the other.

11 Now the taxpayers may well -- the taxpayers, un-
12 fortunately, are those who carry the burden. I only feel
13 that it will be a great mistake if this initiative is snuffed
14 off before it got underway nationwide.

15 GOVERNOR RAMPTON: Mr. Vice President.

16 VICE PRESIDENT AGNEW: I just wanted to say that
17 after listening with great interest to Governor Rampton's
18 report, I would like to commend him for his thoroughness,
19 and also for this research that I am sure we are glad to have
20 about the public school financing decisions.

21 Listening to Governor Rockefeller, I would like
22 to second to some degree his cautionary note about too quick
23 a decision in this very difficult area of providing additional
24 revenue through the proper method and taking into account
25 the drains of the various types of taxes on our citizens

1 generally.

2 Most of you know that the real moving force behind
3 revenue sharing was not any of the people who have been credited
4 with a great amount of influence over it in recent years but
5 the Advisory Commission on Intergovernmental Relations, which is
6 a statutory bipartisan group that has been working on the
7 idea of revenue sharing for more than a decade, and without
8 the tremendous refinement and the crystallization of the idea
9 of revenue sharing that has been supplied in that Commission,
10 I doubt whether the quality of the proposals that have been
11 submitted by the Administration and those submitted by the
12 Chairman of the Ways and Means Committee would ever have come
13 into public attention, nor would they even have been under-
14 stood.

15 Now recognizing this very salutary climate for
16 investigation on a bipartisan basis, the President has now
17 referred this difficult question of the financing of school
18 education to the Advisory Commission on Intergovernmental
19 Relations, principally because this is not a partisan group;
20 it is a group that operates most efficiently; and it is a
21 group whose past research eminently qualifies it to make the
22 study.

23 Now the only thing that I would say about Governor
24 Rampton's Committee's conclusions is that these conclusions
25 may very well be the same after the Advisory Commission has

1 made its definitive report.

2 But some other factors may be included in that re-
3 port that may make the Committee desire to reconsider or at
4 least modify some of its thoughts on the value-added tax.

5 The Administration is not taking a position in
6 favor of the value-added tax. I want to make that perfectly
7 clear. Neither are we ruling out the potential use of such
8 a tax, if very specific and very detailed examination of it
9 shows that it can be used to create a better balance of taxa-
10 tion in the country.

11 THE CHAIRMAN: Now at this time I would hope you
12 would join me in thanking the Vice President for sharing the
13 morning with us.

14 (Applause.)

15 (At this point, Vice President Agnew left the room.)

16 GOVERNOR RAMPTON: Now then, I would like to em-
17 phasize again the fact that I stated the Committee members'
18 position with no attempt to state a Governors' Conference
19 position because we can't do it here.

20 What I would hope -- and I wrote to the Vice Presi-
21 dent on this, and I believe we sent you a copy of the letter --
22 is that the Advisory Council, Mr. Merriam's Commission, would
23 not make a decision on this until we had an opportunity to
24 act at the Governors' Conference and to take a position --
25 whether it be the position taken by the Committee members up

1 to now, or whether that be changed on the floor.

2 Are there other comments on this?

3 Jim. Governor Exon.

4 GOVERNOR EXON: Governor Rampton and my fellow
5 Governors:

6 Governor, I was very interested in this report
7 that seemed to be unanimous out of the Committee on this.
8 You touched on something in your remarks that I think is very
9 important here, and I think that it is basically that we should
10 take the long overview of this situation.

11 Basically, as I interpreted your remarks, you said
12 that the issue as to whether we were going to have equal edu-
13 cational opportunities between the States was not yet before
14 us.

15 I would submit, however, that the California and
16 Texas decisions, which you are all quite familiar with, basically
17 said that you cannot have unequal educational opportunities
18 of one school district in Texas as against another district
19 in Texas.

20 By the same token, if you can be guided by the past,
21 I think it is more than likely that one court test will come.
22 And I would suggest that probably rather than all of the court
23 tests that we are having in all States now, including one just
24 filed in Nebraska, that we should have one to test the con-
25 stitutionality of whether or not a school district in Texas

1 shouldn't be equal in educational opportunities to a school
2 district across the line in Oklahoma.

3 Therefore, from the overview standpoint, and if
4 the courts decide as if past history again means anything,
5 I suspect that they might decide that the right to an equal
6 education is probably as basic as civil rights in this coun-
7 try.

8 And if we ever reach that position, then I would
9 submit that at that time the Federal Government, whether we
10 like it or not, is going to have to come into the financing
11 of primary and secondary education.

12 Well, I would like to speak a word of caution for
13 us to take a position too early on this very important matter
14 that, I think, is going to be facing us, not just now, but
15 in the future. And before we can make any intelligent deci-
16 sions or recommendations, I would suspect that we should at
17 least consider the possibility of a court decision -- even-
18 tually a Supreme Court decision -- that guarantees educational
19 opportunities across State lines.

20 GOVERNOR RAMPTON: Well, I would certainly agree
21 with that, Jim.

22 But let me point this out:

23 Even if we ultimately arrive at a case -- and I
24 think that we may, and I think we should -- holding that
25 opportunity must be equal nationwide, enough to require some

1 intervention or financial contribution by the Federal Govern-
2 ment, I feel that before that happened we have to move on
3 the State basis to equalize it within the State, because if the
4 Federal Government moved in with funds at the present time to
5 achieve equality in individual school districts, they would
6 have to deal with some twenty-five or thirty thousand indivi-
7 dual school districts, and your formula would have to cover
8 all of them. I would regard it as almost an administrative
9 impossibility.

10 On the other hand, if we can get our own houses
11 in order, then we can present ourselves to the Federal Govern-
12 ment, if, in fact, we need Federal financing, saying, "We
13 have done this. Channel the funds through our State Office
14 of Education rather than going around it to each one of the
15 school districts."

16 So I feel that it is incumbent upon us as States
17 to move rapidly to put our own houses in order, so that we
18 can come to the Federal Government with clean hands with the
19 thing, if, in fact, the court cases go to the logical -- what
20 appears to be the logical conclusion.

21 GOVERNOR RAMPTON: Dale. Governor Bumpers.

22 GOVERNOR BUMPERS: Governor Rampton, of course,
23 I am on your Executive Management Committee and also a member
24 of the President's Advisory Committee on Intergovernmental
25 Relations, and certainly I share the mood of the Committee

1 of being opposed to the value-added tax.

2 There are only two or three observations that I
3 would make about it:

4 Of course, first of all, most all of us are op-
5 posed to it simply because of its regressive nature. It is
6 a consumer tax and it can't be defined as anything else. And
7 after having gone through a great and hard-fought battle in
8 my own State last year to raise the income tax, for this very
9 reason, I am just philosophically opposed to it.

10 I think that there are a couple of things that
11 might be said:

12 And that is that A. C. I. R.'s charge from the
13 President was to study the value-added tax. And one of the
14 features which was considered was that eighteen billion dollars
15 that can be expected from such a tax, six billion of it would
16 be rebated to working people below certain income categories
17 to mitigate the regressive nature of the tax.

18 [Many of you have read Galbraith's "Affluent Society"
19 in which he makes a very strong and persuasive argument that con-
20 sumer taxes are not as regressive as many of us have thought,
21 and that it is moneys received from consumer taxes which are
22 indeed paid, in large part, by the working people. [If that
23 money is actually dedicated to purposes for which they are
24 the primary and chief beneficiaries, then this also mitigates
25 the regressive nature of the tax.]

1 So while I think that has some merit to it, I am
2 still opposed to it, but I can't help but agree with Governor
3 Exon that I am going to vote with the ones that are opposed
4 to it, even though I am on the President's A. C. I. R., I think
5 that it would be unwise for us to shut the door totally on the
6 idea.

7 My thought, and the only reason that I am commenting
8 at this time is that I can tell you that I will always be op-
9 posed to it, unless the money was dedicated to public educa-
10 tion -- and this is a fact that has not come out yet.

11 GOVERNOR RAMPTON: Governor Curtis.

12 GOVERNOR CURTIS: I would like to compliment you
13 and your Committee for speaking out early on this proposal,
14 because I think that unless this is very carefully handled,
15 as Governor Bumpers has stated, that it could very well be
16 just another one of the age-old gimmicks of finding a way
17 for the poor people to pay a larger amount of the taxes.

18 GOVERNOR RAMPTON: Well, what I think, and what
19 the Committee is fearful of, is that this is a politically
20 salable proposal this year, and I am sure that the temptation
21 both from the Administration and from potential Presidential
22 candidates on the other side to come up with an attempted
23 solution is very great.

24 Governor Reagan.

25 GOVERNOR REAGAN: Governor Rampton, for whatever

1 it is worth, I would like to just relate a little experience
2 that we have had in California for the last three years in
3 trying to find an answer to these problems.

4 I agree with Galbraith about the sales tax, in
5 fact, that if you exclude food and shelter -- as we do in
6 California -- the sales tax is not regressive. This we have
7 found as the result of a great deal of research in three years
8 of seeking a solution to tax reform.

9 We did find that the home owners' property tax
10 is the most regressive tax that we have in our entire State
11 structure, that it taxes as high as twelve per cent of the
12 gross revenue of the lowest income levels.

13 We have been trying to meet the home owner's problem
14 there in our school financing, and I hope and pray that in
15 this election year and in our present deliberations, we don't
16 suddenly plunge into something, because we have plunged into
17 several things that we thought might be an answer to this
18 problem, and every one has had ramifications that we hadn't
19 anticipated.

20 For example, the Coulton Report out of the Johns
21 Hopkins, one of the most exhaustive studies of public school
22 education in the country, has revealed that the plain truth
23 is that there is no ratio whatsoever between the quality of
24 education and the amount of money spent on it.

25 And I don't mean to say that you can go to zero

1 on thinking of sums of money for education, but when you get
2 above the basic level a great deal of this spending goes into
3 mismanagement and goes into luxuries of a type that have no-
4 thing to do with the quality of education.

5 A couple of years ago we embarked on a plan to try
6 and relieve the home owners of California, and I guess our
7 property taxes out there are not only regressive but probably
8 greater than most people's here -- one of the top tax-paying
9 States of the Union.

10 We finally came out with a compromise with our
11 own legislature in which, under our system, twenty-five per
12 cent of the assessed value or of the appraised value of the
13 dwelling, of real estate, then is taxed at the tax rate. So
14 we gave a \$750 exemption across the board that everyone before
15 computing his property tax, took \$750 off that, twenty-five
16 per cent, and then paid the tax on the balance.

17 It took local government less than eighteen months --
18 incidentally, to do this, we did not give it to the individual;
19 he took the tax deduction, and we reimbursed local government
20 in the amount which now is up around 350 million dollars
21 the State was giving for this supposed tax reduction to the
22 home owner -- this was limited to home owners, not to commer-
23 cial property. It took them less than eighteen months to raise
24 the tax levels up above what it had been before we gave the
25 grant, so that in effect local government is now getting more

1 property tax than they were before from the home owner, plus
2 our 350 million dollars that we are giving for this exemp-
3 tion.

4 The great difficulty in equalizing -- and we have
5 tried and are seeking an approach which will guarantee a
6 minimum across-the-board, in answer to this so-called Serrano
7 decision, that will guarantee that whatever district a student
8 is in, the State will see that there is at least basic edu-
9 cation for any school student required to enter our State
10 universities and so forth.

11 But at the same time, we are running into the prob-
12 lem of leaving those individual districts that want to go
13 further and if they want to tax themselves to afford luxuries,
14 to do so.

15 We haven't found the answer. I wish I could give
16 an answer here.

17 But the other thing, when they start equalizing
18 education across State lines, take a look at what it amounts
19 to within your own State. There is no question -- eighty-five
20 per cent of the cost of education is teachers' salaries.
21 You don't have to give a teacher in South Succotash, Wisconsin,
22 the same level of income to be equal to a teacher living in
23 the State of -- in the City of New York or San Francisco or
24 Los Angeles or Chicago.

25 The varying expenses -- there is no reason in the

1 world why a dollar amount identical across the board is not
2 going to result in the same kind of inequality you are trying
3 to cure, because some teachers in some areas will be twice
4 as well off at that fundamental figure, that basic figure,
5 as other teachers living in urban areas.

6 I have to second what Jack said. I think that
7 one of the answers is -- this goes right back to our subject
8 of federal revenue sharing -- the plain truth of the matter
9 is that local and State government is up to the capacity
10 practically that it can be and can afford, with the excessive
11 amount of the tax dollar that is going to the Federal Govern-
12 ment, and until they start sharing some of that back with us,
13 we don't have any leeway any more to raise local or State
14 taxes.

15 But when they do it, I think it should go through
16 State government in such a way that it can be funneled to
17 the school districts on a formula that will not take from
18 the neighborhood or the local school district the right to
19 run its own affairs, because I hate to see the day when either
20 we have a State-dictated school system in some of our larger
21 States, or worse even than that is when we would ever come
22 to the day that we would have a Federal school system.

23 (Applause.)

24 GOVERNOR RAMPTON: Governor Reagan, among the
25 things that the Committee will attempt to do in coming up

1 with alternative suggestions to the States as to formula,
2 would be to put some factor in there for at least these three
3 things:

4 The greater cost per pupil in education in the
5 central city districts resulting from the greater need for
6 remedial programs there.

7 Secondly, the greater need in rural areas because
8 of the greater transportation problem and the lower productivity
9 due to smaller classrooms.

10 And third, the very factor you talked about just
11 a moment ago -- the cost of living factor that differs from
12 community to community within the State and more widely between
13 States.

14 So we are very cognizant of that problem, and we
15 will make proposals on that.

16 GOVERNOR ROCKEFELLER: Mr. Chairman.

17 GOVERNOR RAMPTON: Governor Rockefeller.

18 GOVERNOR ROCKEFELLER: I would just like to asso-
19 ciate myself with the remarks made by Governor Reagan, and to
20 make one additional remark.

21 And that is, if we do have to equalize nationwide,
22 that the big cities, paying the lowest real property taxes on
23 homes, so an equalization resulting in an increasingly heavy
24 burden on the local home owners in that urban -- or the city home
25 in the suburbs, in the city, and therefore I don't feel that

1 it would be possible to achieve equalization unless there
2 is a major Federal aid program at the same time, so that you
3 can reduce high areas and level off -- that it would result
4 in increasing very sharply home owner taxes in the metropol-
5 itan areas in the cities.

6 GOVERNOR RAMPTON: Let me ask you this, Nelson:

7 Would New York be able to itself provide the funds
8 to achieve equalization if we got both revenue sharing --
9 general revenue sharing on the Mills proposal -- and a "take
10 over the welfare", would that create enough funds for you to
11 do it?

12 TWO VOICES: No.

13 GOVERNOR ROCKEFELLER: Under revenue sharing --
14 well, let me put it this way:

15 Two and a half billion by the State for local real
16 property tax -- now the State takes over local real property
17 tax, equalizes it, in order to have the State finances run
18 on this basis -- you couldn't possibly do it without increases
19 in taxes in the core areas which you are talking about; they
20 would have to raise their taxes.

21 In Nassau, the house across the street pays half
22 as much school tax as the house in the city, so that we have
23 a tremendous discrepancy, and that is why I am saying that
24 regardless of how the money is provided, the idea of Federal
25 support, large scale, coming in, will be the catalyst that

1 will make possible the leveling off of the tax budget.

2 GOVERNOR RAMPTON: Without doubt, different States
3 have different problems.

4 Now Hawaii, of course, has no problem because it
5 is a single school district now, so they automatically take
6 care of the objectives of the Serrano decision.

7 In my own State of Utah, seventy per cent of the
8 financing for local education comes from the State through
9 the equalization program. So by an increase of about five
10 per cent only in the total money spent for education, we could
11 achieve equality throughout all of our districts.

12 Now I well realize that there are some States that
13 could not do this.

14 We had hoped to have an analysis for you here of
15 what the situation is in each State, and the Education Commis-
16 sion of the States is working on that. But I am certain that
17 it would cost -- in many States it would cost an increase,
18 a total increase of thirty per cent in their school costs
19 to bring it up to equality.

20 GOVERNOR HEARNES: Mr. Chairman.

21 GOVERNOR RAMPTON: Because this you can be sure
22 of -- equality isn't going to mean lowering; it is going to
23 mean bringing everybody up to the highest or up near the
24 highest, rather than compacting it in the middle or raising
25 it or lowering it in the lowest level.

1 There is somebody over here.

2 GOVERNOR HEARNES: Mr. Chairman.

3 GOVERNOR RAMPTON: Governor Hearnnes.

4 GOVERNOR HEARNES: Now following this line of
5 questioning that you asked Governor Rockefeller, you say
6 every State is different -- as we normally are in most of
7 these cases that are trying to apply some blanket formula
8 for every State.

9 Now in my years as Governor, we have gone from
10 144 million in State aid to schools to 380 million, which,
11 I believe, is a pretty fair increase. To support the local
12 school districts from the local level is still more than that.
13 It is approximately 450 million dollars.

14 So to do away with the property tax to support the
15 public schools and substitute in lieu thereof, say, a sales
16 tax, it would take four cents increase in the sales tax to
17 make up the same amount of money.

18 Now I think that we are not being fair to his or
19 herself in those States as they look everywhere for tax
20 relief -- they think there is not going to be a tax substitute
21 in lieu; honestly, they don't realize, I guess, but there are
22 so many people who think that the property tax is leaving
23 and that nothing is going to be substituted in its place and
24 I think it isn't fair to them to leave them with such a con-
25 clusion.

1 GOVERNOR RAMPTON: Well, that is certainly true,
2 and that is one reason that some of the members of our Com-
3 mittee tend to look with some disfavor on the value-added
4 tax, is the fact that it is a completely hidden tax, that it
5 just comes through in the way of greater price on the things
6 you buy, whereas the sales tax you can identify -- and this
7 you can't.

8 It is indirect taxation, that some of us feel should
9 be avoided if possible.

10 THE CHAIRMAN: Governor Rampton, thank you very
11 much.

12 (Applause.)

13 And I look forward, and I know we all look forward
14 to a further expansion of the discussion of this subject at
15 our meeting in Houston.

16 We advanced it for your preliminary discussion
17 simply because we wanted to get a feel about the way various
18 Governors simply see the problems which have arisen, and the
19 various protests now proceeding through several of the States.

20 We have moved to the conclusion of the morning
21 session.

22 At this time though, and before we take a moment --
23 and I will be happy to ask if any of the Governors have any
24 comment to make -- I would like to present to you the newest
25 of our number, who has now been a Governor for a total of

1 thirty days. We said good-by to his predecessor in San Juan.
2 And I am privileged to present to you the new Governor of
3 the State of Mississippi, the Honorable William L. Waller.
4 Governor Waller.

5 (Applause.)

6 Governor Guy, I believe you asked to be heard.

7 GOVERNOR GUY: Governor Moore, I have listened now
8 this morning to the talk on revenue sharing and on the financing
9 of education, all of them involving federal grants or revenue
10 sharing programs, and tomorrow we will be talking about revenue
11 sharing for welfare.

12 In these talks we are recognizing that the local
13 and State governments are breaking down financially in de-
14 livering the services that they must.

15 We would hope that revenue sharing and federal
16 aid to education and welfare take-over will be ranked high
17 on the budget priority list by the Administration and the
18 Congress and not back down at the bottom of that budget list.
19 However, this strained Federal budget, with its massive defi-
20 cit spending projection, bothers me very greatly, because
21 at no fault of the States, this massive projected Federal
22 budget deficit can only fuel a fire of inflation and bring
23 again high interest rates that have in themselves caused the
24 States to find themselves in financial difficulty.

25 And so if the Federal fiscal policy alone can

1 raise State and local government costs far higher and far
2 faster than Federal sharing programs of revenue or welfare sup-
3 port or federal aid to education, then we are in a race that
4 we cannot win.

5 And so I say that with the deficit programs that
6 might be normal in a year of intense warfare, or temporarily,
7 perhaps we could absorb this as States in the increased in-
8 flationary costs that it brings about. But when we enter into
9 a prolonged period of excessive deficit spending, I say to
10 you that this is going to cost State governments and local
11 school districts far more money than any Federal sharing program
12 can ever replace.

13 And so I think that we as Governors have to nudge
14 that handful of people at the Federal level that set fiscal
15 policy which, in effect, sets the state or the level of ex-
16 penditures for State and local services. Fiscal responsibility
17 is something we just can't ignore at the Federal level.

18 THE CHAIRMAN: The Governor of California, Governor
19 Reagan.

20 GOVERNOR REAGAN: I couldn't agree more with what
21 has just been said about the necessity here to stop the in-
22 flationary spiral at the Federal level. But I would like to
23 add this one input:

24 When I talk federal sharing, in my own mind I talk
25 also the States not only sharing in the revenue, but assuming

1 the responsibility now carried by the Federal Government in
2 these various fields.

3 And I still contend that if the Federal Govern-
4 ment will give the States in block grants the money, and at
5 the same time give us the responsibility, they will be able
6 to wind down the size of the Federal Government and some of
7 its bureaucracy, and we can do the job better and cheaper
8 with the State with the money that they give us -- we will
9 have some left to throw away!

10 GOVERNOR HEARNES: Mr. Chairman.

11 THE CHAIRMAN: Governor Hearnnes.

12 GOVERNOR HEARNES: Mr. Chairman, I never found the
13 place where it was appropriate --

14 THE CHAIRMAN: You are on now.

15 GOVERNOR HEARNES: I was very interested in the
16 Vice President's speech on O. E. O., and the only suggestion
17 that I would have on the Vice President's speeches or the
18 President's speeches is that they deliver them to the appro-
19 priate people at the Cabinet or sub-Cabinet level.

20 For example, I vetoed a legal aid fund on the basis
21 that, without going into the background, it would go to where --
22 I wanted the legal aid people, in the eastern part of St. Louis,
23 to just sign a provision that none of the money would be used
24 to provide free civil versus criminal -- free civil legal
25 services to those who advocate the overthrow of the government

1 by force. It seemed to me a very reasonable request, and I
2 could not see that we would give civil services, free legal
3 civil services to those who don't like our government and
4 want to overthrow it.

5 And I was threatened by Mr. Rumsfeld with the loss
6 of many more funds besides legal aid and finally the veto
7 was overridden.

8 I think that it was a good suggestion. I am not
9 acquainted with Mr. Rumsfeld's successor -- I met him the
10 other day. But I just think that the speech could be better
11 delivered to O. E. O. so that they would know how the Vice
12 President stands on this issue.

13 THE CHAIRMAN: Governor Guy.

14 GOVERNOR GUY: Governor Moore, I think that I
15 should clarify something here that I said.

16 I am not -- I am not at all suggesting that revenue
17 sharing or Federal aid to education or welfare take-over
18 do not deserve the highest priority. I believe they do.

19 I am simply saying that it is time for the American
20 people to do as one American President said, and that is to
21 "bite the bullet", and decide to either pay for or cut back
22 the unnecessary expenditures at the Federal level. And I
23 do not -- I do not consider Federal revenue sharing to States
24 or Federal aid to education or welfare take-over as non-es-
25 sential Federal programs. I rank them at the top.

1 I rank the programs that will expend a hundred
2 million dollars a day on a Southeast war as the type of use-
3 less Federal expenditure that could and should be cut out,
4 and I am just saying that to balance the budget should not
5 be old fashioned and should be just common sense through
6 cutback and higher revenues through taxation.

7 THE CHAIRMAN: Thank you, Governor Guy.

8 Do any of the Governors desire further recognition
9 at this time?

10 Governor Exon.

11 GOVERNOR EXON: One more comment, harking back
12 to our discussion on Federal aid to education.

13 The Nixon Administration has not proposed, accord-
14 ing to the Vice President, a value-added tax, or has not
15 proposed at this time a massive aid to elementary and secondary
16 education.

17 But at the same time we have to recognize that the
18 Administration has made the suggestion -- I don't know how to
19 phrase it, but it came out of the Administration.

20 One of the problems that we have in our States,
21 it seems to me, when we talk about doing something now to
22 equalize education and to equalize taxation is the fact that
23 as I understand the suggestion, at least, that has been
24 made, the relief from the Federal Government would provide
25 relief only to residential real estate. This excludes -- and

1 it has not been discussed generally in the news media --
2 this excludes commercial property, relief to commercial pro-
3 perty.

4 Specifically, as far as Nebraska is concerned, it
5 excludes relief to our vast agricultural lands. Now if we
6 in Nebraska move to in some way equalize and then find our-
7 selves somewhere down the road where a Federal program comes
8 in that does not equalize or give relief in all areas of
9 real estate, we are in serious trouble.

10 That is why I am continuing to suggest that we
11 exercise caution in this area before we know if the Federal
12 Government is in fact going to do anything.

13 THE CHAIRMAN: All right. Thank you, Governor
14 Exon.

15 I think we are back in the reference to the pre-
16 liminary discussions that were made, to the relief that will
17 be forthcoming to the State, and the redistribution of any
18 tax dollars collected at the Federal level in relation to
19 education would go to those States that presently rely upon
20 real estate as the basic support, revenue-wise, for educa-
21 tion.

22 There are a number of States that have moved pre-
23 viously to support education from the State level, and are
24 using a tax source other than the constant escalation of real
25 estate taxes for that educational support.

1 And I would hope that Governor Rampton and his
2 Committee, when they get into the details of the further
3 discussion of this, will take into consideration the fact that
4 there are a number of States -- I believe that Utah happens also
5 to be one of them -- that uses a different source other than
6 the real estate tax base for the support of education.

7 Would there be any other Governors desiring re-
8 cognition at this time?

9 If not, I will respectfully call to your attention
10 that the luncheon for Governors will take place at 12:00 noon
11 in the International Ballroom East. Each Governor is privileged
12 to bring a staff aide with him and encouraged to do so.

13 If there are no further matters to come before
14 the morning recess, we will reconvene at 2:00 p.m.

15 (Whereupon, at 11:27 o'clock, a.m., the meeting
16 was recessed until 2:00 o'clock, p.m., the same day.)
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