

Proceedings
**OF THE
NATIONAL
GOVERNORS'
CONFERENCE
1975**

SIXTY-SEVENTH ANNUAL MEETING

**NEW ORLEANS, LOUISIANA
JUNE 8-11, 1975**

NATIONAL GOVERNORS' CONFERENCE

**1150 Seventeenth Street, N.W.
Washington, D.C. 20036**

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EXECUTIVE COMMITTEE

1974-75

Honorable Calvin L. Rampton
Governor of Utah, *Chairman*

Governor Christopher S. Bond, Missouri
Governor Hugh L. Carey, New York
Governor Daniel J. Evans, Washington
Governor James E. Holshouser, Jr., North Carolina
Governor Arch A. Moore, Jr., West Virginia
Governor Robert D. Ray, Iowa
Governor Dan Walker, Illinois
Governor William L. Waller, Mississippi

EXECUTIVE COMMITTEE

1975-76

Honorable Robert D. Ray
Governor of Iowa, *Chairman*

Governor Calvin L. Rampton, Utah
Governor James E. Holshouser, Jr., North Carolina
Governor Christopher S. Bond, Missouri
Governor Hugh L. Carey, New York
Governor Reubin O'D. Askew, Florida
Governor Ray Blanton, Tennessee
Governor Brendan T. Byrne, New Jersey
Governor Mills E. Godwin, Jr., Virginia

THE STANDING COMMITTEES OF THE NATIONAL GOVERNORS' CONFERENCE*

COMMITTEE ON CRIME REDUCTION AND PUBLIC SAFETY

Governor Brendan T. Byrne, New Jersey—*Chairman*
Governor Otis R. Bowen, Indiana—*Vice-Chairman*
Governor Raul H. Castro, Arizona
Governor David H. Pryor, Arkansas
Governor Ricardo J. Bordallo, Guam
Governor Dan Walker, Illinois
Governor James B. Edwards, South Carolina
Governor Ray Blanton, Tennessee

COMMITTEE ON EXECUTIVE MANAGEMENT AND FISCAL AFFAIRS

Governor Patrick J. Lucey, Wisconsin—*Chairman*
Governor Mills E. Godwin, Jr., Virginia—*Vice-Chairman*
Governor Sherman W. Tribbitt, Delaware
Governor Robert F. Bennett, Kansas
Governor James B. Longley, Maine
Governor Marvin Mandel, Maryland
Governor Michael S. Dukakis, Massachusetts
Governor Christopher S. Bond, Missouri
Governor Hugh L. Carey, New York

COMMITTEE ON HUMAN RESOURCES

Governor Cecil D. Andrus, Idaho—*Chairman*
Governor Ella T. Grasso, Connecticut
Governor Wendell R. Anderson, Minnesota
Governor Jerry Apodaca, New Mexico
Governor James A. Rhodes, Ohio
Governor Rafael Hernández-Colón, Puerto Rico
Governor Philip W. Noel, Rhode Island
Governor Richard F. Kneip, South Dakota
Governor Daniel J. Evans, Washington

*As of June 8, 1975

COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

Governor Thomas P. Salmon, Vermont—*Chairman*
Governor Arthur A. Link, North Dakota—*Vice-Chairman*
Governor Jay S. Hammond, Alaska
Governor Richard D. Lamm, Colorado
Governor Robert D. Ray, Iowa
Governor William L. Waller, Mississippi
Governor Robert W. Straub, Oregon
Governor Dolph Briscoe, Texas
Governor Arch A. Moore, Jr., West Virginia

COMMITTEE ON RURAL AND URBAN DEVELOPMENT

Governor William G. Milliken, Michigan—*Chairman*
Governor Thomas L. Judge, Montana—*Vice-Chairman*
Governor Edmund G. Brown, Jr., California
Governor Edwin Edwards, Louisiana
Governor J. James Exon, Nebraska
Governor Meldrim Thomson, Jr., New Hampshire
Governor David L. Boren, Oklahoma
Governor Cyril E. King, Virgin Islands
Governor Ed Herschler, Wyoming

COMMITTEE ON TRANSPORTATION, COMMERCE AND TECHNOLOGY

Governor Milton J. Shapp, Pennsylvania—*Chairman*
Governor Mike O'Callaghan, Nevada—*Vice-Chairman*
Governor George C. Wallace, Alabama
Governor Earl B. Ruth, American Samoa
Governor Reubin O'D. Askew, Florida
Governor George Busbee, Georgia
Governor George R. Ariyoshi, Hawaii
Governor Julian M. Carroll, Kentucky
Governor James E. Holshouser, Jr., North Carolina

Governor Calvin L. Rampton, Utah—*Chairman of
the National Governors' Conference—served as
an ex-officio member of all Committees.*

ATTENDANCE

George C. Wallace, Governor of Alabama
Jay S. Hammond, Governor of Alaska
Earl B. Ruth, Governor of American Samoa
Raul Castro, Governor of Arizona
David H. Pryor, Governor of Arkansas
Richard D. Lamm, Governor of Colorado
Reubin O'D. Askew, Governor of Florida
George Busbee, Governor of Georgia
Ricardo J. Bordallo, Governor of Guam
George R. Ariyoshi, Governor of Hawaii
Cecil D. Andrus, Governor of Idaho
Otis R. Bowen, Governor of Indiana
Robert D. Ray, Governor of Iowa
Robert F. Bennett, Governor of Kansas
Julian M. Carroll, Governor of Kentucky
Edwin Edwards, Governor of Louisiana
James B. Longley, Governor of Maine
Marvin Mandel, Governor of Maryland
William G. Milliken, Governor of Michigan
Wendell R. Anderson, Governor of Minnesota
William L. Waller, Governor of Mississippi
Christopher S. Bond, Governor of Missouri
Thomas L. Judge, Governor of Montana
J. James Exon, Governor of Nebraska
Mike O'Callaghan, Governor of Nevada
Meldrim Thomson, Jr., Governor of New Hampshire
Brendan T. Byrne, Governor of New Jersey
James E. Holshouser, Jr., Governor of North Carolina
Arthur A. Link, Governor of North Dakota
James A. Rhodes, Governor of Ohio
David L. Boren, Governor of Oklahoma
Robert W. Straub, Governor of Oregon
Milton J. Shapp, Governor of Pennsylvania
Philip W. Noel, Governor of Rhode Island
James B. Edwards, Governor of South Carolina
Richard F. Kneip, Governor of South Dakota
Ray Blanton, Governor of Tennessee
Dolph Briscoe, Governor of Texas
Calvin L. Rampton, Governor of Utah
Thomas P. Salmon, Governor of Vermont
Mills E. Godwin, Jr., Governor of Virginia

Daniel J. Evans, Governor of Washington
Arch A. Moore, Jr., Governor of West Virginia
Patrick J. Lucey, Governor of Wisconsin
Ed Herschler, Governor of Wyoming

GUEST SPEAKERS

Moon Landrieu, Mayor of New Orleans and Vice President, U.S. Conference of Mayors
Stanley M. Smoot, County Commissioner, Davis County, Utah, and President, National Association of Counties
Tom Jensen, Minority Leader, Tennessee House of Representatives, and President-elect, National Conference of State Legislatures
Martin O. Sabo, Speaker, Minnesota House of Representatives, and Vice President, National Conference of State Legislatures
John H. Poelker, Mayor of St. Louis
Jack Walsh, Supervisor, San Diego County, California
Carla A. Hills, Secretary of Housing and Urban Development

PROGRAM

Saturday, June 7

Registration and Conference Information
Hospitality Room for Early Arrivals
The Fairmont Hotel

Sunday, June 8

11:00 a.m. "Meet the Press"
NBC New Orleans Studio

Panelists:

Governor Reubin O'D. Askew, Florida
Governor Edwin Edwards, Louisiana
Governor James B. Longley, Maine
Governor Wendell R. Anderson, Minnesota
Governor Christopher S. Bond, Missouri
Governor Calvin L. Rampton, Utah

4:00 p.m. NGC Executive Committee Meeting
Orleans Room

6:30 p.m. Reception for Governors and their spouses at the Ingram Home
private residence

8:30 p.m. Dinner for Governors and Their Spouses
Grand Salon, Royal Orleans Hotel

8:30 p.m. Dinner for All Other Conference Participants
Cruise and seafood buffet aboard the Riverboat Natchez

Monday, June 9

CONFERENCE THEME: "STATES' RESPONSIBILITIES TO
LOCAL GOVERNMENTS"

8:30 a.m. OPENING PLENARY SESSION
International Ballroom, Fairmont

Presiding:

Governor Calvin L. Rampton

Call to Order

Welcoming Remarks:
Governor Edwin Edwards

Adoption of Rules of Procedure

9:00 a.m. Presentation by Governor Rampton on the Conference Theme

Responses from Co-Chairmen of the New Coalition:

—The Cities:

**Moon Landrieu, Mayor of New Orleans; and Vice President,
United States Conference of Mayors**

—The Counties:

**Stanley M. Smoot, County Commissioner, Davis County,
Utah; and President, National Association of Counties**

—The State Legislatures:

**Tom Jensen, Minority Leader, Tennessee House of
Representatives; and President-elect, National Conference of
State Legislatures**

General Discussion

10:30 a.m. "COPING WITH GROWTH POLICY AND LAND USE"

Presiding:

Governor Daniel J. Evans, Washington

Presenter:

**Martin O. Sabo, Speaker, Minnesota House of Representa-
tives; and Vice President, National Conference of State
Legislatures**

Response:

**Governor Thomas P. Salmon, Vermont; Chairman, NGC
Committee on Natural Resources and Environmental
Management; and Governor Arthur A. Link, North Dakota;
Vice Chairman, NGC Committee on Natural Resources and
Environmental Management**

General Discussion

**12:00 Noon Luncheon Meeting of the Democratic Governors' Conference
Emerald Ballroom**

- 12:00 Noon Luncheon Meeting of the Republican Governors' Association
Orleans Room
- 2:00 p.m. Concurrent Meetings of NGC's Standing Committees and Their
Advisory Task Forces
- 4:00 p.m. SPECIAL PLENARY SESSION ON ENERGY CONSERVATION
LEGISLATION
International Ballroom
- 7:00 p.m. Reception and Buffet at the Cabildo in the French Quarter for All
Conference Participants
Jackson Square

Tuesday, June 10

- 8:45 a.m. GENERAL SESSION
International Ballroom

"STATE-LOCAL FISCAL RELATIONS"

Presiding:

Governor Calvin L. Rampton, Utah

Presentor:

John H. Poelker, Mayor of St. Louis

Response:

Governor Patrick J. Lucey, Wisconsin; Chairman, NGC
Committee on Executive Management and Fiscal Affairs; and
Governor Mills E. Godwin, Jr., Virginia; Vice Chairman,
NGC Committee on Executive Management and Fiscal Af-
fairs

General Discussion

- 10:00 a.m. **"IMPROVING HEALTH PLANNING AND SERVICE
DELIVERY"**

Presiding:

Governor Philip W. Noel, Rhode Island

Presentor:

Jack Walsh, Supervisor, San Diego County, California

Response:

Governor Cecil D. Andrus, Idaho; Chairman, NGC Committee on Human Resources; and Governor Wendell R. Anderson, Minnesota; Member, NGC Committee on Human Resources

General Discussion

11:15 a.m. **Presiding:**
Governor Rampton

Address:

“The Federal Perspective on State-Local Relations”

Honorable Carla A. Hills, Secretary of Housing and Urban Development

General Discussion—All Governors Participating

12:00 Noon **Recess for regional meetings and optional activities**

3:00 p.m. **SPECIAL PLENARY SESSION ON ENERGY**
International Ballroom

6:30 p.m. **Reception for All Conference Participants**
International Ballroom

8:00 p.m. **State Dinner for All Conference Participants**
Imperial Ballroom

Wednesday, June 11

8:00 a.m. **CLOSING BUSINESS SESSION**
International Ballroom

Presiding:
Governor Rampton

Report of the Executive Committee

Reports of NGC's Standing Committees [each Committee Report was followed by presentation and consideration of that Committee's proposed policy statements]:

—Committee on Crime Reduction and Public Safety
Governor Brendan T. Byrne, New Jersey—Chairman

—Committee on Executive Management and Fiscal Affairs
Governor Patrick J. Lucey, Wisconsin—Chairman

—Committee on Human Resources
Governor Cecil D. Andrus, Idaho—Chairman

—Committee on Natural Resources and Environmental
Management
Governor Thomas P. Salmon, Vermont—Chairman

—Committee on Rural and Urban Development
Governor William G. Milliken, Michigan—Chairman

—Committee on Transportation, Commerce, and Technology
Governor Milton J. Shapp, Pennsylvania—Chairman

Consideration of Policy Statements which require “Suspension of
the Rules” of the Conference

Election of Chairman and Executive Committee

Other Business

ADJOURNMENT

MORNING SESSION

Monday, June 9

CHAIRMAN CALVIN L. RAMPTON: Gentlemen, will the Conference please come to order.

You have before you the proposed Rules of Procedure. It has been necessary to revise these Rules of Procedure because of certain changes that were made in the Articles of Incorporation. The copies of the new proposed rules are before each of the Governors. They have been considered by the Executive Committee and recommended to the Conference for adoption.

I would entertain a motion, if I could have one, for the adoption of these Rules of Procedure if there are no questions or debate. Governor Ray.

GOVERNOR ROBERT D. RAY: Mr. Chairman, I think everyone has copies of these proposed rules and I would move the adoption of them.

CHAIRMAN RAMPTON: May I have a second.

GOVERNOR CHRISTOPHER S. BOND: I second it.

CHAIRMAN RAMPTON: It has been moved and seconded that the Rules of Procedure, as printed and placed before each Governor, be adopted. Is there any discussion? If not, are you ready for the question?

GOVERNOR EDWIN W. EDWARDS: Question.

CHAIRMAN RAMPTON: The motion has carried. The rules are adopted.

As has been the case before, your microphones are not activated by any switch before you. Therefore, it will be necessary, when you are recognized to participate, for you to raise your hand so the man on the console here can identify you and activate your switch.

At this time I would like to call upon our Host Governor, Governor Edwin Edwards of the State of Louisiana.

Welcoming Remarks

GOVERNOR EDWARDS: Thank you, Mr. Chairman.

Fellow Governors, we welcome you to New Orleans and to Louisiana and hope that you have a productive and enjoyable stay here.

We were in the process, when we accepted the responsibility and pleasure of hosting the convention, of arranging lavish gifts for each of you. I had made some inquiries around the country and decided that each of you would be given an oil well while you were visiting Louisiana, but about the time we decided that, Briscoe of Texas decided he would rather have an acre of sugar cane, Jerry Brown from California called and said he'd rather spend two nights in the mansion, since he couldn't spend the night in the mansion in California. Some Governor from New York offered me a "Beameburg," but I found he was the mayor of some metropolitan area with whom he was having a problem.

While all of that was going around, some idiot somewhere decided we couldn't give you any lavish gifts; hence all you have is our warm feelings and our hope that you enjoy the convention here in Louisiana, that you go back to your home States with a renewed dedication to the principles of Americanism which we share as Governors of the respective States and that you will maintain in your hearts and minds fond memories of a great State, a great part of the country and our best wishes for continued success in the States that you represent.

CHAIRMAN RAMPTON: Thank you very much, Governor Edwards. You will find before you a looseleaf notebook which contains a number of documents to which you will want to refer during the proceedings.

The first document is the annual report of the National Governors' Conference.

The second document has to do with the theme of this year's conference, that is, the States' responsibilities to local government. This is a matter on which our research group has been working for the past year. We have asked the Governors to respond to innovations being taken in their respective States in local-state government relations. We have included the work of the task force, including the responses of the various Governors. I think we have only had about ten so far, but we hope we will have more during this session, following this session and after the Governors have had

an opportunity during these three days here to respond to the theme of the program. It is the intention of the Governors' Conference that this material now in looseleaf form will be published in a bound form and a substantial number of copies made available not only to the States but to the units of local government as well.

The Book of the States which was issued last year has had a tremendous demand around the nation. I am of the opinion that this year's publication will be equally serviceable.

We have here with us today a number of representatives of local government, officers of the service organizations of local government throughout the nation, and they will respond and participate in the program according to the schedule which you have.

States' Responsibilities to Local Governments

CHAIRMAN RAMPTON: Although it has been 35 years since I served as an officer in local government, that service has given me a deep and continuing respect for the people who administer local government throughout this nation. For this reason, I am pleased to preside at this Conference which focuses on the States' responsibilities to local subdivisions.

I am completing the one-year term I will serve as Chairman of the National Governors' Conference. My greatest desire during this year has been to make some contribution toward improved cooperation between state government and the partners it has created—the cities and the counties.

The past several years have seen a tendency arise for local governments, both city and county, to circumvent state government and take their problems directly to Washington. In all candor, I must say that a large share of the blame for this disenchantment on the part of local officials with state government lies with the States themselves. We as States have failed fully to meet our responsibility to the units of local government, and they have turned to the federal government in desperation.

I believe that, if properly spent, the taxpayer's dollar yields him more value than any other dollar in his family budget. With his taxes, in cooperation with the taxes of his neighbor, the taxpayer buys things he could not buy alone—highways and city streets; police forces and national armies; kindergartens and universities; city water systems and vast irrigation

projects.

The fact, however, that the tax dollar yields substantial return to the taxpayer under any circumstances can be no justification for a lesser delivery of services than can be achieved by the most efficient operation of government at all levels. It matters little to the individual taxpayer whether he is taxed by federal, state or local government. Any way you cut it, it means less money which the family has to meet its myriad other needs and, therefore, dissension between various levels of government diminishes the efficiency of all government. No unit of government, no public office has any reason for existence other than to render public service. No official has any vested rights in either the emoluments or the honors of public office. Therefore, rivalries, confrontations, petulance and empire-building weigh against the ultimate reason for government's existence: To serve the needs of the citizen.

The basic document on which all government rests in this nation is, of course, the Constitution of the United States. It may be well, therefore, to have recourse to that document to put in perspective the relationships among federal, state and local governments. It should be borne in mind that, when the Constitution was drafted, this nation had existed for more than nine years under the Articles of Confederation. Under the articles, the national government existed merely at the sufferance of the States.

The obvious desire of the framers of the Constitution was to give the national government adequate power to act within its assigned scope, but not to assign it unlimited power. The basic constitutional document enumerates the functions of the national government. These are contained in Section 8, Article 1, so far as the powers of Congress are concerned, but are supplemented by other articles. However, before the States would ratify the proposed Constitution, it was necessary to adopt the first ten amendments which were ratified simultaneously with the basic document.

Amendment No. 10 provides: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Among the powers neither granted to the federal government nor prohibited to the States, and therefore vested in the States, is the power to form subsidiary units of government. Thus there is no county, no city, no school district or other special service district that exists under the

authority of the government of the United States.

These units of government are created, and their powers and responsibilities defined, either by state constitutions or by legislative action within those States, or by a combination of both. It is paradoxical, therefore, that cities and towns and other units of local government which exist by virtue of the authority assigned to the States by the Constitution of the United States should have to look around the States to the federal government for help in carrying on their functions.

Although the scope of the federal government's power, has, in the last half century, been expanded by congressional act and judicial interpretation, principally under the commerce clause or under the Fourteenth Amendment, beyond what was probably visualized by the framers of the Constitution, the delivery of governmental services by state and local units of government as they affect the basic welfare and quality of life of the individual citizen are still vastly greater than those exercised by the national government.

For example, the opening of a clogged sewer line is of more immediate concern to the householder than achieving detente with Russia. The city street is more frequently used by our citizens than the interstate highway. The peace is maintained and crime contained not principally by the Federal Bureau of Investigation or the United States Armed Forces, but by city police and county sheriffs. Our public school program within this country, upon the excellence of which our future depends, is established and operated by local government; sometimes by general units of local government, but more frequently by special purpose school districts under the authority established by state law pursuant to the reserve powers of the Tenth Amendment.

These basic but relatively undramatic functions of government which have been assigned to the counties and cities and other local units of government are costly to perform. Their costs correspond directly with population expansion and inflation. If local government is to be able to render the services which are required of it by legislation, adequate sources of revenue must be available to cover the cost.

Fifty-eight percent of the federal budget comes from income tax. The federal tax on corporate and individual income is so high that it has nearly pre-empted this field, leaving state and local government with only a relatively small opportunity to avail themselves of this most progressive of

taxes. The majority of our state governments raises more of their revenue from sales and use taxes than from any other single source. Most of them have a graduated income tax, but the return is low compared with the federal rate.

In addition, the States generally impose gasoline taxes, other special use taxes, and a variety of special license charges and fees, plus some property tax. The principal source of revenue for local units of government is the property tax.

For the past several years, during the period while our cost of living indices have been soaring, the States generally have been in a rather good financial position, while cities and counties have been encountering fiscal difficulties. This is because of the tax structure to which these governments must look for support. Little has been done in regard to improving financial support for such general-purpose units of local government. However, several States are now beginning to study this problem.

In my own State, the legislative council has issued a study on Utah local government finance. The Advisory Commission on Intergovernmental Relations, at the direction of the President, undertook a study of the property tax, principally as it related to education, but the findings of the commission are equally applicable to units of local government.

Studies of this kind should be completed and appropriate legislative action taken on them without delay. It does no good to study governmental problems if the reports are to gather dust in archives.

The problems of revising our tax structure, difficult as they may be, are not nearly as great as the problems which are going to continue to face all units of local government in attempting to supply services in an inflationary period from their present tax sources.

Revenue sharing has been a necessary adjustment to equalize revenue sources because of the near pre-emption by the federal government of the income tax field. However, it is merely an adjustment, and we should look forward to restructuring our tax sources at all levels of government so that each level on its own will have adequate sources of revenue. We could then return to a situation where the level of government which has the responsibility for rendering a service also has the responsibility for establishing tax levels.

The field of revenue raising is not the only field in which the States

have often failed to meet their obligations to units of local government. Governors and state legislators have a tendency to become so involved in the problems of state government itself that they often fail to give adequate consideration to the needs of local government, which needs are their responsibility as well as the responsibility of locally-elected officials.

It is in this area that I, as Chairman of the National Governors' Conference, must apologize to local governments for lack of initiative on what appears to be a dangerous infringement on the rights of state and local governments. The National Fair Labor Standards Act Amendments of 1974, extending minimum wage and mandatory overtime and work-week provisions to all state and local government employees, are being challenged before the Supreme Court in a lawsuit originally filed on behalf of the National League of Cities.

I am pleased to say, however, that the Governors' Conference is now in this action and we are proceeding to support the National League of Cities. The Council of State Governments did make an appropriation of \$50,000 to aid in the prosecution of this suit.

This matter was argued before the Supreme Court of the United States about two months ago. The Supreme Court last week issued an order saying that it would not decide the case at this time and set it for re-argument in September. However, I would like to call one thing to your attention in regard to this case.

At the time the Supreme Court took jurisdiction of the case, the Chief Justice issued a restraining order directing that, until the case was heard, the Department of Labor not attempt to implement the provisions of the amendments of 1974 and not attempt to apply them to employees within state government. However, since the case was not decided and has been set for rehearing, the Department of Labor, in my opinion in defiance of the order of the Chief Justice, is attempting to force upon you the provisions of the wage and hour act.

I would suggest that the Governors and the representatives of local government respond, if they so desire, to the Department of Labor that we are not going to implement these provisions until such time as it is decided by the court and call their attention to the restraining order which I believe still to be in effect.

I am pleased that we have joined the cities in this case, and I believe

this type of cooperation and unified stand will strengthen our position in the eyes of the federal government.

It is with this sameness of purpose in mind that my immediate predecessor in the chairmanship of the National Governors' Conference, Governor Dan Evans of Washington, began a program which is gaining in strength and prestige. He organized an informal association which has been named the New Coalition.

The policy-making board of this organization consists of three Governors selected by the National Governors' Conference, three Mayors selected by the National League of Cities, three county commissioners selected by the National Association of Counties and three legislators representing the National Conference of State Legislatures.

This coalition has completed a series of historic meetings with federal officers during the past year. The result of these meetings has been that the Office of Management and Budget and the constituent organizations of the New Coalition are in the final stages of establishing a mechanism whereby officials of state and local government will have input into federal executive budget decisions.

For example, we will be able to comment on deferral and rescission messages before they are sent to Congress. We will be able to state positions on the entire executive budget in its preparation phases. We will be able to comment during preparation of legislation which has a direct and immediate effect on state and local governments, such as the Administration's general revenue-sharing bill, although, since the planned mechanism was not in effect at the time, we did not have an opportunity, nor were we asked to comment on that bill.

We intend to make this group not just a coalition to form a common position of state and local government in its relationship with the national government but to work as a coalition to look at the needs of local government in its relationship with state government as well.

During this year the National Governors' Conference Policy Research Center has received a grant from the Department of Housing and Urban Development. The funds from this grant have been used to determine priority issues in state-local relations and to study in detail major recommendations for change.

The present product of this group, as I told you before, is contained in

this looseleaf binder.

As a part of the study financed by this grant, a survey to which 43 Governors responded listed growth and land-use policy, state-local fiscal relations, health planning and service delivery, and housing and community development as top-priority items in the area of state responsibilities to local governments. Thus these topics form the nucleus for this Conference. The results of the NGC staff and consultant research under the HUD grant are outlined in this paper. We will, as I say, modify it as appropriate during this session.

In addition to the specific topics which have been addressed in the NGC research, there are other matters which are important and which will likely be raised during this Conference. Among these are:

(1) The elimination of archaic and outmoded constitutional provisions which artificially limit the ability of local government to perform properly the functions demanded of it by today's complex society and economy.

(2) The need for and the structure of departments of community affairs as advocates for local government within state government.

(3) The extent to which units of local government should be allowed flexibility in determining their own form of government. For example, in many States a single form of county government is prescribed throughout the State, regardless of differences in population, land area and economic development in the various counties.

(4) The need for and the feasibility of some form of state revenue sharing with units of local government until such time as tax bases can be restructured, as I have heretofore suggested.

(5) The need for and the adequacy of intergovernmental cooperation acts to permit units of local government to work with each other or contract with each other where a common problem overlaps jurisdictional lines. In this regard, we in the States have been all too willing, as has the federal government, to move the power of government uphill when problems are encountered that overlap city or county lines.

These and other problems of local government need to be addressed by state legislatures on the basis of the best information available from experience across the nation. Most state legislatures have committees to consider legislation affecting units of local government. Too often, however, membership on such committees is regarded as a chore rather than

as an opportunity. I would like to see developed within our legislatures such concern for the strength of local government that involvement in this field of legislative activity would be eagerly sought by those who make our state laws.

I believe the Conference which we are beginning here is unique. I am unaware of any other such forum where state and local government leaders have come together to plan and work toward improved governing mechanisms. This Conference is symbolic of the cooperation and open interchange needed by state and local governments in an era when our ability to maintain financial stability has been decreasing and yet the importance of state and local governments in the over-all economy has been increasing.

Since 1967 total employment in the state and local government sector has grown 28 percent, a rate of growth significantly above that for the remainder of the economy, which is a 14.8 percent rate of growth in employment for all other sectors and 6.1 percent in federal government employment.

In the same period, state and local government purchases of goods and services have increased, as a percentage of gross national product, from 11.3 percent in 1967 to 13.7 percent in 1974.

Over the past two years, events have undermined the faith of the people of this nation in those who hold public office. None of us, regardless of political affiliation, can take pleasure in what has happened. All government has suffered. All of us have lost, and the nation and the States and the counties and the cities and the citizens will lose, unless the faith of the people in our governmental system can be bolstered and restored.

This cannot be done by breastbeating and protestations of innocence by any party or political office-holder. It can be done only by improving our instruments of government to such an extent that the people will be able to say, on the basis of their own observation, that our governments are well run and that our public office-holders are men and women of ability and integrity. This can only be done if men and women of good will who hold public office address the myriad problems which arise and will continue to arise as long as people live together, from a desire to improve the quality of life of all our people, and not from a desire for personal aggrandizement.

By this I do not mean that differences honestly held should not be

vigorously and publicly explored. Public dialogue is the essence of democracy. But with the proper motivation there are no problems that are not susceptible to solution. The federal government, the state government and the local governments are not antagonists; they all exist for a common purpose.

So we have with us today members of the New Coalition to respond to the offer here made for cooperative effort with the States.

Following the response of the representatives of the counties, cities and state legislatures, we will have open discussion of the matters here raised. Notes will be taken of the open discussion, and, once again, the publication which we propose will be modified in accordance with the response made by the Governors here.

Before I call on the first respondent, may I call your attention to the fact that we have scheduled for this afternoon at 4 o'clock a special meeting to consider the energy bill which will be debated on the floor of the House of Representatives tomorrow. Ordinarily we would take up this matter on Wednesday morning at the executive session, but, because the bill will be debated tomorrow and perhaps voted upon prior to Wednesday's session, we do want to consider this this afternoon.

I would appreciate it if the chairmen could break their committee meetings by 4 o'clock this afternoon so that the Governors can get back in here for consideration of this most important project.

Responses from Co-chairmen of The New Coalition

CHAIRMAN RAMPTON: Now to respond to the Governors is a man who is appearing here in a dual capacity. He is Mayor Moon Landrieu, who is the Mayor of our host city, and who is also chairman of the National League of Cities. So I introduce to you our co-host with Governor Edwards, Mayor Moon Landrieu of New Orleans.

THE CITIES

MAYOR LANDRIEU: Thank you very much, Governor Rampton, and distinguished visiting Governors.

It is a pleasure, as the Mayor of this city, to welcome this Conference.

You have honored us greatly by bringing it here and I hope when you leave you will have added something to yourselves as well as to the fabric of this country.

I have my distinguished Governor sitting to my left and I wish to state at the outset of my remarks that he is a very sensitive, intelligent and responsive Governor. Until this administration, we have really not had what would be construed as an urban policy. Hopefully, under the new constitution which was passed with his leadership, we will begin to develop under a new form of government a state structure that is responsive to local government.

I must say, however, that up to this point in time, Louisiana, like most States, has very badly abused its cities. I know it is quite difficult and dangerous to generalize, because all cities are not alike and all States are not alike, but the fact of the matter is that in most instances in most States state governments have been non-responsive to the needs of the people who live in the cities.

One of the great tragedies, in my judgment, in this country during this century has been the way that both the federal and state governments have treated the cities of this country. It isn't that those of us who serve in municipal government have been totally blameless but, for the most part, we have been powerless to do anything about the great crisis in which we now find ourselves. That crisis is very much in every city in the United States.

I am certainly not an authority on the cities in your respective States. I do hope that I can speak with some authority about the City of New Orleans, which I think is one of the great cities of North America. It is caught in the arm of the great bend of the Mississippi River and it is bordered by a magnificent and beautiful lake. We have a history that goes back more than 250 years and, indeed, we are just about representative of every ethnic and religious and racial group in this country.

At one time prior to the Civil War we were the third or fourth largest city in the United States, and I think could be described as the cultural center of North America. Yet today we are struggling for our very life. We find ourselves impacted on every side. In the last center city census we lost some 35,000 people, and yet our responsibilities grew.

It is quite true that we lost from the center city some 35,000 people, but, in the same period of time, the suburban areas grew. The center city

became poorer; it became older; it became weaker; and it became a city of minorities. Suburbia grew and became an area of middle and upper America. We would have a difficult enough time providing the services for the people within the City of New Orleans, without having to provide for those who live without.

I will give an example. The metropolitan area of Greater New Orleans is about 1,200,000 people. The City of New Orleans is roughly 600,000 people. We provide the only auditoriums, the only municipal golf courses, the only airport, the only art museums, the only regional parks, five miles of lakefront development, the only opera, the only symphony, and all of the institutions, some six universities and colleges, all of the port facilities; the great charity hospital, although not provided by the city, is nonetheless located here, all of which are off the tax rolls. Every day hundreds of thousands of people come into this city to earn a living and to enjoy themselves and go back home and we pick up the tax bill.

Have we tried to support ourselves? We desperately have. We are now at a 6 percent sales tax. Of the surrounding areas of the three richest counties or parishes in the State of Louisiana, one is at 5 percent, another at a 4 percent sales tax. We pay a reasonable amount of property tax; they pay virtually none. We tax everything that moves or stands still and, if it moves or stands still again, we tax it again, but we frankly don't have the capacity to tax anymore.

You would think, in light of that, we would find relief at the state level, but we haven't. It is no reflection on Governor Edwards, who has been there for only three years. He has been helpful and under his governorship we did get a revenue-sharing program for the first time in this State, replacing an antiquated property tax relief fund. But try as he may he could not develop a formula that, in our judgment, was fair because the legislature responded negatively.

We used to reimburse local governments for not taxing. When we filed a suit to break that system, we then had to develop a revenue-sharing formula. Fifty percent of that formula, as it turns out, is based on home-ownership. If you own your home, you get money; if you rent, you get penalized. Isn't it strange that most of those who live in the center city become renters and those who live in suburbia become home-owners. Instead of developing a formula predicated on need or on population, we develop one

based upon home-ownership and population.

As we look at the highway budgets for States, we find enormous sums dedicated for those purposes and unquestionably they are needed. We look for mass transit funds and find none. I know the Governor is going to repair that.

I don't mean to keep referring deferentially to Governor Edwards, but I must do so because it isn't the fault of one man or one Governor or one Mayor. It is the fault of the system; it is the fault of a nation which really hasn't cared about local governments, and so we are forced to go to Washington. We don't want to go, but in the past we have been forced to go there. At times we have found help, but oftentimes not the kind of help that we have looked for or really needed.

I can remember immediately after the passing of general revenue sharing by Congress we were meeting with Secretary Lynn, shortly after the President had reduced the categorical programs and impounded many of the funds. The administration was looking for support for what was then being described as special revenue sharing.

Secretary Lynn told a group of the mayors: "You have to have faith. You have to trust us." Lee Alexander from Syracuse said: "Mr. Secretary, let me tell you a story. I had a friend who went out to the great Northwest. He had never seen a mountain before and he was so enthralled as he was looking out over this mountain that he fell off the top and he was falling, certainly to his death, when he reached out and grabbed a limb hanging out of the side of the mountain and he hung there certain that he was going to die. He said: 'My God, what am I going to do?' The only chance he had was that somebody would come to the top of that lookout . . . so he yelled: 'Is anybody up there?'

"He got no response. He yelled again and got no response. He yelled for the third time: 'Is anybody up there?' He heard a great voice say: 'Yes, Pierre, there is someone here.' He said: 'Thank, God. Who is it?' He said: 'Pierre, this is the Lord.' Pierre said: 'Oh, thank God. Please save me, God, please. God said: 'Pierre, I will save you but first you must believe, you must have faith.' Pierre said: 'God, I have faith. I do believe.'

"God said: 'Pierre, I'll save you. Now first let go of the limb.' Pierre thought for a moment and he said: 'Just a minute, Lord. Is anybody else up there?' "

That's how we have felt oftentimes in dealing with the state and the federal government. We want to do our part; we think we can be of assistance to the States; but there has to be a coming together of the state structure and the cities and the local governments.

We want you to see this city. We think it is a magnificent place. I think when you leave here you will agree. But you do yourself a disservice and urban America a disservice if you don't go into some of the back alleys. We know very well that if we don't keep the heart of this city strong, our central district, our tourist and cultural attractions, that we will lose it all. But move off the main streets of this city. Move off the beautiful wide boulevards into some of the housing projects, into some of the low-income districts, and you will find over one hundred miles of streets unpaved, sometimes with sewage in the gutters. You will find over a hundred miles of open canals and sickening poverty and joblessness.

Why? Because we don't have the resources in this country? I don't believe that; but because they are disproportionately distributed in this country. Why is it that three surrounding suburbs are the richest parishes in this State, and this city, this magnificent city, is one of the poorest parishes in the State? That, I dare say, is true of most of the major center cities in this country.

If I had the taxing authority we couldn't impose it and we don't. We tried for a metropolitan earnings tax and the legislature took it away from us. If we were to impose another one-cent sales tax which would then put us to seven cents, we wouldn't sell anything in the city, nor would any other city that has beautiful suburban shopping centers having much smaller sales taxes. If we put an income tax on only those who live in the city, they flee to the suburbs and continue to use the services and, if we increase the property tax, the same result takes place.

No. It is going to take an urban plan; it is going to take sensitive governments and responsive legislators, sitting down not only with the mayors of the cities but also with the county executives trying to develop plans that best utilize the assets and the resources that States have.

If we do not at the state level develop some kind of responsible land-use plan, then we completely destroy this country. No people ever moved as the people in this nation did from the East Coast to the West Coast. We had unlimited water, unlimited land and unlimited natural resources and went

about our business feeling that they would never end, only to find that they are indeed limited.

As we travel the highways of this country and find a Taco Bell next to the Colonel Sanders fried chicken and the Big Mac and a used car lot and a trailer court, we wonder what we have done—building to self-destruct and become slums in 15 to 20 to 25 years, whatever the term of the mortgage.

Isn't it strange that the people who came here 250 or 300 years ago built a city like this one. You were viewing some of the buildings last night and will be in others tonight that are 200 years old. We look at them and say: "Aren't they magnificent. Aren't they beautiful." Do I have to believe that we can't do the same thing today with 200 years of new technology, 250 years of experience?

No. It simply takes a will and it takes an understanding and it takes a plan. It is for that reason that I am so pleased to serve on the New Coalition which has functioned so well and orderly under Governor Rampton's leadership this past year and before him Governor Evans. I hope that out of that beginning will come a new responsiveness between the cities and the counties and the States, so that we can get our agenda together and, as the element of government which can deal best with the problems, the local government, States and counties and cities, bring our agenda to the federal government and press for its passage.

But we can't do it on the basis which we have tried before, with the state governments bleeding the central cities, with the counties ignoring the problems of the center cities, and with the center cities simply crying and wringing their hands and calling names.

It is going to take more than fault-finding, and we have done more than our share of that at the city level. It is going to take a serious responsiveness and a serious dialogue to those levels of government.

I am confident, Governor Rampton, that, with the topic which you have set for this particular meeting, as a result of the deliberations that will come from this Conference, we will, indeed, have a new beginning and from that new beginning will come a new urban and state agenda. Thank you very much.

CHAIRMAN RAMPTON: Thank you very much, Mayor Landrieu. The next man to respond is a man of whom I am very proud. He not only comes from the same State from which I come, but he was born and raised in the

same small county where I was born and raised and our families have been friends and associates for a century in that county.

I take pleasure in introducing for the next response Mr. Stanley M. Smoot, County Commissioner of Davis County, Utah, and President of the National Association of Counties. Stan.

THE COUNTIES

MR. SMOOT: Thank you, Governor, and Honorable Governors of this great nation.

It is indeed a pleasure to be here. Having traveled to some 30 of your States this year for meetings at the state conventions of your county officials, I understand, in part, some of the challenges that you face and also some of the great accomplishments that have come to pass.

I have never in my life felt more like a football coach on the day of the championship football game when the principal announced to me that big George couldn't play because of his low math grades. The principal, being sympathetic to the coach and not to the math teacher, said: "We'll give George another chance." So they brought George in and the principal, being sympathetic, framed the question. He said: "George, if you can answer one question, we'll let you play." George said: "Shoot." The principal said: "What is 6 plus 6?" George smiled and said: "14." Before the principal could say, "George, you're wrong. You can't play," the coach said: "Oh, let him play. He only missed it by 1."

The moral of this story is that five days after the President took office in August of last year, he sat with Governors, he sat with mayors, he sat with county officials and I suppose he told them the same thing he told us. He said: "I have announced the No. 1 problem. But," he said, "I want to tell you I don't have the answer." That's why you are here, to help us find the answer to the very complex society.

I am grateful, it has been a real pleasure to serve this past year on the New Coalition. I believe for the first time in the history of America that those men and women and those people in the federal government who helped to design the federal budgets are now ready and willing to get us involved. I look forward to the time that we will, indeed, have a meaningful impact on the setting of national priorities and budget-making.

Our relationship, for example, with the Office of Management and Budget is improving every time we meet. I think for the first time they are becoming responsive to the requests of Governors and local officials across this nation.

City, county, state and federal decisions can no longer be made in a vacuum. That is apparent and has become apparent during the '60s from the crime and tribulations in our central cities as well as the counties and States across the nation. This year 21 percent of the local state budgets will come from the federal government.

We at the local and state levels must have a full partnership in the process of deciding how this money which is sent back to us will be spent. In addition we at the local level must be a full partner with the State in making these decisions.

I read with interest the statement in the draft copy of your new publication, "States' Responsibilities to Local Governments," which says Governors resent being mere administrators of national programs, constrained by bureaucratic regulations as to how the job should best be done, and whether some other job is more important. For if you resent that same kind of treatment by federal officials, you can certainly sympathize with local officials who have not only the federal government but also the state government looking over our shoulders.

I am proud to be from the State of Utah and it is not by chance that this Governor, your Chairman, has been elected to three consecutive terms. This is the only time a Governor in the State of Utah has been elected three consecutive times, and one of the main reasons is about seven years ago he met with the county and city officials in our State and outlined primarily what he talked about this morning. Then he had those state organizations and associations select ten mayors and ten commissioners and monthly from that date to this that Governor in the Governor's board room and that local organization have met to hear and discuss the problems of our great State.

Even though the state populace in that State has almost consecutively elected a majority legislature of a different party, they consistently have elected this Governor because, in our opinion, he has almost the unanimous support of local officials, because he has made this come alive, that of which he has spoken.

So I salute him and am proud; even though we are of different political

parties, we believe that really doesn't matter. We ought to start judging people for performance and not by politics.

Let me just say, as I have traveled, I have learned about what some of your great States have done in helping to strengthen local government and bring that government closer to the people in a stronger fashion.

In Pennsylvania the Department of Community Affairs provides technical assistance to counties in the areas of reorganization, manpower and training.

In New Jersey, recent legislation provides for local government to engage in a broad range of intergovernmental contracting and joint agreements. The legislation provides for grant programs giving funds to localities studying the possibilities of interlocal contracting and for paying some of the start-up costs involved.

In Montana the 1972 constitution mandated counties and cities to review their local government structure and services. The State Commission on Local Government works with the State Association of Counties in providing information, workshops and technical assistance to the different study commissions.

In Arkansas the State Association of Counties worked with citizen groups to obtain the passage of a constitutional amendment providing counties with financial flexibility and a separation of executive and legislative functions in the county structure.

At the urging of counties in Arizona, the state legislative committee has worked out home-rule legislation for counties. Action is expected in the 1975 Arizona legislature.

For the past several years counties in Maryland have had the ability to directly tax the income of county residents. The "piggyback" income tax is based on a percentage of a citizen's state income tax which is added to his state tax bill. According to the State Association of Counties in Maryland, this tax has kept the property tax in Maryland from getting completely out of hand.

In Mississippi, the state legislature recently enacted permissive legislation for the council-manager form of government for counties. The State is now working with major universities in Mississippi to help develop the technical assistance to counties which are adopting this form of government.

In Minnesota the state legislature has allowed counties flexibility in

the human services delivery area. This new flexibility is working so well that Wisconsin and Michigan are considering similar legislation for their counties.

We know that it is not totally the responsibility of state government and federal government. We believe that if county government is to be a full partner for a better government, we must make a commitment also.

I would like to tell you a little about the National Association of Counties. First, about NACo. Our national organization is committed to being a full partner. Last July at our national convention in Miami we devoted the entire conference theme to "States and Counties in Partnership for the People," and all of the workshop sessions focused on how States and counties could work together. Your own Chairman, Governor Calvin Rampton, keynoted our opening session treating that subject.

Just a week from now our 40th conference will have the theme "Cities and Counties in Partnership for the People." We are strengthening the national office, trying to provide the expertise to every county regardless of its size in every State of this union.

We know the role of county government is different in almost every State. In our national convention we are honoring some 275 counties that have excelled in various areas of improvement because we believe that there is no room as large as the room for improvement in local government, and we are constantly striving to do that.

We applaud you Governors and state legislators for helping to bring back that authority to the people and we commend you and acknowledge this before you.

I am appreciative of what the New Coalition is doing. It brings about an understanding of the problems, not only our individual States and counties and cities, but it brings the problems across this nation, on which we are constantly working and striving.

I might say that the challenge to re-enact general revenue sharing is great. We were told in one of these New Coalition meetings about the problems that were apparent with the re-enactment of revenue sharing. These are the men who are advising the President and who are certainly close to the problem. They said many of the complaints that are coming from Congressmen are coming because heretofore when a grant has been obtained by a State or by a county or by a city for the construction of

hospitals or libraries or bridges the Congressmen have had the invitation and the privilege to be at those dedicatory services and the ground breaking for those projects.

Since revenue sharing, they say, much of that credit is not going to Congress, which is giving 3 percent of the federal budget through revenue sharing, but is going to the Governors and the county and city officials. We would admonish Governors that, when revenue sharing moneys are used, those men and women who are voting for the re-enactment ought to be extended the courtesy of an invitation to be in attendance.

I would like to end with one story that I would hope you would remember as it relates to local government. We are the creation of state government. The story is that there was a little village and each morning the townspeople would gather and would say to their little shepherd boy: "Danny, we want you to go out and herd the sheep. But," they said, "if you see a wolf coming into the herd, we want you to yell, 'wolf, wolf,' and we will come with our pitchforks and guns."

As the story is told, numerous times Danny yelled "wolf, wolf," and the townspeople came with their guns and pitchforks and they settled the problem. But one day Danny saw coming in the distance an animal that did not look to be a wolf and, as it got closer and closer, it moved into the herd of sheep and with one slap of the paw it could kill the sheep and drag them off. Danny detected it not to be a wolf but a lion. So Danny became frightened and started to yell, "lion, lion," but no response. Soon he became so frightened he ran to the village and said: "Why didn't you come when I yelled, 'lion, lion'?" The townspeople said: "Danny, we don't have any lions in our village."

The truism of that story is this: People will only respond to that which they have been taught to believe. Let us tell you, Governors, in all honesty, as mayors and county officials, and we are your babies, let us not let the state legislators be as those townspeople, for when we announce that there are lions among the people, if they fail to listen, the results will be the same.

I am grateful to be an American. I know that we have the ability and we have the authority and through a combined effort of cooperation and a partnership together we can resolve.

I feel like the taxicab driver. A man got in his taxicab, the publisher

of "Look" magazine, . . . to go to Kennedy Airport. The radio was tuned to one of these talk stations where people have a chance to call in and complain. This particular day they were talking about air pollution, water pollution, crime in the streets, overpopulation, under-employment; you name it, they agonized over it.

The publisher said: "For 20 minutes we listened to that dialogue. As we pulled up to the airport, the taxicab driver turned the radio down and turned to me and said: 'Sir, if America is really that bad, how come I feel so good?' Then he went on for one hour and told of the conditions that are prevalent in America, but he told also of 100 years ago when in Philadelphia one out of every five people died that year from cholera in the water."

There is that segment of our population who says, let's get back to the "good old days." It is going to require leadership from bodies just like this to help us preserve the fact that America has a divine destiny and it will survive if together we have a partnership like that evidenced here today.

It is a pleasure to be with you. On behalf of all counties in America, we say thanks to you for what you have done. But may we help you and may we strengthen that government which is closest to the people which, as has been said by our forefathers, is the best government. I thank you.

CHAIRMAN RAMPTON: Thank you very much, Stan. The third partner in the New Coalition is the state legislators. We have as our final response in this section this morning, our final respondent, Mr. Tom Jensen, who is Minority Leader of the Tennessee House of Representatives and President-Elect of the National Conference of State Legislatures.

THE STATE LEGISLATURES

MR. JENSEN: Thank you, Governor Rampton. When you invited me to speak here, I was not aware of the fact that as a Tennessee boy I'd be called upon to stand behind such a foreboding-looking contraption with all these push buttons and things on it.

CHAIRMAN RAMPTON: Just don't touch any of them.

MR. JENSEN: One thing that concerns me about it, it has a calendar on it and it says this is Monday, the 9th. I don't know if that has any significance with some of the speakers later in the afternoon or something like that, but I am a little bit concerned about the fact that in Tennessee for

some ten years I have been one of 132 legislators who have had the responsibility of dealing with one Governor. Today I have the responsibility, as one legislator, to deal with 50 Governors. So I hope you will bear with me as we attempt to reach some points together.

I am reminded of the fact that some years ago a Governor was in the hospital recuperating from an operation and, as he was recuperating there, he received a telegram from the secretary of the senate. The nurse tore open the telegram and read it to the Governor. The telegram said: "The state senate has met and has adopted a resolution wishing you a speedy recovery. The vote was 42 to 39."

My own Governor, Governor Ray Blanton of Tennessee, is of a differing political party and we disagree oftentimes in Tennessee on ways to resolve our problems, but the fact that we are both here at this Conference dealing with a kind of common concern makes us ready and willing to be in the same trenches together working on the same problems. I believe this is indicative of the responsibility that we have and the reason for this Conference.

Indeed, if we didn't have two circumstances that are very obvious here, we wouldn't be here. First of all, there is a problem, a real problem, as outlined by Governor Rampton, in the States' responsibilities to local governments.

Secondly, I don't believe we would be here together if we weren't doing something about that problem. If you and I as legislators and Governors weren't working together, and if cities and counties weren't working with us in the federal system, doing more than just talking about it, this forum would not exist today.

Obviously, cooperation between state government and cities and counties must yet be improved, but, when we survey what has happened in recent years and how there has been progress within our States and within our cities and counties, working together to resolve problems, we can see that we have already laid some groundwork.

Let's look at land-use planning. We are all aware of the numerous problems that the federal government has faced and to which it has failed to respond in terms of a national land-use policy. Yet we can see success in a number of States in this area.

North Carolina, for example, recently enacted a Coastal Management

Act and created a commission to develop local plans for managing the State's coastal resources. A similar state and local cooperative law has been enacted in Vermont to manage that State's mountain areas.

Growth management strategies have been of paramount importance in several of our States. Some cities and States have worked together to enact legislation prohibiting new development unless the locality can provide the needed services for such new developments.

In the transportation field, more States are now focusing on state, local and regional cooperation than ever before. In California, as an example, voters approved an amendment to the state constitution allowing state gasoline taxes to be spent for mass transit. In addition, local governments are given more flexibility in choosing the ways in which funds can be spent. Other States, such as Illinois, Michigan and Virginia, are considering similar proposals in their areas and the New Jersey Department of Transportation is expanding local public transportation subsidies to focus on pollution control and environmental quality.

Let's look at revenue sharing for a moment. We have heard a great deal about revenue sharing at the national level, and we have heard people talk about how revenue sharing is a new idea, a new thing in this republic. But the fact is that, for many years, state government, although really not recognized by the American voter as doing so, has been involved in revenue sharing in a big way. We allocate, in fact, about two-thirds of our revenue in most of our States for local subdivisions. This is truly revenue sharing.

I might add here that in just one year before the termination of the current revenue-sharing program, in this year, we have both a question and perhaps an answer. The question is, will revenue sharing be continued? The answer is, maybe.

To me, this is intolerable, that we would allow the federal Congress to wait until one year before the termination of a five-year program to begin to talk about whether or not to continue a program that is built into all of our budgets, and so we need to get moving to let Congress know that we want an answer this year, not next year after we have put this coming year's budget together that would be affected if revenue sharing should be dropped.

Looking at other problems, States have also dealt with crises of various kinds that cities have had to accept. For instance, the State of New York has proposed a new Municipal Assistance Corporation to take over a

portion of New York City debt which is a well-publicized national problem.

In the area of social services, States and local governments have continued, not only to coordinate and consolidate social services programs, but to basically provide all of these services.

Connecticut and Indiana, for example, have established statewide emergency medical care systems through regional councils at the local level.

When we look at what the federal government has done in the area of social services, we find that the federal government has addressed these programs generally in an ad hoc sort of way; that is, there is little realization that cities and counties and States year after year must provide a level of service whether or not the feds are involved. The in-and-out tendency of programs at the federal level creating a kind of gyration in state budgets is something that must be addressed better, and the New Coalition is attempting to address these kinds of problems and deal with them in such a way that a partnership can truly be formed.

Progress has also been made by many of our States in the area of community development. Boroughs, townships and municipalities in Pennsylvania, Minnesota, Ohio and Hawaii now can undertake their own community development programs.

Now, I have offered these examples just to highlight a new kind of responsible approach that many States have been taking toward local units of government. I believe that this can signal a new era in which local governments can depend more upon us and less upon Washington in trying to remedy the problems that we have so that we work together rather than competing for federal funds or for federal action.

Indeed, it is my judgment that there has been more reform and more innovation in state government during the past five years than during the previous twenty-five.

I would like to cite a remark made recently by David Broder, the political columnist of the Washington Post, who wrote:

"The contrast between the stumbling of the national government, both legislative and executive, and the improving performance of state and local governments is a largely unreported story. Individual States have moved out ahead of the national government, justifying again the claim to the title of being laboratories of democracy."

The record speaks for itself; whether in the area of campaign finance,

legislative ethics, tax reform or legislative modernization, the States have moved ahead. Indeed, in just this session many States have successfully tackled such complex problems as medical malpractice, land-use reform, school finance and consumer protection.

The States are experimenting with new approaches to old problems, tailored to fit the needs of their citizens, and this is the way it should be, for what is good legislation and very urgent and necessary in one State is not necessarily the primary concern of another.

We have heard a lot of rhetoric about the pendulum of political power in this country swinging back to state and local governments, and recently, as we look for an example at the Advisory Commission on Intergovernmental Relations' "Agenda for the Seventies," a new publication that they have offered, we see that the proposals there are aimed at correcting the major causes of malfunctions in our government. The agenda's central goals include building stronger States and revitalizing the role of local governments.

This agenda is very interesting indeed because among its ideas for improving governmental institutions we find that these improvements are directed at certain levels of government and out of the 22 objectives cited a total of 15, or three quarters of them, are to be carried out by state and local government, leaving only 7 of the total to be carried out by the federal government. So I am convinced that we are moving in the right direction.

As we look ahead, we must decide what yet we must tackle and how we must go about doing it. More States should consider assuming a major role in land use and growth policy management in coordination with local and regional efforts. States should continue to develop new sources of revenues for local governments and some may wish to, and many should, set up monitoring agencies which could anticipate local fiscal emergencies. States should consider developing stronger transportation policies and county modernization programs.

Finally, States should take a much tougher look at the taxpayers' dollars and how they are being expended. I know of no state or local government, including my own, whose procedures for program review, efficiency evaluation and oversight could not be improved, particularly during these difficult economic times where there is a need for government to cut waste and to create greater accountability at all levels.

What I have said this morning indicates that all of us, Governors, state legislators and local officials, are reasserting our proper role in the federal system, and never has there been a better time to do just that.

It is no secret that there is widespread disillusionment and dissatisfaction with the federal government as an instrument of solving the nation's problems. Indeed, many Americans who used to look to Washington for solutions to all of our problems now look to Washington as one of the major problems.

One lesson which we learned from the growth of government bureaucracy in Washington over the past several years is that, when one government program is added on top of another, and it is suggested that this is to solve our problems and that these programs are then funded in an on-again, off-again fashion and managed by continually changing regulations and deregulations, we have seen written for us a recipe for national disillusionment, apathy and perhaps cynicism.

This brings me to a final point on which Governor Rampton and I agree. Those of us involved in state and local government have advocated for too long the many rightful powers that we have given over to Washington. We are always talking about how the federal government has painted its powers in much broader and bolder strokes than was ever intended by those original artisans who drew up our Constitution. But I am convinced even more than that, that if we held a national referendum tomorrow on the powers and where those powers ought to be directed in government, we would find few of our citizens wanting to pass the very powerful control of government to a centralized system where it would be necessary for cities and counties to look to Washington rather than to state capitols to find the answers to our needs.

This is why I believe that we must work together to assert our proper, historic role and to offer creative solutions to this nation's problems.

CHAIRMAN RAMPTON: Thank you, Tom.

Again, for the next few minutes, I would appreciate questions or comments from the Governors on actions taken within your States to address the problem of providing local government with adequate tools to do the job with which we charge them.

If you want to now respond, will you raise your hand and I will recognize you and your mike will be turned on. Governor Mandel.

GOVERNOR MARVIN MANDEL: I didn't see anyone raise his hand so I thought I might as well start.

I think the idea of the New Coalition is great. I sat here and listened to what has been done in all of the States around the country with local-state relationships. There isn't one of them that was mentioned that we haven't already done in our State.

For example, our biggest problem is the City of Baltimore. Let me give you a little brief rundown. The State now operates the whole transit system in Baltimore. We bought the airport from the City of Baltimore, bought it, paid for it and are operating its airport. We took over the port; we are operating the port. We took over all of the school construction in the State of Maryland to the tune of over a billion dollars; we are building all of the schools for all of the counties and Baltimore city and paying for them and giving them to them when they are completed.

I could go on and on. We have put billions of dollars into state-local relationships. The amazing thing is that the problem hasn't decreased one dollar's worth, not one dollar's worth.

I have heard all of this talk but I haven't heard anyone here today say what local or state government is going to do to reduce the cost of government. I think the problem is not in how much can the State take over or how much are we going to get from the federal government; I think it is about time we did a self-examination to find out if we don't have too much government.

None of the local subdivisions, and I talk to them about their problems, wants to give up anything. All they want is additional revenues. Well, there is a limit to how much revenue you can keep putting into government. There is a limit to how much you can keep taking out of the taxpayer's pocket to return to any government, including state or local. But you never hear any argument about are we still conducting programs that we started 25 years ago and aren't producing any results any longer, but we are not going to discontinue them because somebody may lose a job.

We have 55,000 state employees in our State; we have 45,000 involved in our city. The city has almost as many employees as the whole State of Maryland. I am not criticizing, the problem is there, but what I am saying is, isn't it about time that, instead of looking for sources of revenue only, as if this is the answer to the problem, we look internally at our own operations

and find out whether or not we just aren't over-governing our people.

CHAIRMAN RAMPTON: I think, Marvin, if you will refer to the work of the committee, it is not directed solely to the question of raising revenue. That is one of the problems that is addressed, but it does address the whole range of authority on the part of local government to respond to various needs. So we are not confining the study to revenue sharing. Governor Longley.

GOVERNOR JAMES B. LONGLEY: I want to echo Governor Mandel's sentiments. I think it is easy to come here, as Governors, legislators, county governors and mayors, and attack bureaucracy and attack spending. But what are we doing about it?

I am very sensitive to the problems of the cities. I think Mayor Landrieu presented that very well this morning. I think it is about time the Governors and mayors in this country, if our State is any criterion, start taking a good look at that extra layer of bureaucracy in county government, duplication in spending, et cetera. I think it is eating us alive, and so I would challenge county government and mayors and Governors to come together and try to eliminate the duplication.

Here is a specific, and I hope that the Governors' Conference at this session can address itself to some specifics on where we can save money for taxpayers and allocate money unwisely being spent on counties and give it to cities. Mayor Landrieu says we should be going beyond the center of the city. This is true all over America and I think county government is so wasteful that this is a specific area that we can address ourselves to in reallocating funds to help the cities and towns.

CHAIRMAN RAMPTON: Specifically, are you talking about city-county consolidation or metropolitan government?

GOVERNOR LONGLEY: Governor Rampton, I am talking about anything at all to eliminate duplication, and I see throughout our State, at least, a duplication of spending and waste in county government and attempts on the part of the county government to move into programs that will add a waste of as much as 5 percent on moneys that are coming in that should go to the unemployed, the people who really need help. Despite this, there is an attempt by county government to move in, despite the waste that would take place.

CHAIRMAN RAMPTON: Are there any other comments? Gentlemen,

we are a few minutes ahead of time. I am going to take a ten-minute recess. Please be in your seats for the second part of the program this morning.

CHAIRMAN RAMPTON: The program from now until the noon recess will address the matter of coping with growth policy and land use.

Coping with Growth Policy and Land Use

CHAIRMAN RAMPTON: Governor Evans, who was to have presided, is en route here now by airplane but will not be here for this morning's session, so I will continue to preside.

During the second session this morning, we will reverse the order. Whereas I as Governor this morning made opening remarks to which the other members of the New Coalition responded, the presenter in this second session will be a legislator, Martin Sabo, the Speaker of the Minnesota House of Representatives and Vice President of the National Conference of State Legislatures. Responses will be given by Tom Salmon, Chairman of the Committee on Natural Resources and Environmental Management, and by Governor Link, the vice chairman of that committee. So for the original presentation, Mr. Martin Sabo, Speaker of the Minnesota House of Representatives.

MR. SABO: Thank you, Governor Rampton, and members of the National Governors' Conference.

I must admit it is somewhat frightening for a legislator to be here to make a presentation and be told that two Governors are going to respond. It is not our normal process. Normally we expect the Governor to make a statement and then we respond for two or three or four or five minutes, and occasionally longer. But it is a privilege to be here and visit about the all-important but difficult problem of land use and growth policy in the United States.

We in Minnesota, as you in your own States, are becoming progressively more aware of the need to define and deal with the almost indefinable and overwhelming issue of land use.

Land use has the unique characteristic of being both an elusive and a pervasive problem. Its boundaries are limitless.

I had this problem brought home to me very clearly during the last

session of the Minnesota legislature. A comprehensive land-use bill was introduced by the chairman of the House environment and natural resources committee. He requested that the bill be sent to his committee because of its far-reaching environmental implications. And he was right. But the chairman of the agriculture committee would have been right in requesting it, too, and so would the chairman of the tax committee, the chairman of the commerce and economic development committee, the chairman of the local and urban affairs committee and the chairman of the governmental operations committee.

The chairman of the health and welfare committee might have been justified in requesting it, too, since the bill's policy statement talks about protecting the "health, welfare, safety and quality of life of the residents of the State."

Although I referred to the environment and natural resources committee, it should also be considered by one of the committees that considers government structures because of the nature of land-use planning.

The land-use issue is an expansive issue. It influences and is influenced by almost every substantive decision we make, whether it be in education, social services or taxation.

Land-use planning is a complex procedure involving policy statements, information collection and analysis, policy implementation, coordination and evaluation, resulting in a plan and land-use controls for plan implementation. Land-use planning is a process incorporating social and economic as well as environmental factors to ensure both an adequate quantity and quality of land to meet current and future needs. This continuing process involves monitoring change and implementing necessary adjustments.

To intelligently understand and successfully deal with the issue of land use, we must understand the nature of the people of the United States, their attitudes toward the government's role in the use and distribution of that land.

Americans have traditionally viewed land as a commodity to be bought and sold, used and depleted by its owner as he sees fit and with a minimum of governmental involvement or guidance. The concept of fee-simple ownership of land was an ideal of American colonists and, limited only by the common law doctrine of nuisance, it was well suited to an America in which land development was an ideology of the society and the economy.

Economic growth in the 19th and part of the 20th century was based primarily on the exploitation of resources—farming, lumbering and mining.

During the early years of the republic, governmental interests in land at state and local levels were confined to recording deeds, collecting taxes and enforcing the limited laws regulating trespass and nuisance.

As cities mushroomed and the economy shifted to manufacturing and commerce, the traditional concepts of land as a commodity and an infinitely available and durable resource were not tested or even questioned. In fact, these concepts were reinforced through carefully-selected zoning, building codes and subdivision regulation. Any control over land use was exercised at the local level which was considered to be best suited to deal with the growing pressures on the land. Local governments were also dependent on property taxes, which again reinforced local control.

We now recognize that our concept of limitless availability of our natural resources was in error, and we are now beginning to recognize that our concept of the absolute right to use or abuse our property is also in error. We fully realize that control over land use is not, and in fact, cannot be dealt with solely at the local level. The State, because of the nature of its resources, has a major role in land-use control.

There is a striking contrast between the attitudes of native Americans and contemporary Americans regarding property rights. Chief Seattle of the Suquamish Indians, speaking to the officials of the Oregon Territory in 1854, explained the native American's position well, and let me quote: "This we know. The earth does not belong to man. Man belongs to the earth. This we know. All things are connected like the blood which unites one family. Whatever befalls the earth befalls the sons of the earth. Man did not weave the web of life. He is merely a strand in it. Whatever he does to the web, he does to himself."

Our concept of individual freedom, as it relates to property rights, must change. The Fifth Amendment prohibition of taking of private property for public use without just compensation needs a new, broader interpretation. What constitutes "taking" under the Fifth Amendment? "Taking" has been open to a somewhat elastic interpretation of not only physical public occupancy of a person's property but also limitations on its private use that reduce its speculative value.

There are a number of ways to defuse these questions, including

stricter judicial construction, laws setting standards for compensation, more careful drafting of state statutes and local ordinances and better justification on sound factual evidence.

The States' reluctance to act appears to stem not so much from what the courts have said but from the fear of what they will say. And this fear is paralyzing land-use planning. My own feeling is that we need a change in attitudes more than a change in the laws.

Today the issue is not so much "to grow or not to grow" as it is how do we strike a balance between man and his natural resources. What is the best current use of resources; which land resources are to be consumed and which are to be preserved for future generations? How can we channel growth so that the positive benefits of growth far outweigh the negative aspects?

Perhaps the problem is more critical to us now because we are a more knowledgeable people. We can now measure the economic, environmental and social costs of the energy crisis, urban sprawl and food scarcities.

Senator Henry Jackson has said that by the end of the century we will have to build again all that we have built before. To accommodate our ever-growing population we will have to build as many homes and hospitals in the next three decades as we have built in the last 30.

The Federal Energy Administration estimates that to provide for the development of enough energy to recoup our economic independence and maintain our standard of living we will need 20 million acres for hydro-electric facilities and 832,000 acres for refineries, storage and power plants.

The Environmental Quality Council study on the costs of urban sprawl reports that low-density development costs 44 percent more per unit than high-density planned communities, uses 44 percent more energy, 34 percent more water, costs 55 percent more for roads and utilities and generates 45 percent more air pollution.

Finally, statistics show us that between 1960 and 1970 we lost 1.7 million acres of farm land to development, and that is more than one sixth of the total agricultural land in the country at the beginning of the decade. During the 1960s, more than 2,000 acres of rural land were lost to development every day.

The problems are real. We are witnessing the decentralization of industry and commerce from older urban centers to outlying locations.

We are watching the haphazard scattering of urban growth throughout

rural undeveloped areas.

We are imposing large financial burdens on residents of urban areas to pay for capital improvements made necessary by "leapfrog" development.

Our needs for more land, for housing, energy, water and waste disposal are multiplying geometrically.

We are watching the systematic destruction of historic and agricultural landmarks and standing by while valuable agricultural land and forests are being turned into shopping centers and parking lots.

We are experiencing the loss of open space and the devastation of wetlands and other fragile resources.

What can the State do about land use? Dealing effectively with the problem requires more than the good will of many people. It requires information, public awareness, cooperation with local governments, local citizen input, and, most of all, a recognition that land use is not a plan with a beginning and an end but a continuous process.

There are a number of fundamental steps that can be taken by States to face up to the land-use question.

The first and more direct influence the State can have on land-use planning is by helping local governments become less dependent upon the property tax. This is crucial because often zoning and development decisions under a property-tax-dependent system are made more on the basis of anticipated revenues than on social, economic or environmental considerations.

In my judgment, the willingness of a State to face the issue of property tax is a measure of its willingness to deal with the problem of land use. If you are unwilling to confront this issue, you are wasting your time talking about land use.

The States can and must promote greater use of the state income tax as the primary source of local revenue.

In 1971 the State of Minnesota took a giant step toward reducing local dependence on property taxes through the passage of a school aid bill that completely revamped the method of financing public elementary and secondary schools in the State. The expressed purpose of the bill was to equalize education for public school children, and we have come a long way in attaining that goal. But what has been since hailed as the "Minnesota miracle" was not only an educational landmark but a significant step for

environmental preservation as well.

The State must establish a comprehensive information system to collect, analyze and disseminate data. The information system requires a catalogue of data, ranging from information on ground-water soil types, species of plants and animals, wildlife habitats, forests and woodlands to data on historic, cultural and esthetic landmarks, transportation and the economy.

Local governments must be able not only to contribute to the system but to utilize information from the system.

States have the resources to offer a number of essential services to local governments, but often do not realize the necessity and scope of assistance they must provide to local governments.

An essential tool for better local land use is state technical assistance. Local governments are often poorly equipped with expertise to develop ordinances and regulations to conform to state policies. Local governments are also unable to undertake detailed studies to assess local needs and resources. The State can provide assistance in data collection and analysis and also serve as a clearinghouse for all local governments to share information.

I personally believe in substantial local government involvement throughout the planning process. In Minnesota, we have 12 regional development commissions and a metropolitan council. The commissions and the council are responsible for assisting local governments in planning and responsible for developing comprehensive plans, including transportation, housing and human services. These planning structures have local input and, in the case of regional development commissions, are composed of local elected officials.

I believe in substantial local government involvement, but I also believe that there needs to be a balance between state and local functions. We must realize that most major decisions are made at the state level or some other level of government, not at the local level.

One of my favorite recollections in the Minnesota legislature is from 1971. We passed a bill providing for a sharing of our commercial-industrial tax base, spreading 50 percent of it throughout our metropolitan area.

One of the suburban communities that was a loser under that program was a suburb by the name of Bloomington, south of Minneapolis. We heard a

great deal at that point in 1971 about how they had their fantastic growth through the good efforts of the people in their community, and they were right; their folks had taken advantage of certain opportunities. The facts were that the major decisions had been made to make sure that the community would develop—the decision by the State Highway Department that the freeways would be built south of Minneapolis first rather than north and where the freeways would intersect; that many years before the two center cities, Minneapolis-St. Paul, had built an airport south rather than north of Minneapolis; that Minneapolis had decided to build a baseball stadium in Bloomington, south rather than north.

A few years later we entered some discussions about a secondary port, north of our center city. We started talking about a downtown domed stadium. All of a sudden the rhetoric of this community became different because they were talking about how these changes would have a dire result on their particular suburban community.

I think it is clear that many of the decisions that have the major impact and the development we have in our communities are really cross-section decisions by the State, by individual units affecting other units of government and by local governments themselves.

What we need is input from local governments throughout the planning process in these major decisions, but we need something more. There are some decisions that are better made at the local level, and it is essential that local governments make these decisions with the input of local citizens throughout the planning process. I think that no State has developed a model from which others can determine which level of government should be responsible for which planning because the model is fluid and we are learning from experience. It is important, however, not to legislate yourself into a corner as Minnesota did in the case of its Environmental Quality Council.

We have an Environmental Quality Council which has the responsibility for coordinating environmental planning and policy making in the State. As part of this responsibility, the EQC made determinations on the need for environmental statements for all projects in the State, regardless of location, scope or type.

Another provision of the original statute established a petition process that allowed citizens to request environmental impact statements. The EQC was required to hold hearings on these petitions and to decide whether

environmental impact statements should be prepared.

A portion of the statute was recently amended to limit the EQC to the review of petitions involving potentially significant environmental matters or matters of more than local significance.

What happened was that the EQC was overburdened. By being forced not only to hear all citizen petitions but also to make all decisions about environmental impact statements, the EQC did not have adequate time to deal with issues of statewide significance.

There are several ways to resolve problems such as those mentioned, and I would suggest them in your planning. Define the structure and level of authority and responsibility for planning more precisely. Make sure that citizen and local government input takes place prior to decision making in land-use planning. It is my judgment that, if we make our environmental decisions basically on a veto power, the whole system will collapse. Decentralize the environmental impact statement procedure to allow local governments the authority to determine the need for environmental impact statements for local projects; and provide for appeals procedures.

In some cases, local governments have taken the initiative in planning and the State might take a lesson from their forethought. Minneapolis about 50 or 60 years ago, for example, decided that the lakes within its limits were for all citizens, not simply for those who lived on their shores. The lake shores were not turned into high-valued lots for residential development but were turned into parks and picnic areas.

The whole approach to the land-use problem is not without its problems. We have experienced many of our own in Minnesota.

How do you define public waters? One group wants to drain the whole State and another group wants to declare everything a public water. Drainage has become a very vital issue in Minnesota.

How does one know what is happening with underground water supplies? Farmers drill big deep wells with expensive irrigation machinery. It produces good crops for them but I am discovering other farmers becoming concerned because they are sure that some day their other farmer friends are going to come and say, our wells are going dry because of our neighbor who is irrigating with wells.

These are some of the problems, but there are steps being taken to increase our understanding and to share the responsibilities of this

continuing process of land-use planning.

The 1973 legislature created a commission on Minnesota's future. This 40-member commission has made and will continue to make recommendations to the Governor and the legislature on future growth and development policies for the State.

We passed a Critical Areas Act in 1973 authorizing the Governor to declare certain areas of the State "of critical environmental concern" when such areas possess unusual scenic or recreational values.

We passed a Power Plant Siting Act which empowers the Environmental Quality Council to develop criteria for siting and selection of power plants and power needs.

Land-use planning today is not a luxury, it is a necessity. We cannot afford to continue the assault on our environment.

I would like to conclude by leaving with you the words from a song by John Denver.

"Whose garden was this?
It must have been lovely.
Did it have flowers?
I've seen pictures of flowers.
And I'd love to have smelled them.
Tell me again—I need to know.
The forests had trees.
The meadows were green.
The oceans were blue.
And birds really flew.
Can you swear that it's true?"

Thank you.

CHAIRMAN RAMPTON: Thank you, Mr. Sabo. Now for a response from the States' side, I will call first on Governor Salmon of Vermont who is Chairman of our Natural Resources Committee. Tom, I think if you would come up here it might be better.

GOVERNOR THOMAS P. SALMON: Thank you so much, Mr. Chairman, fellow Governors, friends.

The Speaker left with us a significant statement this morning, and I hope one that every Governor in this room will reflect upon. Stated in the simplest possible terms, there are just about three ways that we, as

Governors, can influence land use and influence growth policy.

One is the police power; the second is taxation; the third is public investment. And the Speaker has addressed himself to each.

I did some research on this subject recently, and I learned that there is no large, well-developed body of law in this country on the question of what constitutes a "take" prohibited by the Constitution and what does not constitute a "take."

That group of geniuses who put this country together about 200 years ago recognized that the initiative should lie within the executive and the legislative branches of government and, when these two agreed to disagree, an enforcement procedure existed, to wit, the dispute would be settled by the highest court in the land. And this system, in my view, works well.

Emerging land-use and growth policy should come from the Governors, should come from the legislatures of the States, without fear or favor of what the courts may or may not say. To the extent we overreach, they will cut us back in due course, and that is our system.

We do learn something from individual cases. We know, for instance, from the Ramapo case in New York State that a community can utilize its own capital budget as a growth management technique within the parameters of the Constitution. We also know from the recent decision in New Jersey in the Mount Carmel case that large lot zoning, decided upon by an individual community in an effort to retard growth in terms of sewage extensions, violates the equal protection clause of the Fourteenth Amendment.

The law, in a word, is in an emerging stage in this entire issue and ten years hence whoever sits at this table will know a great deal more about it.

I think the Speaker made a rather courageous statement here today on the subject of taxation in exhorting this group of Governors to move demonstrably toward income as the barometer for raising the substantial revenues necessary to provide public education in this country.

I agree with his statement, and I have repeated it many times, that our land is a resource to be nurtured, to be protected, not a commodity to be sold and purchased and exploited; but, interestingly, look at what is happening in this country in terms of our land and improvements thereon, representing the substantive tax base for the support of public education.

We start with the proposition that it is probably no more important an

issue in our individual States than the maintenance of a strong and viable educational system, and yet we have chosen, over a period of years, the most fragile of economic bases to support this effort. We, in a word, have created a disproportionate burden on our land and in the process have created and maintained the most inordinately regressive of taxes in these United States to support it.

So, by putting all of our eggs in this economic basket and having impressed upon our land these particularly difficult burdens, this natural resource that so many of us feel so strongly about becomes sensitive to the pressures of conversion and reconversion and takes on many of the trappings of the commodity.

We don't have, perhaps, as significant a problem with the local property tax in Vermont as some of you have. I think the prime reason is that we have the highest graduated income tax in the nation and we have put some circuit-breaker legislation on line that is designed to alleviate burdens on moderate and lower-income levels.

We just completed a study, Mr. Speaker, on how we distribute state aid to education, and our findings are entirely consonant with your remarks here today. The answer is that we can no longer rely on raw land and improvements as the substantive support in the distribution of state aid. In the new formula I hope will be enacted by our legislature next year such items as income, community by community, and the pragmatic availability of non-local revenue from all sources will become integral ingredients in the ultimate revised distribution formula.

That brings us to public investment, an extremely important subject. The Speaker views this subject through the eyes of a state legislator; I view the subject through the eyes of a Governor, and the question is what can a Governor do to influence public investment?

It seems to me the objectives should be relatively clear and should include the notion that we should put capital facilities in places where population growth can be sustained. We should take a long, hard look at the infrastructure in this process, take a look at the existing schools, roads, hospitals, job opportunities, and develop a process wherein we anticipate well into the future where growth is likely to take place and, predicated upon that exercise, make ultimate capital decisions.

Public investment, of course, is either generative or restorative. It is

generative in the sense that it causes something to happen; it is restorative when it retards the effect of something that has already happened.

We have learned in the State of Vermont from our experiences with land-use planning over the years you just simply can't scatter people around and then expect to be able to deliver services to them. It just won't happen. The trend is toward nucleated settlement, and I am sure that this is a national phenomenon.

What can Governors do? I sense we can do a great deal. I sense the fact that the Speaker was troubled by which committee to send the bill to during the last session, which underscores the incredible interdependency and relationship of different departments and agencies in state government and in regional and local government to these problems. In my view, to the extent we have not done so, I think continuing efforts toward government reorganization, particularly in terms of the cabinet system, and a greater capacity to deal with a fewer number of people, is a positive and definitive step.

Through the utilization of the executive budget itself much, in my view, can be done. What I wound up doing last year after the legislature became balky on the most recent version of land-use planning was to issue an executive order that fundamentally gives the Governor of the State a presence over all capital decisions and compels departments and agencies to talk and seek to work out their plans, their differences and their alternatives for the future.

I can't leave this podium today without taking a crack at our federal counterparts. The federal regulations, of course, are designed to protect us from ourselves in many instances. When P.L. 92-500 money for sewage treatment and water quality becomes readily available in your States, as it will become readily available in mine, we will be sorely tested individually and severally in terms of how creatively we move that money around. Such EPA regulations as the eight-inch sewer pipe, among other things, may constitute substantive retardation to these goals. An eight-inch sewer pipe in my country in the wilderness, among other things, probably effectively prevents a small town from maintaining predicated and planned growth. A six-inch sewer pipe might do the trick. We have never been given the luxury of that option.

One final comment on the state-local component of your remarks, Mr.

Speaker. Obviously, without strong local input, no plan will work on any theory. We have attempted by statute to define the problem, perhaps somewhat more closely than many of you in this room. For instance, we say that the State of Vermont has an interest and a right to a presence in decisions that involve industrial growth, commercial growth or the development of land of a size in excess of ten acres, or the creation of ten units on any given tract of land. Thus far that seems to have worked reasonably well for us.

The Speaker favored us with some remarks by John Denver. I'm sorry I didn't bring John Denver to sing the ballad himself.

I'd like to leave you with a few words uttered well over a hundred years ago by George Perkins Marsh of Woodstock, Vermont, known perhaps as the first admitted environmentalist on this planet. Mr. Marsh said this:

"Purely untutored humanity interferes comparatively little with the arrangements of nature, but the destructive agency of man becomes more and more energetic and unsparing as he advances in civilization, until the impoverishment with which his exhaustion of the natural resources is threatening him at last awakens him to the necessity of preserving what is left, if not restoring what has been wantonly wasted." Thank you.

CHAIRMAN RAMPTON: Thank you, Governor Salmon. I now call on Governor Link, the vice chairman of the Committee on Natural Resources, to respond to Speaker Sabo's presentation.

While Governor Link is coming up here, I might tell you that we had in the State of Utah a most unfortunate experience with land-use legislation.

There was passed by our legislature a land-use bill two years ago, not a strong bill really, but I think an adequate bill. Immediately upon passage, a small but very militant and very vocal political group of very conservative leanings distributed a referendum petition to defeat the bill passed by the legislature. They got the necessary signatures and it went on the ballot. The bill was supported by every maker of public opinion as you see them in the State of Utah. It was supported by all major newspapers; it was supported by the Republican Party in their platform, by the Democratic Party; it was endorsed by 28 of our 29 county commissions, by the State League of Cities and Towns; by the Chambers of Commerce and by the labor unions. It went down to defeat almost two to one.

I don't quite know what more we can do or what we can do

immediately there with land-use planning, but we are in bad shape in the State of Utah. Art.

GOVERNOR ARTHUR A. LINK: Thank you, Governor Rampton. I think I can say from almost force of habit, Mr. Speaker, because I have addressed that title for many more years than I have addressed fellow Governors. So your message today came in a most appropriate and realistic manner.

Fellow Governors and Conference Participants: I chose not to prepare formal remarks because I thought it most appropriate to respond in keeping with the major presentation and then possibly to invite discussion as to what are some of the factors that either contribute to or retard progress in land-use planning.

As I analyze the problem with which we are confronted, I am more and more convinced that the issue of land-use planning strikes at one of the basic concepts, one of the basic principles that this country has adhered to, and that we, as individuals, pride ourselves as free people, that is, the right to own property and do with it as we please.

It is an unfortunate situation but nevertheless a truism that, as more and more of us make up the population of a community, a county, a State or a nation, more and more of these individual rights that we chose are challenged.

So the popular concept that these basic resources that have been the strength of our great country are unlimited, that we can continue to expand our agricultural production, that our water resources are unlimited, and that our mineral resources will continue to be virgin and unlimited is giving way to a realization that that is not the case. Unfortunately, in the minds of too many people, that concept still prevails.

I think Speaker Sabo gave us some figures here that must be emphasized over and over again in our respective States from the national level when he indicated the thousands of acres of land that are being utilized for purposes other than the production of food and the preservation of our natural resources. One of the things that is necessary in this country is a national and statewide educational program which has the effect of impressing upon our people what is happening as a nation.

Then as we as Governors and state legislators attempt to recommend and implement laws, we must recommend them in such a way that all of the

people affected are involved. We found in my State in this past legislative session that one of the greatest deterrents to the acceptance of the implementation of laws at the state level, and the resistance to recommendations from the state land-use planning division, was that somebody from higher up, either at the federal or state level, is going to tell us what to do at the local level and we don't like it. This tells us that we have not done our homework at the local level well enough.

So I think that while I can underscore everything that has been said here by Speaker Sabo and by our chairman, Governor Salmon, we need to assess and reassess the process by which we develop, first, the understanding and then the cooperative spirit by which we involve state, county, local government and community participation.

We need to strengthen and more fully involve the substate districts. We have eight substate districts in North Dakota and each of them now has what we refer to as an RC&D unit, resource, conservation and development unit. That is the substate unit that must be involved to implement adequate land-use planning.

Until we do these things, we will continue to have failures of adoption of adequate and effective land-use planning legislation; we will continue to see undesirable development and utilization of, in all too many cases, the most fertile agricultural land to build up plant sites when proper planning would suggest they be placed at other locations, and we will probably not come to grips in time to properly salvage sufficient of that most important, most valuable, most fragile resource, that fragile layer of topsoil, a third of which has already in this country's history been ravaged to the point where it is not productive for food purposes.

I want to commend Speaker Sabo for bringing that most important message to the Governors' Conference and invite comment from the rest of the Governors now, Mr. Chairman, as to additional recommendations we as Governors, working with other units of government and through the legislature, might employ to accomplish this most important and pressing problem of proper land-use planning. Thank you very much.

CHAIRMAN RAMPTON: Thank you, Art. I'd like to ask Governor Salmon whether or not his committee will include among its recommendations to this Conference on Wednesday a recommended position of the Governors in regard to federal land-use planning and, in particular, as

to the so-called Udall bill and the Steiger bill.

GOVERNOR SALMON: Mr. Chairman, this issue is a somewhat tender issue on the committee. We will be discussing it today, I expect, and, under the usual deliberative, democratic processes, the will of the majority will prevail. I sense that we will have a resolution for consideration by the Conference on Wednesday on this issue; I am hopeful that we will.

CHAIRMAN RAMPTON: I would invite comment from the other Governors on the issue of land use as it has been outlined here. Governor Godwin of Virginia.

GOVERNOR MILLS E. GODWIN, JR.: Mr. Chairman, I am very much impressed with the comments made by Governor Link. I think it is interesting to note that so visionary a figure as Mr. Jefferson, as he was writing the Declaration of Independence, when he reached the point of "life, liberty and the pursuit of happiness," for a long time they talked about "property" rather than the "pursuit of happiness."

I think that Governor Link has now stated so well that the question of ownership of property and the rights that flow from that ownership on an individual basis are something that must be highly respected in whatever is done and, for that reason, it seems to me that in any resolution dealing with the question of land use we need to put the emphasis on the fact that we will get better public support from our people, whatever State it may be, if the major responsibility in land use is placed in that level of the government structure that is closest to the people and, of course, that is the local entity of government.

I think we need to recognize that, Mr. Chairman, and let that be part of what we do. Otherwise, I think we are going to wind up in the same shape that they did in Utah in the referendum they had there on this subject. I know you can get public official support for this kind of thing, but I don't know of a more sensitive area in which we can propose legislation than that which deals with the taking or the using of property rights of private ownership where the public interest seems, to some at least, to be paramount. I would like that thought to be incorporated into whatever resolution might be suggested.

CHAIRMAN RAMPTON: I'd like to ask you, Governor Godwin, do you feel that there is a state role in land-use planning or is it purely a local problem? If there is a state role, can you give some definition of its

boundaries?

GOVERNOR GODWIN: The state role and responsibility, in my judgment, must be one of coordinating and trying to indicate to the localities those areas in regard to land use that would fit best into the plan, not only the locality, No. 1, but the State, No. 2.

I don't think you can leave the State out of it, but it seems to me that where the ownership of property is concerned, it is important that the local governing bodies must have impressed upon them by the State, and everyone by whatever other sources may have a feel for this matter, the necessity to do something. But if the final decision is taken away from the local authorities, we are going to be in trouble, I think, in ever getting the kind of public support we need in order to get a meaningful land-use program in any of our States throughout the country.

CHAIRMAN RAMPTON: Governor Noel.

GOVERNOR PHILIP W. NOEL: I'd like to make one observation. I have been struggling with zoning and land-use planning now for about 15 years and I don't think we ever really address the heart of that issue. I don't think the Congress has, I don't think this Conference does, I don't think mayors and councilmen have or legislators.

The best plan never seems to work because it doesn't take into account the dynamics of the profit motive. The reason the integrity of local zoning is often not maintained is because the local zoning plan doesn't really identify the highest and best use and the most productive and profitable use of the land and, therefore, the dollar consideration prevails and the local zoning plan is set aside. That is why you have spot zoning in cities and towns and counties all across the nation.

To think that as a nation we can develop some grandiose land-use plan, while we still have incentives and dis-incentives that contradict that plan and then hope that it is going to work, is truly a fool's errand.

For example, I heard Governor Link say that we have land that is best used for agricultural production purposes and now it is being used as sites for industrial factories. Why not? In the Northeast we pay \$1.84 per million British thermal units for basic power; in the West North-Central section of the country it is 41 cents. If you run a company and you want to make a buck manufacturing something and you use a lot of power, you had better go find yourself a farm in the West North-Central section of the country; don't

come to New England where you are going to pay four times as much for power.

You look at the way we assess or stumble with the attempt to put in equitable real estate taxes at the local level and you find there has been a mismanaged system since the day the government was put together.

The point I make is that I believe in an attempt to adequately control the way we use our vital and necessary assets or the way we control land use, but you can't accomplish that kind of control by designing zoning maps and national planning documents that try to establish how and when pieces of real estate land are going to be used. You have to look at the financial incentives, the real dynamics of money that always contravene those plans. You have to make sure that you don't have financial incentives and disincentives that contradict your land-use scheme. Until we address those issues, I think it is really just an exercise in futility.

CHAIRMAN RAMPTON: Governor Shapp.

GOVERNOR MILTON J. SHAPP: I'd like to comment just a bit on what Governor Godwin said a moment ago about our leaving it only to the local people.

I think you have to have more than that. Granted, local people have to have some jurisdiction but, if you are upstream, the events that you create or put into action by some of the decisions affecting the communities downstream have to be considered. I think you have to do more than just leave this for local action. The State has some rights and some duties to perform to protect all of its communities and not just leave it to the whims of any one or two local communities to destroy some of the rights of other communities.

In another area, we passed a constitutional amendment, two years ago in Pennsylvania, that is having some major impact on land use. It was our so-called "clean and green" amendment. This act stated that for taxation purposes the value of land in an area could be computed, based upon the yield of the land and its agriculture. There are many farmers living in close to some of our communities who, as the communities started to spread, have found that they couldn't hold on to their land because the tax rates kept going up because the value of the land was rising because of the industrial and commercial applications.

With this amendment, we are now keeping many thousands of acres of

our land in farm use because the farmers do not have to sell their property to meet the tax load. Their taxes are automatically held at the level that is sustained by their agricultural development. I feel that this is a step that is going to protect a lot of our green belt in the State.

I feel that local people have to also recognize on zoning that they cannot just run wild. There have to be some state controls on what the zoning will be and, if this interferes with what you are talking about, Governor Godwin, on local rights, I say, so be it, because you just can't let this all-important subject of land use be left to some of the local communities. I think there has to be some control and restraint brought to bear on the situation.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR JAMES B. EDWARDS: Mr. Chairman, I am sitting here wondering what the rights are of the man who has increased his money, worked hard all of his life, bought a deed to a piece of property. Doesn't this man have some rights? You know when people talk about land-use planning, they talk about what they are going to do with your property, not somebody else's property. This issue gets to the very basic fundamentals of America.

I don't make any excuse for the profit motive in America because, without profit, we would have no taxes with which to do all of the great social things that we need to do in America. But don't you believe that somewhere along the way we need less regulation in America instead of more regulation? This is just another layer of unneeded regulation, and I think, Governor Rampton, the reaction of the people in Utah would probably be typical of the reaction of the people all the way across America if this issue were brought to a referendum nationwide.

I think it is time that we unleash this great American system once again to become productive and let the marketplace establish what should be done with a piece of property within certain frameworks.

I have been a conservationist all of my life, but this thing is going entirely too far and, if the government seems to think that a piece of property is so valuable to the public interest, then I think it is time we went back to the old-fashioned system of negotiating with the rightful owner of that piece of property and purchasing it for use of the public good.

If a view along the coastline is so beautiful that it should be preserved

for generations to come, let's go to the people who own that property, negotiate and purchase, and then assure that this is preserved for years to come. But we must never, ever confiscate a man's private property in America under the guise of environmental protection or land-use planning because, if we do, the whole system is going down the drain.

CHAIRMAN RAMPTON: I'd like to ask you the same thing I asked Governor Godwin. I assume that the basic premise that you believe in is zoning power being vested somewhere?

GOVERNOR JAMES EDWARDS: Restricted zoning powers being vested at the local level is the best use.

CHAIRMAN RAMPTON: Do you believe there is any state role in land-use planning and regulations?

GOVERNOR JAMES EDWARDS: In a limited sort of way to coordinate it, possibly when it involves more than just a local area.

CHAIRMAN RAMPTON: Could you in some way define what you regard as the state role, the limitations on the state role?

GOVERNOR JAMES EDWARDS: I think it would have to be in some area—there is an endangerment to the public in that area that goes beyond the local area involved. Then I think the State would possibly have a role, but on a strictly, very limited basis.

CHAIRMAN RAMPTON: Are there other comments? Governor Salmon.

GOVERNOR SALMON: Mr. Chairman, I have been testifying on land-use bills over the past several years, as I know many of you have.

I think a point or two should be made for the record. We have heard discussion of how these exercises are designed to confiscate public land, how Big Brother is lurking in the wings, and this is some kind of a public take-over scheme in dereliction of the federal and state constitutions and the laws of this land.

I think it is helpful from time to time, at least, to take a dispassionate look at what either version of these bills now pending before Congress says. I have read them, I think, reasonably carefully.

Essentially they set up a process to advance the interests of 50 States in this union and our territories, advance the interests of regional and local communities through the provision of technical assistance grants to encourage this United States of America to get about the business of making

a value judgment as to whether or not the natural resources in this land are of finite nature.

I have read enough literature lately to suggest that there should at least be a serious question in the minds of the Governors of these United States, as to whether or not our great-grandchildren are going to populate this planet, to lead us to pursue every legitimate way and means to determine whether or not some tough public policy decisions should be made to expand and enlarge upon that possibility.

In my view, the concept of planning within the 50 States in this union, which is encouraged by the national land-use planning bills, is not only timely but exceedingly necessary.

CHAIRMAN RAMPTON: Governor Godwin.

GOVERNOR GODWIN: Just one short statement, Mr. Chairman.

CHAIRMAN RAMPTON: Following Governor Godwin will be Governor Lamm and then Governor Longley.

GOVERNOR GODWIN: Mr. Chairman and fellow Governors, I did not want to convey the impression, if I did so a while ago, that in Virginia we are not in favor of land-use regulation. We have a land-use regulation statute in our State.

The point that I was trying to make is that under the broad criteria and standards laid down by the state statute, the implementation of it in the final analysis, in our judgment, should rest pretty much with the local governmental authorities, consistent with the statutory provisions that the State has handed down, because otherwise it is removed from the localities and the people where the ownership resides. It makes it impossible to get the kind of public support, in our judgment, that is necessary to get the job done. Thank you, sir.

CHAIRMAN RAMPTON: Governor Lamm.

GOVERNOR RICHARD D. LAMM: Mr. Chairman, I sense here a polarization going on, so perhaps we should re-emphasize what Speaker Sabo said in one important phrase, that the question is inextricably the fact that the States are already in the land-use planning business, where they place their facilities, where they place their colleges, what their tax policy is. In this very important way, he tells us, like it or not, that we are in the land-use, growth-policy thing and the sooner we recognize that and define the argument as to what extent and where, we will be better off.

I think that Patrick Moynihan once said the nation has long had a national growth policy under the modest name of the Interstate Highway Act. In that sense we are in the management business and I think it is important we recognize it.

Point No. 2, what Governor Edwards says is true, that there is a state role. He recognized it, and the question is to what extent. At some point there are people upstream or downwind or across a county line and it is very important that we recognize, as I think Governor Salmon does, in the federal bill, that 90 to 95 percent of the land-use decisions must be made at the local level; but there are a few, very few but large impact decisions, where we place a regional airport, where we place an interstate highway, where a large impact decision goes, that the State can't avoid getting involved in.

CHAIRMAN RAMPTON: Governor Longley.

GOVERNOR LONGLEY: Very briefly, I want to support the positions taken by Governor Godwin and Governor Edwards. The people of Maine are very much concerned with their environment, but we feel that this decision should as much as possible be made by the people on the local level, coordinated by the state government.

Governor Godwin quoted Jefferson and history does, in fact, repeat itself, because we are seeing in this country today a repeated debate in philosophy between Alexander Hamilton and Thomas Jefferson in which government and control of the people have gone to Washington and gone away from the very people who should have a greater responsibility for their own destinies, and it should be the function of government to coordinate, not demand, and, yes, even coerce from the standpoint of bureaucratic approaches.

It is about time we started letting the people manage their affairs by coordinating their efforts instead of having more and more bureaucracy and an extra layer of government and costs that are going to defeat the free enterprise system and private taxpayer who do support the social programs. It is about time we got government back to the people.

CHAIRMAN RAMPTON: Let me ask you the same thing I asked Governor Godwin and Governor Edwards. Do you feel there is a state role in land-use planning and, if so, what is it?

GOVERNOR LONGLEY: I see the state role as coordinating the efforts of the cities and towns in the State of Maine. I am speaking as

Governor of Maine. That is the role I see for the State.

CHAIRMAN RAMPTON: Do you think perhaps the fact that there are now two land-use bills pending before Congress results from the fact that some of the States, including mine, have not properly addressed themselves to their role?

GOVERNOR LONGLEY: I think you are saying, Governor, that the people of your State are wrong, and I am saying that if the people of our State could vote at this point in time they would vote with the people of your State, not with you, sir.

CHAIRMAN RAMPTON: Needless to say, I think the people were wrong on that particular vote but, having spoken, there is not much I can do about it right now.

GOVERNOR LONGLEY: I think we are very fortunate the people of your State were given the right to vote and I commend the people of your State.

CHAIRMAN RAMPTON: Governor Andrus.

GOVERNOR CECIL D. ANDRUS: Mr. Chairman, I have been sitting here waiting for someone to respond to your question, does the State have a role.

Certainly the State has a role. Governor Lamm pointed out part of it but, in answer to some of the comments that have been made, I don't think anybody around this table is going to argue with the fact that the owner of property has rights but the owner of property also has responsibilities. Sometimes, not always but sometimes, the development that takes place is mindless development and doesn't pay its own way. That's where the local people need help.

Directly in response to your question, Mr. Chairman, does the State have a responsibility, it certainly does. Otherwise you wouldn't have the legislation pending in Congress.

We sit around these tables in our great wisdom and complain because the federal government has taken over too much control. There is only one reason, gentlemen, that they took over the control and that is because the people went to Congress because the State was not responsive. The same thing could happen in this instance. But there are areas where the county commissioner—I'm sorry that he is not here now—could point out to us the need for funding in some of the counties.

The State has a role, in my opinion, to supply the expertise and engineering to the local unit of government which may be deficient in this area, so that they can, indeed, make an intelligent decision at the local level. Without that expertise being available, in my State and I'm sure in most of yours, there are areas where development took place that was not properly planned. It doesn't mean which piece of real estate they placed the building on, but other things were lacking—sewage, transportation, utilities—because that small county did not have the money to even have a full-time engineer in some instances. That's where the state role lies, I think, in providing the expertise. Otherwise you can sit here and make all of the complaints you want, that expertise is going to be foisted upon you from the federal level because we didn't do something.

So, Governor Rampton, yes, I think the States have a very definite role in land-use planning in providing the engineering, the capabilities, the expertise that the people at the local level do not possess, but at their request and to help them complete their plans. That way you can keep it down. Otherwise you might want to complain about Big Daddy, but he will be in there in Utah just like he will in other areas, because we probably haven't acted.

CHAIRMAN RAMPTON: Are there any other comments? Governor Briscoe.

GOVERNOR DOLPH BRISCOE: Mr. Chairman, I would like to express strong opposition to a federal role in so-called land-use planning. I would like to express support for local control of land-use planning when that means zoning.

Now I think the State has a very definite role to play, a definite role to play in the field of pollution control, control of air pollution, control of water pollution. These are things that cross county lines. But to say that the State has a role in zoning land, I think, would be a major mistake. It would be, I think, an even greater mistake for the federal government to invade this right.

CHAIRMAN RAMPTON: Governor Bowen.

GOVERNOR OTIS R. BOWEN: I would like to express support for the need for some land-use planning at the state and local level, but certainly this has to be based upon very sensible and responsible means and certainly it has to have a lot of just plain common sense in it. The States must play a

coordinated role and the role they play must be related to the health, safety and welfare of the people.

Each of us does have the right to own property and, up to a point, do with it what we want. But what each of us does with our own land and property does have some effect upon our neighbors and this is where the sensible approach has to come in and where we still have to have some controls.

I would like to express a fear that I think I have shared with several of you and several of you share that fear, that is, some of the actions of the Corps of Engineers in their definition and declaration of what is a navigable stream. In our State we have had a stream declared navigable and it is one that you can jump across. We hardly see the connection.

I think that there is a tendency for some usurpation of water rights and, indirectly, this will lead to the control of land use at the federal level. I think that we need some curtailment of this type of activity, but this has to come from Congress, and certainly we will need the support of the Governors to help control that type of power.

CHAIRMAN RAMPTON: It is my understanding that the new policy of the Corps of Engineers was mandated on them by a federal court under the present legislation. Am I right?

GOVERNOR BOWEN: Right.

CHAIRMAN RAMPTON: So they have no choice at the present time to recede from that and, unless there is congressional action relieving them of that responsibility, I suppose they have to go ahead.

May I ask, Governor Salmon, is that matter going to be addressed by your committee?

GOVERNOR SALMON: Yes, sir.

CHAIRMAN RAMPTON: It will be in the committee report. Thank you. Are there other comments at this time? Governor Thomson.

GOVERNOR MELDRIM THOMSON: I think that in this whole matter it is about time we cut Big Daddy down to constitutional size. What we have heard here today is a suggestion that we should change the concept of right to property under the Constitution and I think this is a fear that is behind a lot of the concern about land use. Are we going to change this basic concept that has come to us over the past 200 years?

I have also heard concern expressed about the farm land that is being

used, as though we in America are about to face a depression of availability of land. Last December I had the opportunity to visit Taiwan where the land is limited in terms of ownership. This is because it is the most populated area in the world and a person there could own a little over three acres of land. If you translate the 6.3 billion acres of land that we have in the United States to the population that we have, you have about 30 acres or a little better per capita. That simply means that it would take a population of one billion in America to ever reach the conditions they have in Taiwan, and I can say to you that Taiwan is a much more profitable and prosperous country than Red China.

So I don't view this with any great alarm or concern. Where this all started, in my opinion, was when subdivisions came in, as, for example, they did in my colleague's State in Vermont, and created a real problem. I see no reason in the world why a State can't control subdivision development that is going to affect the cost of roads, the cost of schools, and perhaps result in a ghetto situation a few years later. This, in this day and time, could be done under our present provision in the Constitution without any deprivation or threat of deprivation of the use of property by the person who owns it.

CHAIRMAN RAMPTON: Governor Ariyoshi.

GOVERNOR GEORGE R. ARIYOSHI: Mr. Chairman, in answer to the question that you posed to several of the Governors, I would say that I think this depends, to a large extent, on the differences that exist among our States. In Hawaii, for example, we are a very highly centralized State and many of the services that are provided to our people are provided at the state level. Therefore, in our State we have recognized that the State has a very definite role to play in land use and the question in our State is no longer whether or not we ought to have sound, good land-use planning, but how we are going to have it.

During the last session of the legislature, we had two bills adopted and passed by the legislature which I signed into law, one providing for the establishment of criteria by the land-use commission. As we all know, the use of land can determine what kind of growth takes place in a community, the nature of that growth, where the growth is to take place, and how fast growth is to occur. The land-use commission, if it were a free-wheeling commission, could make this kind of determination that could affect the type of growth that is in a State.

So we have provided for a change in the authority of the commission. We have changed it to a quasi-judicial kind of commission. We are hoping that some criteria and some standards will be recommended by the land-use commission for adoption by the 1976 session of the legislature and, during this interim, we are holding back on any major land-use classifications, changes in the land-use laws or land-use designation in our State.

We are also hoping for the establishment and adoption by the legislature of some growth policy for our State, with a great deal of citizen input. Our hope is that during the 1977 session of the legislature such a growth plan can be adopted. But, working together with the growth plan and having the criteria for land-use changes being adopted by the legislature, our hope is that we can have a very effective and efficient land-use system in our State.

I think that the counties at the local level also have a very important role to play here. Our land-use commission is charged with the responsibility of designating broad categories of land uses, conservation, agricultural and urban. Once land is zoned urban, we feel that the responsibility of the county government comes in to determine what type of uses in urban classified land, whether it is going to be residential use or commercial use or industrial use or apartment use, resort use, and the various densities that shall take place on these lands.

So in our State we have made the decision that it is important. Our hope is that in any federal legislation the federal government will look at the decisions made on the local level and, to the extent that States and local governments already have effective land-use laws, States such as these would be exempted from the federal land-use laws.

CHAIRMAN RAMPTON: Thank you, Governor Ariyoshi. Are there other comments? Governor Carroll.

GOVERNOR JULIAN M. CARROLL: Mr. Chairman, there is one aspect of this that I would like to address that I don't believe has been touched on yet. This is the question that relates to the taking of private property, personal property, without due process of law.

We are taking a look in our State at that prohibition and in the belief that an individual's right to disperse his property, as addressed by a number of Governors, is so great that he should be paid in proportion to the benefit provided to the public interest. I think that issue should be covered and you

should think about it.

CHAIRMAN RAMPTON: I think that was addressed by Speaker Sabo. I agree with you it hasn't been a matter we have emphasized here, but it hasn't been ignored either. Governor Lamm.

GOVERNOR LAMM: Mr. Chairman, as I recall, there was a case in 1213 where the City of London required somebody to cut down bushes because brigands lurked therein, and I think that it is not in conflict with our constitutional heritage to put reasonable restrictions on property, the like of which was mentioned here; you can't use your property in a way to hurt anybody else.

Now, frankly, I think, if you are going to have this—in 1925 the Supreme Court upheld in the Euclid case—if you are going to start paying any time you even minimally restrict people's property, you might as well throw out zoning, throw out building codes. You might throw out all the things that our society is really built on. I think it is really a false trap to get into, that any kind of reasonable restriction on property entails a payment, because there is not enough money in the national treasury or any place else to have any kind of rational land-use planning, even the minimal one we have been living with for the past 100 years.

I think the question of "taking" is an important one. We do not want to take people's property. That is the last thing in the world. But to say you can't impose reasonable restrictions and that this in some way derogates our constitutional heritage is just not true.

CHAIRMAN RAMPTON: Are there any other comments? All right, gentlemen. May I make some announcements, then, before we recess for lunch.

The Democratic Governors' Conference will meet at 12 noon in the Emerald Ballroom; the Republican Governors' Association at the same time in the Orleans Room; the standing committee meetings will begin at 2 o'clock.

The Crime Reduction and Public Safety Committee will be in the Loyola Room; Executive Management and Fiscal Affairs in the Rex Room; Human Resources in the Wildcatter Room; Natural Resources and Environmental Management in the Gold Room; Rural and Urban Development in the Tulane Room; and Transportation, Commerce and Technology in the Creole Room.

I would urge all chairmen to recess your committee meetings before 4 o'clock so that we can come back here. This 4 o'clock meeting may be the most important one at this Conference, because there is going to be at least one matter of considerable controversy that will be handled, that being the reaction of the Governors to the energy bill, H.R. 6860, which will come on the House floor for debate today and probably for a vote tomorrow.

There has been distributed to you, and you will find before you, a fact sheet on this bill that has been prepared by the staff. We tried to keep this from being a propaganda sheet and to keep it factual.

There will also this afternoon be introduced a resolution to have the Governors put on record in regard to this bill and in regard to proposed amendments to it.

I am also advised that at the meeting this afternoon a proposal will be made to suspend the rules to have the Conference take a record position on the matter of the vetoed strip mining bill which will also come up for a vote on Wednesday, on the matter of overriding the President's veto. So it is important that you come back here this afternoon and that we come back promptly.

I would call your attention to the fact that any rules, any proposed changes in the rules, or any proposed policy statements which have not been distributed 30 days ahead of time as required by the rules can be considered at this Conference only on a suspension of the rules which must be done by a two-thirds vote, and then only if they are distributed by tomorrow noon, I believe. So those of you who propose any new policy statements that are not in to us already, have not been distributed, please get them distributed, one copy for each Governor, by tomorrow noon.

Now, Governor Longley, you have a proposal to amend the Articles, but they have been distributed, so you don't have to worry about that. That will come up automatically.

GOVERNOR LONGLEY: I have one brief announcement. The independents will have lunch at McDonald's.

CHAIRMAN RAMPTON: Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I would like to ask you, and perhaps through you the other Governors, whether you would consider a written vote from me on the two propositions you mentioned would be before you. I have to leave about 4 o'clock to go to Washington to help

restore the sovereignty of New Hampshire with respect to our senatorial contest, but I do know my position on both of those and, if it would be agreeable and no objection from any Governor, I would like very much to leave a note with the Chairman on my position.

CHAIRMAN RAMPTON: I think a vote in absentia would not affect the outcome, but we would put it in the record to state your position, Governor Thomson.

GOVERNOR THOMSON: Thank you.

CHAIRMAN RAMPTON: Are there other questions before we adjourn? We will resume this session here at 4 o'clock. Governor Rhodes.

GOVERNOR JAMES A. RHODES: Mr. Chairman, are these two political questions that we are going to discuss?

CHAIRMAN RAMPTON: I would assume there will be a certain amount of political overtone to it, Governor Rhodes.

GOVERNOR RHODES: We are going to get back to old times again.

CHAIRMAN RAMPTON: I don't know. We will see. You may leave your papers on your desk.

SPECIAL SESSION

Monday, June 9

CHAIRMAN RAMPTON: Will the Governors please take their seats. We need a quorum for the meeting to begin and I would like to begin now. Please take your seats if you will.

The Natural Resources Committee is still voting on the matter that they are to bring to us, so the time for convening will be 4:15 rather than 4 o'clock.

This special session of the Governors' Conference has been called this afternoon to consider a report which has been prepared jointly by the Committee on Natural Resources, the Committee on Transportation and the Committee on Fiscal Affairs. This is a report and proposal which has not been distributed, according to the rules, 30 days in advance of the session. Therefore, it can be considered here today only on suspension of the rules.

A suspension of the rules requires a two-thirds vote. The motion to suspend the rules is a debatable motion. In debating the motion, you should

attempt to restrict yourself to the matter of the urgency of it, rather than to the merits. I well realize that you can't entirely divorce yourself from the merits of the matter, but hold yourselves as much as you can during the debate, if there be such, on suspension of the rules, to the question of urgency.

GOVERNOR HOLSHOUSER: Mr. Chairman.

CHAIRMAN RAMPTON: The Chair recognizes Governor Holshouser.

GOVERNOR JAMES E. HOLSHOUSER, JR.: Just a point of information. My recollection was that a suspension of rules still requires a three-fourths vote.

CHAIRMAN RAMPTON: I think that is not right.

GOVERNOR HOLSHOUSER: Policy positions were established by two-thirds vote except those that were submitted less than 30 days prior.

CHAIRMAN RAMPTON: Can the parliamentarian help me? Is Mr. Johnson here? I believe the new rules are applicable at this meeting.

GOVERNOR HOLSHOUSER: That's right.

CHAIRMAN RAMPTON: They were not applicable at the midwinter meeting and they are now applicable, and the two-thirds vote applies. I will so rule at this time.

GOVERNOR HOLSHOUSER: I have it here.

CHAIRMAN RAMPTON: Bring it to me, let me see it. Governor Holshouser has brought to me the Articles, as amended at the midwinter meeting. I think I am still going to adhere to my ruling. There appears to be some inconsistency in the rules, Article 11 providing for a three-fourths vote for suspending the rules, but Article 8 requiring only a two-thirds vote for the consideration of a policy statement.

GOVERNOR HOLSHOUSER: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Holshouser.

GOVERNOR HOLSHOUSER: As I recall, the intent of the rules change was to allow the adoption of policy statements on the two-thirds majority except for those statements that came in less than 30 days prior to the meeting and, therefore, did not have full discussion before the committees and advance notice to the membership. That was left at three-fourths and that was the reason the suspension of the rules was left requiring a three-fourths vote, but we did relax the rules for adoption on the floor of positions having been presented more than 30 days ahead of time.

CHAIRMAN RAMPTON: Certainly this was not presented in the 30 days ahead of time. I am going to recognize Governor Salmon.

Are you going to make the motion, Governor Salmon, on behalf of your committee? There are three committees involved. Are you going to make the motion to consider this matter?

I will read through these, Jim, as far as I can, and I will make a ruling on the question of the number of votes required as soon as I have a chance to go through this again. The Chair recognizes Governor Salmon.

GOVERNOR SALMON: Thank you, Mr. Chairman.

Report on Energy Conservation Legislation

GOVERNOR SALMON: The committee which I chair began the conference with a meeting with people from the Federal Energy Administration in an intense overview of ways and means to match federal and state capacity on the issue of energy conservation.

A task force was created; one individual from each of the five Regional Governors' Conferences came to Washington, spent about five weeks' time deliberating with their counterparts in the Federal Energy Administration, and produced a document, a working arrangement, in terms of better measuring of federal and state initiatives on this level.

My committee this morning considered a resolution which should be before you entitled, "Resolution on the Governors' Role in Energy Conservation," a document of two pages with an appendix containing 14 points.

At this time, Mr. Chairman, so that this issue may be taken up for consideration, I would move that the rules be suspended so as to discuss the resolution concerning the NGC-Federal Energy Administration conservation initiative.

GOVERNOR RICHARD F. KNEIP: I second it.

CHAIRMAN RAMPTON: It has been moved by Governor Salmon and seconded by Governor Kneip that the rules be suspended for the purpose of debating and considering at this time the energy policy statement of the National Governors' Conference, a proposed energy statement.

GOVERNOR EDWIN EDWARDS: A point of order, Mr. Chairman. I

was of the impression that the urgency was to have this Conference give some public expression on House Resolution 6860 which is now being debated before Congress, and that the purpose of this special meeting was to try to get some consensus from the Governors. Am I in error in that assumption? This resolution that I have just been handed doesn't relate to that at all and doesn't even comment on it. There would be no urgency in considering this resolution which is merely a litany of recommendations that Governors can do in their respective States to help conserve oil and gas.

CHAIRMAN RAMPTON: I think I would rule, Governor Edwards, that you may not limit the consideration to a specific bill. You must limit it to a subject matter, and the proposal that is mentioned is within the general subject matter; in other words, the question of the energy policy of this country. Governor Bond.

GOVERNOR BOND: Mr. Chairman, I would speak in opposition to the motion to suspend the rules, precisely because of the confusion we are going through right now. We have established an orderly procedure to take up policy positions.

First of all, as Governor Edwards has said, this was initially billed as a comment on 6860. When I read this, I saw it didn't apply to 6860; it came into the executive management committee, it was not passed out of there. I understand it also went to the transportation committee. Two paragraphs were struck from it there and then it came out of the natural resources committee and, frankly, I don't think we know what the subject matter is.

I would strongly urge that this is precisely the kind of complicated question which we should consider in our normal course of affairs, have a full opportunity to study, and then take a sound policy position. I don't believe, based on its past record, that Congress is going to do so much on energy in the next 36 hours that we are going to be irretrievably lost in our efforts to provide guidance to them on energy. Therefore, I urge that the rules not be suspended at this time.

CHAIRMAN RAMPTON: The Chair will recognize Governor Salmon to speak on behalf of his motion.

GOVERNOR SALMON: I think everyone will favor the motion that I am seeking to get before this Conference. It is a concept favored overwhelmingly by the Democratic Caucus and by such Republicans as Gerald R. Ford, who has really written a ringing letter of endorsement, which I have in

my hand, to Governor Rampton on the FEA-NGC effort to formulate this exercise arising out of the five-week study.

This is not a vote, Governor Bond, on the issue of the Ullman legislation now pending before Congress. This is an effort to underscore initiatives that have already been made to put the issue of conservation...in terms of any comprehensive national plan, with a view toward laying the foundation if, indeed, it is the will of this Conference to consider and act upon this resolution for consideration of the next item, which will be the resolution dealing with the Ullman bill now before Congress.

CHAIRMAN RAMPTON: Is there further debate on the motion to suspend the rules? The Chair recognizes Governor Moore. Governor Moore of West Virginia.

GOVERNOR ARCH A. MOORE, JR.: I have a parliamentary inquiry, Mr. Chairman. Is the Chair prepared to rule at this time as to the required number of votes to sustain a suspension of the rules?

CHAIRMAN RAMPTON: Yes, I am, and I have to reverse the position I had taken previously. After reading the rules, it appears that it does require a three-fourths vote to suspend the rules where a position statement has not been presented a sufficient time in advance.

GOVERNOR MOORE: Thank you, Mr. Chairman.

CHAIRMAN RAMPTON: Governor Holshouser.

GOVERNOR HOLSHOUSER: Mr. Chairman, I had understood that this meeting was called so that we might express some opinions about the Ullman bill that would be debated tomorrow on the floor of Congress. If that is not the case, and it is, as Governor Edwards says, a general statement, given the fact that several committees have the proposal before them, it seems to me that Wednesday is the proper time to take it up.

CHAIRMAN RAMPTON: That what?

GOVERNOR HOLSHOUSER: That Wednesday at the policy statement adoption time is the proper time to take it up.

CHAIRMAN RAMPTON: The reason for taking up the matter this afternoon, Governor Holshouser, is ...that the Ullman bill might reach a vote tomorrow in the House.

GOVERNOR HOLSHOUSER: That is my understanding, but Governor Salmon said that our discussion was not intended to try to influence the Ullman bill.

CHAIRMAN RAMPTON: I didn't so understand it. I would ask Governor Salmon to respond to that if he would. Governor Salmon.

GOVERNOR SALMON: Let me make this very, very clear. The motion that I am seeking to bring before you and that we really can't talk about much under the rules has nothing to do with the Ullman bill. It is separate and distinct. It goes to energy conservation, previous resolutions of this committee. It seeks only to lay a foundation for consideration of the Ullman bill which has been considered by several committees of this Conference. It is a preliminary matter which we had hoped would not spark any controversy.

CHAIRMAN RAMPTON: I am going to construe this motion at the present time as covering the general subject matter of energy policy. If the motion is defeated or if it does not pass by a three-fourths vote, then I would consider a motion to consider the Ullman bill and proposed amendments to the Ullman bill which have been submitted to Congressman McFall by the National Governors' Conference.

Is there further debate on the matter of opening up the subject matter of national energy policy generally to debate an adoption of a resolution by the National Governors' Conference? Governor Longley of Maine.

GOVERNOR LONGLEY: I would hope that we would not be hung up on a parliamentary question, or to the extent this is a partisan political question between the two parties. I would hope we would not be hung up on addressing what I think is one of the major problems affecting every Governor. It is jobs in my State; it is keeping jobs there. I think from a national security standpoint I would hope we could settle this question and get on with the business of government and, if it means waiving parliamentary rules, I plead with the rest of the Governors, let's get on. There isn't a higher priority we have in this country.

CHAIRMAN RAMPTON: I have not regarded this particular problem as a partisan issue. I hope it will not be. Is there further debate on the question? Governor Carroll of Kentucky.

GOVERNOR CARROLL: Mr. Chairman, just a matter of inquiry. Our committee was late getting here and we apologize for that. Would you please state the question before the body.

CHAIRMAN RAMPTON: The question before the body is to suspend the rules to consider resolutions or policy statements of the National

Governors' Conference affecting the national energy policy. It is a broad question.

GOVERNOR MANDEL: I call for the question.

CHAIRMAN RAMPTON: Governor Moore of West Virginia.

GOVERNOR MOORE: Mr. Chairman, I respectfully would like to make a parliamentary inquiry.

CHAIRMAN RAMPTON: Yes.

GOVERNOR MOORE: The manner in which you responded to the distinguished Governor from Kentucky indicated to me that the suspension did not address itself to a single resolution.

CHAIRMAN RAMPTON: That's right.

GOVERNOR MOORE: But that the suspension addressed itself to any subject matter resolution relating to energy.

CHAIRMAN RAMPTON: No. Perhaps I had better restate it. The suspension addresses itself to the resolution mentioned by Governor Salmon, which of itself is a very broad resolution.

GOVERNOR MOORE: And limits itself on this particular vote to that subject?

CHAIRMAN RAMPTON: To the language of that particular resolution. But the resolution is broad enough so you are not limited very much. Governor Edwards.

GOVERNOR EDWIN EDWARDS: Mr. Chairman, if that is what it is going to be, this could be unanimous. This is like motherhood and apple pie. Everybody is for turning down the thermostats and driving 55 miles an hour, and we have no problem adopting this resolution.

I think we ought to make a decision, as the Governor from Maine has said, that this is an issue that should be discussed openly, frankly, deliberately by this Conference to see if we can give some suggestions to the national Congress as to how we think this problem should be resolved.

I would like to urge the members of this Conference to vote for a suspension of the rules so we can get into the subject matter by whatever vehicle those of us interested in it propose to use after the suspension has been ordered.

CHAIRMAN RAMPTON: Is there further comment on the motion to suspend the rules?

GOVERNOR MANDEL: I call for the question.

CHAIRMAN RAMPTON: Governor Busbee of Georgia.

GOVERNOR GEORGE BUSBEE: Mr. Chairman, a point of parliamentary inquiry. You made the statement that we were discussing the resolution of the Natural Resources and Environmental Management Committee. We have just come out of Transportation and we looked at their resolution which has substantial amendments that have been made in it. Now if this rule is not suspended with reference to the motion concerning the resolution that came out of Natural Resources and Environmental Management, would we still be in order on our resolution to bring it up for suspension on that which is not controversial?

CHAIRMAN RAMPTON: If the general subject matter is opened, any germane amendment will be entertained.

GOVERNOR BUSBEE: If it is voted down?

CHAIRMAN RAMPTON: Then I would entertain a more restrictive motion to open the matter. All in favor of the motion by Governor Salmon to consider the resolution which has been distributed on energy policy please indicate by raising your hand.

Twenty-seven voting in the affirmative. All opposed, raise your hand. Eleven voting in the negative. The motion fails for want of a two-thirds vote.

Is there a motion to open the discussion to another proposal?

GOVERNOR EDWIN EDWARDS: A point of inquiry. Did you say it failed for want of a two-thirds vote?

CHAIRMAN RAMPTON: A three-fourths vote. I beg your pardon. I misspoke on that.

GOVERNOR EDWIN EDWARDS: We had two-thirds. You are bad, Holshouser.

GOVERNOR SALMON: Mr. Chairman, coming from that success, let me now move that the rules of this Conference be suspended so that we can take up for immediate consideration the special resolution on the pending Ullman energy legislation before the Congress.

GOVERNOR KNEIP: I second it.

CHAIRMAN RAMPTON: It has been moved by Governor Salmon and seconded by Governor Kneip that the rules be suspended to permit the consideration of a policy statement of the Governors' Conference in regard to the Ullman bill. Is there debate on the motion? Governor Holshouser.

GOVERNOR HOLSHOUSER: Could we have some idea about what is there?

CHAIRMAN RAMPTON: As you are aware, we did distribute earlier today, before the noon recess, a publication, a mimeographed sheet, which covers the Ullman bill. Also attached to that, I believe, is a summary of certain amendments that Congressman McFall introduced for consideration.

If the Chair may make a statement in explanation and not have it considered debate, let me say this. Some three weeks ago, some three and a half weeks ago, Congressmen McFall invited members of the Executive Committee of the Governors' Conference to visit with him in his office regarding the energy bill that at that time was expected out of the Ways and Means Committee. Congressman McFall asked for our response, the response of the Executive Committee, to this bill, and further asked that we prepare and submit to him any proposed amendments which might be considered in connection with this bill which would make it more palatable to the States.

Pursuant to that, our staff did prepare and submit to Congressman McFall a number of proposed amendments, I believe about ten, because there was a rule that required proposed amendments to be introduced by the following day.

Congressman McFall introduced some of these amendments, not all of them, but a substantial number. Therefore, the Executive Committee, at least, and the staff, are on record supporting certain amendments to the Ullman bill.

These amendments which we have proposed do not, however, have the endorsement of the Governors' Conference because this is the first opportunity that would have presented itself for the Governors' Conference to act upon this matter.

Governor Holshouser, does that explain it?

GOVERNOR HOLSHOUSER: I am catching it.

CHAIRMAN RAMPTON: Is there further debate on the motion to suspend the rules? So will all in favor of suspending the rules for the purpose of considering a policy statement of the National Governors' Conference in regard to House Bill 6860, reported by the Ways and Means Committee, indicate by raising your hand.

Twenty-seven favor it.

All opposed indicate by raising your hand.

Once again it fails for want of a three-fourths majority.

I regret my understanding that the rules could not be suspended by a two-thirds vote. I suppose I will have to take some responsibility for the failure to put the two-thirds vote on because I was Chairman at the time it was adopted.

Immediately after this session, the Republican Governors' Caucus will reconvene in the Orleans Room. May I ask, Governor Bond, would there be any point in calling this meeting back into session after that caucus?

GOVERNOR BOND: The purpose of that caucus has nothing to do with the matters discussed here. We are reconvening to conduct balloting.

CHAIRMAN RAMPTON: It has no relationship to the energy policy?

GOVERNOR BOND: No, sir.

GOVERNOR EDWIN EDWARDS: You all have elections in your party?

CHAIRMAN RAMPTON: I have no way of knowing, of course, what action will be taken, either by the Republican Governors' Association at the National Governors' Conference or on the floor of the House of Representatives tomorrow in regard to the Ullman bill, but I would point out that there will be reports made from the Natural Resources Committee which will come before this Conference on Wednesday in regular course for amendments that are germane, which may accomplish the purpose of today's motions that would be entertained and passed by a two-thirds vote. Governor Holshouser.

GOVERNOR HOLSHOUSER: Pursuing the chair's last point, I think it is fairly important to note that, if there are objections to discussion of the Ullman bill, it is simply that we didn't have specific amendments to discuss and debate prior to that resolution tomorrow, and I would hope that we can debate the matter fairly fully on Wednesday.

CHAIRMAN RAMPTON: You have had the proposals, Governor Holshouser, since noon. Some of the Republican Governors, at least, were in attendance at the meeting with Congressman McFall when the request for amendments was made of us. Governor Bond of Missouri.

GOVERNOR BOND: Mr. Chairman, we have not had the amendments. I don't know, and I assume the other Governors in the Republican Governors' Caucus do not know, what amendments are to be considered. We, as Governor Holshouser said, would like very much to have them and to be

prepared to debate them on Wednesday.

CHAIRMAN RAMPTON: You have had them since noon, Governor Bond.

GOVERNOR BOND: Would you like to come and help me find them?

CHAIRMAN RAMPTON: I will send Ed Rovner over.

GOVERNOR BOND: Have Mr. Rovner come over.

GOVERNOR MANDEL: Why don't we do better; why don't we read it to him? I move the resolution be read in full, Mr. Chairman, and maybe he'll understand it.

GOVERNOR EDWIN EDWARDS: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: I would simply like to observe that the Ullman bill is a very well-written piece of legislation which tells us all how we are going to share the shortage. There is no effort at all to stimulate production or to solve the problem. It does increase taxes, and we could probably address ourselves to how much of the increase in taxes on a federal level we as States would be entitled to, but, other than that, it really is a very innocuous piece of legislation and isn't going to accomplish the purposes for which the Ways and Means Committee met for many weeks.

CHAIRMAN RAMPTON: Governor Bond, I'm not sure we should hold everybody here while you pursue that with Mr. Rovner.

GOVERNOR BOND: No, sir. I would ask that you not. I would hope, though, that we would have an opportunity to learn what is going to happen on Wednesday, and I will pursue that on my own.

CHAIRMAN RAMPTON: May I ask this, Governor Bond. In view of the fact that there is a possibility that the Ullman bill will reach a vote tomorrow, would you, as Chairman of the Republican Governors' Association, object to possibly renewing this matter at the beginning of the session in the morning, after you have had an opportunity to read the document?

GOVERNOR BOND: I have read the document, and I will request further information from the Natural Resources Committee or the staff. I would be happy to discuss this matter, along with the other matters which we have for our Republican Governors' Caucus.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: With that announcement, the social

events for this evening have been called off.

CHAIRMAN RAMPTON: Governor Askew of Florida.

GOVERNOR REUBIN O'D. ASKEW: Mr. Chairman, I was going to move we adjourn if there is nothing else to come before us.

GOVERNOR NOEL: I second it.

CHAIRMAN RAMPTON: It is not debatable. The motion has carried. We are adjourned.

MORNING SESSION

Tuesday, June 10

CHAIRMAN RAMPTON: Come to order, gentlemen. I am going to ask Governor Edwards if he would take the Chair for a minute and recognize me for the purpose of making a motion.

CHAIRMAN EDWIN EDWARDS: Gentlemen of the Conference, after much deliberation, the Chair recognizes Governor Rampton for a motion.

GOVERNOR RAMPTON: Gentlemen, I move that the rules be suspended to permit consideration by the Governors' Conference of a resolution to support the McFall amendment to the Ullman bill, which amendment would permit the States to pre-empt a portion of the proposed tax increase.

GOVERNOR MOORE: I second the motion.

CHAIRMAN EDWIN EDWARDS: The motion is seconded by Governor Arch Moore.

GOVERNOR RAMPTON: May I address the motion. I would like to read some excerpts from a statement put in the Congressional Record on the 3rd of June by Congressmen McFall, the minority whip.

Speaking of the Ullman bill, which, as you know, does levy some additional taxes on gasoline, Congressman McFall says: "I support this bill's general approach to our energy needs. However, I do feel that a State's pre-emptive gasoline tax is an absolute essential part of the package to assure that state transportation programs are not brought to an abrupt halt. My amendment would permit a State, by enacting its own gasoline tax, to pre-empt 1 cent of the 3-cent federal increase to be levied in 1976, and 20 percent of any additional increase in federal gasoline taxes to be imposed by

this bill. States would be required to use these pre-empted gasoline tax revenues for highway or mass transit purposes consistent with the state law."

Then I am omitting something.

To take up again, "I am sponsoring this amendment in response to a request for assistance from the National Governors' Conference. The Governors are deeply concerned about the effects of the proposed federal gasoline taxes on state finances. A group of Governors headed by Calvin Rampton of Utah, Chairman of the National Governors' Conference, came to see me on May 16 and we talked over possible remedies. As a result, I had printed in the Record several possible amendments, each representing a different approach to the problem.

"After giving the matter careful consideration, including consultation with my colleagues here in the House, many talks with the California Department of Transportation, and further discussion with the Governors' Conference in Washington, I have settled on this pre-emptive state gasoline tax amendment as the one which would permit us to enact this legislation, and, at the same time, provide the best and fairest opportunity for the States to share in the gasoline tax revenues and to shore up their end of the matching fund program.

"Among the ideas considered and discarded was a straight pass-through of a portion of the new gasoline tax revenues from the federal government to the States. No action by the States would have been required. The shares would have been remanded automatically by the Secretary of the Treasury to each State. This is quite similar to the revenue-sharing approach. I myself would oppose this method of passing along part of the new gasoline tax revenues with no initiative from the States."

I think, gentlemen, that, in view of the fact that Congressman McFall invited our participation, in view of the fact that he has reviewed the amendments which we submitted to him, I think we owe him the responsibility of a general reaction of the Governors to action already taken by the Executive Committee.

I think, furthermore, we have to recognize that without Congressman McFall's support none of the amendments stands any chance of getting by. He has limited his support to the one amendment which gives us the right to pre-empt a certain amount and, while this may not be the amendment that

would meet the desires of most of the Governors, it is an amendment that, as far as I am concerned, at least, will permit us in the State of Utah to live with this new proposal that has come out of the House Ways and Means Committee.

For that reason, I feel that the rules should be suspended and that we should proceed with consideration of this very limited endorsement of the McFall amendment to the Ullman bill.

CHAIRMAN EDWIN EDWARDS: The motion to suspend will require a three-fourths vote. Does anyone else wish to be heard on the motion to suspend? Governor Edwards of South Carolina.

GOVERNOR JAMES EDWARDS: Mr. Chairman, will this be strictly a vote on the motion up or down, and that is the only thing we are suspending the rules to do, is that correct?

CHAIRMAN EDWIN EDWARDS: That is correct.

GOVERNOR JAMES EDWARDS: Could I ask Governor Rampton to explain a little bit more in detail about the amendment? When you say pre-emptive tax amendment, how much, how does it work, that type of thing, could you explain for the benefit of those who have not read the amendment?

GOVERNOR RAMPTON: The Ullman bill would provide immediately for a three-cent increase in the gasoline tax. It then provides for a formula by which that amount would be raised in successive years, depending upon the amount of gasoline consumption. That is the basic bill.

The McFall amendment would provide that the States, by legislative action, could pre-empt one cent of the first three cents and 20 percent of any successive increase. It would not provide that that automatically comes to the States. The States must take the initiative, but, if they do take the initiative and pass one cent, then the federal tax on the initial three cents would be two cents in that State, the States have one cent. Is that clear?

GOVERNOR JAMES EDWARDS: Thank you.

CHAIRMAN EDWIN EDWARDS: The Governor of Texas, Governor Dolph Briscoe.

GOVERNOR BRISCOE: Mr. Chairman, what concerns me would be that this motion, as explained by Governor Rampton, sounds something like an endorsement of the Ullman bill. Personally, I want to express opposition to the Ullman bill, particularly to the tax feature, and I would not want to

vote for any motion that would express any sense of support for that legislation.

CHAIRMAN EDWIN EDWARDS: Thank you, Governor. Does any other Governor wish to address the question of suspension of the rules? Governor Salmon of Vermont.

GOVERNOR SALMON: Mr. Chairman, were this extremely limited suspension of the rules adopted by this Conference, we would obviate the capacity for this full Conference to take a long, hard look at the comprehensive scope of the Ullman bill, which has been given a great deal of attention by the Committee on Natural Resources and Environmental Management and, in the due course of events, will be before this Conference for full-scale debate tomorrow.

I share the views of the Governor of Texas that, were this exceedingly limited offering adopted, the perception of our somehow laying hands on the Ullman price mechanism concept as somehow being in the best interests of this country could be perceived. In my view, it is not in the best interests of the people of this country and, for those reasons, I will oppose a suspension of the rules.

GOVERNOR RAMPTON: Let me respond to that, if you will. May I state the motion as I intend to make it if the rules are suspended. In substance, it will be this: Without expressing a position of the Governors on the basic features of the Ullman bill, the Governors' Conference recommends that, if the bill is enacted, it be enacted only after the addition of the McFall amendment, providing for state pre-emption.

CHAIRMAN EDWIN EDWARDS: Governor O'Callaghan.

GOVERNOR MIKE O'CALLAGHAN: I agree with the Governor from Texas as far as the Ullman bill is concerned, but I will vote for this amendment because it makes this bill more palatable to States. If it is going to be, let's at least make it palatable to the States so that we can have something to take care of the shortcomings in our road funds today.

CHAIRMAN EDWIN EDWARDS: Governor Holshouser, do you still wish to be recognized?

GOVERNOR HOLSHOUSER: Mr. Chairman, I think with the Chairman's explanation of the failure to endorse the bill in its basic provisions, we protect ourselves against the danger that the Governor of Texas is properly concerned with. I think many of us agree with that

concern, that we not appear to endorse the Ullman bill in its present form.

I think, though, that we owe it to the States that we represent to make it apparent to Congress and those who are involved with this legislation in any way that the States are going to be hurt if there is a tax imposed without any kind of consideration for what it does to the state gasoline tax revenues.

CHAIRMAN EDWIN EDWARDS: Is there anyone else? Governor Waller of Mississippi.

GOVERNOR WILLIAM L. WALLER: I have a question for Chairman Rampton. Just looking at the remaining portion of the Conference here in which we are going to participate, do you see, as Chairman, the question of energy being brought before the Conference except by this suspension of the rules?

GOVERNOR RAMPTON: I would expect that there would be resolutions affecting the energy issue reported from the Committee on Natural Resources.

GOVERNOR WALLER: I happen to be on that committee and I think we are not at this point too optimistic about that. Would it be possible to amend your motion to include a comprehensive position of the States on penalty taxes or import tariffs?

GOVERNOR RAMPTON: My judgment is that technically it would be possible but, if you are going to open this, I think we are not going to get the rules suspended. I think unless we agree to limit it closely, we are not going to be able to get the three-fourths vote.

GOVERNOR WALLER: I am just speaking here, Cal, the Ullman bill is simply in the House, it has to go to the Senate. There are 150 amendments on it. Don't the States need to say that if the tax is imposed we want part of it? We are against the tax, broadly speaking, and can't we say it without attaching it to the Ullman bill?

CHAIRMAN EDWIN EDWARDS: That would not be germane to the motion, Governor Waller. The motion is to suspend the rules to discuss whether or not the Conference wishes to take a position in support of this particular amendment to the Ullman bill, as I understand it. Governor Briscoe.

GOVERNOR BRISCOE: Mr. Chairman, this will be a question to Governor Rampton. Would you so state in your motion that we oppose the

Ullman bill but, if passed—

GOVERNOR RAMPTON: I don't think I could do that, Governor Briscoe, because I don't think there is uniform opposition to the Ullman bill here. There is considerable opposition, but some support. But I think, as Governor O'Callaghan said, without this amendment, the Ullman bill is much more offensive to the States than it would be with the amendment.

GOVERNOR BRISCOE: Well, Governor Rampton, again, when would we have a chance to take a position at this Governors' Conference concerning the Ullman bill, for or against?

CHAIRMAN EDWIN EDWARDS: The Chair would have to respond by saying there is no assurance that that issue would come before the Conference, no assurance. It is possible by another motion with three-fourths concurring that the whole energy question could come before the Conference, but we have no such assurance.

GOVERNOR BRISCOE: Thank you.

CHAIRMAN EDWIN EDWARDS: Even Texans have problems in Louisiana sometimes. Governor Carroll of Kentucky.

GOVERNOR CARROLL: Mr. Chairman, I raise a question for either the Chair or Governor Rampton to advise the Conference about the critical need to address the question today. Could you give us an up-to-date report on the status of this legislation in Congress today?

GOVERNOR RAMPTON: There is a good chance that this particular amendment will be coming before the House for a vote this afternoon. Through the staff I told Congressman McFall that we would let him know by noon Washington time if the Conference had taken any action.

CHAIRMAN EDWIN EDWARDS: Let's try to get on with the motion; the motion isn't really debatable, but I thought I'd try to get some fuse out.

Do you want to suspend the rules that say the motion to suspend is not debatable? I don't want to impose my views on the Conference, but it is really a very simple matter. The question is whether we want to suspend the rules to consider the amendment to the Ullman bill. I don't want to cut off debate, but, really, debate technically is not permissible on a motion to suspend.

GOVERNOR RHODES: That's Robert's; this is Rampton.

CHAIRMAN EDWIN EDWARDS: Governor Rampton, I hope you never offer any complicated amendments or motions. If I won't be held out of

order, I think I will just ask for a vote on the question and see what happens.

GOVERNOR J. JAMES EXON: I have a point of parliamentary inquiry, which is always permissible.

CHAIRMAN EDWIN EDWARDS: Governor Exon. That is a good name for an energy motion.

GOVERNOR EXON: It so happens I am on the other side. Mr. Chairman, I have a point of inquiry here. Before we debate this, I want to ask once again, because I am not sure that the Chair has explained this properly to the Conference, many of us are not for the Ullman bill, but certainly have the feeling that Governor O'Callaghan expressed earlier. Why is it not possible, in the resolution that we may consider, to go on record that the majority of the Conference, at least, does not support the Ullman bill but, if it passes, would endorse the features that Congressman McFall has suggested? Why is that not possible as a point of inquiry?

CHAIRMAN EDWIN EDWARDS: The Chair will respond by saying it is certainly possible, if an adequate number of members of the Conference would vote for that procedure, but the motion before the Conference is to suspend the rules to consider the amendment to the Ullman bill and the motion contains no indication of the Conference's attitude on the Ullman bill.

GOVERNOR EXON: Is it true, then, if we wanted to take the route of opposing the bill, we would also have to have a separate vote, three fourths to take that up?

CHAIRMAN EDWIN EDWARDS: That is correct. Governor Busbee of Georgia.

GOVERNOR BUSBEE: Mr. Chairman, a point of parliamentary inquiry. Isn't it true if we vote on this very limited motion, that is, suspending the rules to vote on it, all we are doing is saying we are in favor of pre-emption in the event that any method of pricing used in the energy crisis is passed? We will still have pending a report from the Natural Resources and Environmental Management Committee which is in opposition to the Ullman bill, and you will also have a report from the Transportation Committee which asks for a rebate of taxes under the bill, so we will have an opportunity to take a position on it, on the energy question. But this has nothing to do with it except in the event Congress does use a pricing mechanism, then we do favor pre-emption in order to help our States. We

will still get into the energy question when we get these committee reports later.

CHAIRMAN EDWIN EDWARDS: I think the point is well taken. Governor Salmon of Vermont.

GOVERNOR SALMON: Mr. Chairman, let me assure the Conference that the position on the McFall amendment contained in Governor Rampton's amendment proposal is compatible with the resolution that will be brought to this floor tomorrow in the normal course of events as a part of a comprehensive resolution on the Ullman legislation. May I direct a question to Chairman Rampton, Mr. Chairman?

CHAIRMAN EDWIN EDWARDS: Yes, and then, in the absence of additional points of order or parliamentary inquiry, the Chair will call for a vote on the motion to suspend. Your question, please.

GOVERNOR SALMON: My question, Mr. Chairman, is, is it fair to say that, in your view, any action taken on your motion here and now would in no way, shape or manner impact upon the efficacy of full-blown debate on the merits of the main event tomorrow?

GOVERNOR RAMPTON: That is right, and I would not expect, under any circumstances, a vote in Congress today on the Ullman bill, merely on amendments.

GOVERNOR SALMON: And would you, sir, be willing to communicate to the Chairman, should this motion be successful that, indeed, there is not unanimity in terms of enthusiasm over his proposal on the price mechanism side on the merits?

GOVERNOR RAMPTON: Yes.

GOVERNOR SALMON: In light of those considerations, and narrowly constricted to this single issue of a situation after passage with reference to a specific amendment, I would withdraw my earlier stated objections and indicate a willingness to vote for a rule suspension.

CHAIRMAN EDWIN EDWARDS: Governor Lucey of Wisconsin.

GOVERNOR PATRICK J. LUCEY: I just wondered if we could not consider an amendment to the Rampton motion because I sense, as I hear the various Governors speaking here, that most of us would feel more comfortable if we could here and now get on record against the price mechanism in the Ullman bill.

I wonder if it would be appropriate for me to offer an amendment to

the motion for suspension to expand that suspension to include the opportunity for the Governors, while expressing their support of the McFall amendment, to also express their position on the use of the price mechanism in the Ullman bill.

CHAIRMAN EDWIN EDWARDS: Since the motion to suspend is not debatable, and we have been doing that for 30 minutes—

GOVERNOR LUCEY: I am offering an amendment.

CHAIRMAN EDWIN EDWARDS: The Chairman will rule, subject to a higher ruling by the parliamentarian, that the motion to suspend is not debatable. However, if the motion to suspend carries, during deliberation on the motion amendments could be offered to the motion.

GOVERNOR HOLSHOUSER: Mr. Chairman, just a point of parliamentary inquiry. It sounds like it is just the opposite of what you said to Governor Edwards a while ago.

CHAIRMAN EDWIN EDWARDS: Let's vote on the motion to suspend and see where we go. Those of you who are in favor of suspending the rules to consider the motion made by Governor Rampton signify by raising your right or left hand.

The Chair counts 26. Those in opposition, like sign. Six.

The Chair rules that an adequate number have voted in favor of the motion to suspend. Governor Rampton, the Chair will now recognize you for discussion of the motion.

GOVERNOR RAMPTON: Mr. Chairman, I move that the Governors' Conference adopt the following resolution:

"RESOLVED that the National Governors' Conference takes no position on the merits of the Ullman bill, H.R. 6860;

"BE IT FURTHER RESOLVED that, if House bill 6860 is enacted by the Congress, it should be done only after being amended to provide, in accordance with the so-called McFall amendment, that the States may preempt one cent of the original three-cent gasoline tax and 20 percent of any additional tax increase provided for in the bill."

CHAIRMAN EDWIN EDWARDS: Governor Lucey.

GOVERNOR LUCEY: If it's appropriate at this point, I would like to move that the suspension of the rules now be expanded to include allowing the Governors to take a position on the price mechanism in the Ullman bill.

CHAIRMAN EDWIN EDWARDS: For the Conference and subject to

being overruled by the parliamentarian of the Conference, the Chair will rule that motions to amend are in order, but must be carried by the same three-fourths vote required for the original motion to suspend.

GOVERNOR LUCEY: Correct.

CHAIRMAN EDWIN EDWARDS: I must be right. Holshouser is shaking his head. Do you want to restate your motion, then?

GOVERNOR LUCEY: I would simply move that the suspension of the rules now be expanded to permit an expression by the Governors on their attitude toward the price mechanism in the Ullman bill.

CHAIRMAN EDWIN EDWARDS: As the Chair understands your motion, you would then further limit the discussions to the price mechanism in the Ullman bill rather than the entire Ullman bill?

GOVERNOR LUCEY: That's right. I would simply broaden the authority that we have granted ourselves, so that, instead of saying the Governors take no position on the Ullman bill but support the McFall amendment, we would say that we support or we oppose the price mechanism in the Ullman bill but, if there is to be a price mechanism, then we want our share.

GOVERNOR EXON: I second it.

CHAIRMAN EDWIN EDWARDS: You have a second. Governor Moore, you are recognized.

GOVERNOR MOORE: Mr. Chairman, it seems to me we are in a parliamentary situation in which we have one suspension which has been agreed to, and that matter should be disposed of before further motions are put suspending the rules to either touch upon another aspect of the subject or to thoroughly debate other aspects of this question of the Ullman bill and any of its ramifications or any amendments.

I think we have to vote up or down, Mr. Chairman, the motion to which we have agreed to suspend the rules and consider, and then take up Governor Lucey's matter as a second suspension.

CHAIRMAN EDWIN EDWARDS: We need to get that settled, and the Chair will rule just to get it before the Conference that motions to amend Governor Rampton's motion are in order if carried by a three-fourths vote. That will be the ruling of the Chair subject to an overruling by the parliamentarian or the Conference.

Does the parliamentarian wish to express a contrary opinion? Is there

such an animal that belongs to this Conference? Does the Conference wish to overrule the Chair? Did you wish to be recognized, Governor Exon?

GOVERNOR EXON: No. I just seconded the motion.

CHAIRMAN EDWIN EDWARDS: The Chair will now call for a vote on the substitute motion, requiring three-fourths vote. Those of you in favor of the motion made by Governor Lucey signify by raising your hand, please. Fourteen.

The Chair rules that an adequate number have not so indicated. We will go back now to the original motion. Is there further discussion on the original motion? Governor Arch Moore.

GOVERNOR MOORE: Mr. Chairman, I move the previous question on the motion of the Governor of Utah.

CHAIRMAN EDWIN EDWARDS: We have a motion for a previous question which, as I understand, is not debatable.

Man, I wish you wouldn't give me this hard thing. Can't you give me something easy to do? Some of you wish to have the previous question called. Is there objection to the motion for a previous question? You object, sir?

GOVERNOR MANDEL: Yes, because I thought we were going to have the opportunity to offer amendments to the motion before us. This has just cut off the opportunity totally and completely.

CHAIRMAN EDWIN EDWARDS: That is the purpose of his motion.

GOVERNOR MANDEL: That is unfortunate. I know that is the purpose of it and I think it is unfortunate.

CHAIRMAN EDWIN EDWARDS: Is there objection, then, to the previous question? Do you object, Governor?

GOVERNOR MANDEL: I object on the basis of an opportunity to at least offer some amendments or discussion.

CHAIRMAN EDWIN EDWARDS: I will rule that is a parliamentary objection. Unless you want to withdraw your motion, sir.

GOVERNOR MOORE: I will reserve and withdraw for the moment the previous question and let the gentleman offer his amendment.

CHAIRMAN EDWIN EDWARDS: Thank you for your courtesy. Governor Marvin Mandel of Maryland.

GOVERNOR MANDEL: I would like to offer an amendment to the motion that says that the majority, while not taking a position on the bill, I

agree with that, but...the majority of this Conference has voiced its objection to the price mechanism. I'd like to offer that amendment.

CHAIRMAN EDWIN EDWARDS: You have that privilege, but I think you are just stating in the negative what Governor Lucey postulated in the positive. Your motion, then, is that the Conference go on record as being in opposition to the price mechanism of the Ullman bill?

GOVERNOR MANDEL: While saying, while we are not taking a position on the bill, we do object to the pricing mechanism in the bill.

I object to it; I am totally opposed to the pricing mechanism. I don't want to vote here and say we are not taking a position on the bill. It looks like we are doing the same thing we always do. We say to Congress, just give us money and we are not concerned about what else you are doing. I don't want to go on record as saying that.

CHAIRMAN EDWIN EDWARDS: Is there a second to the substitute motion?

GOVERNOR EXON: I second it.

CHAIRMAN EDWIN EDWARDS: We will now vote on the substitute motion. As many of you in favor of the substitute raise your hand and the Chair will count. Fourteen.

The Chair fails to count an adequate number of votes on the substitute motion and it fails. We are back now on the original motion. Is there any further discussion? Do you wish to close, Governor Rampton?

The Chair will now call for a vote on the original motion. Those of you in favor, signify by raising your hand. Twenty-seven. Those in opposition? Five. The Chair would like to be recorded in opposition. The Chair will declare that the motion has carried. Governor Rampton.

CHAIRMAN RAMPTON: The topic for this morning's first session is "State-Local Fiscal Relations." We will proceed as we did yesterday with a presentation by a Mayor and a reaction by Governors here.

The Mayor who will make the presentation is Mayor John Poelker of St. Louis. Mayor Poelker was elected as 40th Mayor of the City of St. Louis on April 3, 1973. He brought to the office of Mayor an outstanding record in public service which spanned 31 years, serving as an FBI agent specializing in accounting case investigations from 1942 to 1953. Prior to that he had a 12-year business career.

Mayor Poelker served as an assessor for the City of St. Louis from

1953 to 1957 and in that position was responsible for the levying of assessments on real and personal property. In 1957 he became controller of the city and served in that capacity for 16 years until becoming Mayor.

Mayor Poelker, we welcome you here and await your message to the Governors.

State-Local Fiscal Relations

MAYOR POELKER: Thank you, Governor Rampton.

First I would like to express appreciation to the Governors for the invitation to participate in this Conference and also to the National League of Cities and the United States Conference of Mayors for my opportunity to address you on the important subject of state-local fiscal relations.

Before I get into the address, I am sure the passage of the resolution will also indicate that the Governors will, through their legislatures, pass on some of that pre-empted tax authority to the cities.

The makeup and complexities of local government in the various States and the intra- and inter-relationships in the local government entities make it rather axiomatic that no one person or organization can represent or reflect the divergent issues, problems and interests of each of them.

Urban cities, core cities, suburban and rural cities, municipalities, villages and towns, townships, urban and rural counties, special charters and special district government instrumentalities present unique problems within their own constituencies.

They also pose definite obstacles when regional, state and federal administrative and legislative bodies attempt to develop approaches and programs that are generally beneficial to the collective and individual program recipients.

Therefore, we in local government understand your difficult role as Governors and, at the same time, applaud those of you and your predecessors who met the test of developing a meaningful fiscal relationship with the cities of your State's creation.

At the outset, let me also express our awareness of the existence of the political process—and I do not use the term in a partisan sense—that intertwines itself in every proposed program and legislative action.

We at the local level are also cognizant of the changes taking place in legislative bodies and here I speak not only again about politics but of the

increasing thrust of legislators to absorb, diminish and even expunge the rights, responsibilities and administrative functions of the executive branch of government.

Now, against that backdrop on the stage of state-local fiscal relations, I think it is also too late to say whether it is a provable statement that the lack of action by some or all of the States in addressing the socio-economic problems within the States—and particularly in the major cities since the 1940s—drove local governments and organized citizen groups to appeal for federal programs and federal dollars.

Whatever the pros and cons of that statement, it is very evident that the States could not have developed the necessary fiscal resources for such subsidies, even though their legislatures might have adopted the philosophy of the varied people-benefit programs that have emanated from Washington, unless, of course, a very much greater and earlier application of federal-state revenue-sharing program had been adopted.

Against that same backdrop, I feel it would be difficult for me to entirely separate my feelings and remarks from my personal association as an official of the City of St. Louis, a city that 100 years ago made the crucial mistake of separating itself from St. Louis County. Thus the City of St. Louis, Missouri, to this date is a city and a county within its 60 square miles that has seen the great explosion of the economy and growth outside its boundaries into the adjoining St. Louis County.

While the city has lost some 300,000 of its 860,000 people, and also has lost its economic base, suburban St. Louis County has become one of the country's richest and model county governments.

This personal attachment to the City of St. Louis must also include a reference to the adverse effect on the City of St. Louis of the one-man, one-vote ruling in the makeup of the state legislature. We are not only reduced in voting strength but are confronted in the state legislature with a rural and suburban electorate that has little support from constituents and thereby, in its approaches and votes, to support allocation of state revenues to respond to the occasional pieces of special legislation intended to assist the City of St. Louis and the City of Kansas City.

The previous Governor of Missouri developed with majority support of the state legislature what has been described as "creative localism"—come back to the State Capitol periodically and we will provide at our discretion

enabling legislation to permit the city to levy additional taxes locally to meet the fiscal imbalance needed to solve the city's problems.

Nonetheless, as an active participant for over 20 years in the International Association of Assessing Officers, the Municipal Finance Officers' Association, the National League of Cities, Conference of Mayors and other associations, I have seen and heard enough of the frustrations of many, many local officials to know that the same frustrations exist in many States with the failure of state and local governments to work together.

I feel there is a sufficient number of matters that we can and will work on at the state-local level with the same objective results as the joint efforts of the Governors and Mayors in developing and sustaining the 1972 State-Local Fiscal Assistance Act of the federal government.

Outside of the federal role in state-local government, we would direct our attention to what the States do and what the States can and will do. There is nothing wrong with Mayors and Governors having a lover's quarrel on the realization that States and local governments can't get along without each other. This means identifying state neglect or omission where it can be demonstrated and praising the State's response to its responsibilities where it is identifiable.

The state role with local government usually takes the form of a mandate or an enablement--the latter being more in keeping with democratic traditions of home rule. However, home rule must be given and exercised within a framework of acknowledged responsibilities for regulations and resource support for the assignment of public services to the specific levels of government. When we quote Winston Churchill's statement in World War II to the USA, "give us the tools and we can do the job," we are in truth talking about the fiscal or resource tools.

Assuming that most cities like St. Louis have placed the utmost tax burden on its own residents and businesses, and in St. Louis we do acknowledge the participation of those who live outside of our city and work in our city through payment of earnings taxes, we look at the state government's role of aid in generalities.

I have always been a cautious user and citer of statistics, so the quoting of figures and percentages is portrayed with the acknowledgement that 50 state averages and multiple local government averages indicate only general trends and are specifically open to challenge.

As recently as 1973, total state aid for so-called local functions had the following proportions: 57 percent for education, 7 percent for highways, 18 percent for public welfare and only 10.5 percent for general local government support.

As recently as 1973, total city spending had the following proportions: 15.5 percent for education, 11.2 percent for police protection, 8.8 percent for public welfare, 7.5 percent for highways, 6.1 percent for sewerage, 5.5 percent for hospitals, 4.5 percent for interest on debt, 4.4 percent for parks and recreation, 4.3 percent for housing and urban renewal, 3.7 percent for sanitation other than sewage, and another 20 percent for all of the other things cities do.

To point out the fallacy of percentages sometimes, I would like to give you some percentages in St. Louis as contrasted against those that I have just quoted for national averages. Out of a total \$180 million budget for the City of St. Louis, we in this year will be allocating 26 percent for police protection, and a net 15 percent after collections to our hospitals.

The amount of unconditional state aid available to help cities meet service responsibilities for common municipal urbanized population functions was \$4.28 billion in 1973. Six States—California, Michigan, Minnesota, New York, Ohio and Wisconsin—which contain about one third of the nation's urbanized population, account for two thirds of the unconditional aid to local governments. Local governments, obviously, in some States are not getting much help from the state government.

Statistics on local government revenue sources indicate a diversification away from the property tax, which by every public opinion poll is the least favored tax measure. This diversification has occurred in many States as a result of state and local leadership in the state enablement of other sources of revenue for local governments.

The property tax provided 57 percent of all city revenues from their own sources in 1957, but now accounts for less than 50 percent. The property tax has diminished in importance as a source of county revenues as well, accounting for about two thirds now, as compared to three quarters in 1957.

Diversification of revenues at the local level has not been uniformly successful in all places. When within a State there are areas where the local government structure is badly balkanized and parochial—the St. Louis

Metropolitan Area could be Exhibit A in that category—revenue diversification actually accentuates fiscal disparities.

Revenue diversification thus involves state responsibility to assure that the revenue capacity peaks and valleys are not greater when non-property taxes are authorized than when localities must rely on the property tax as their major revenue source.

States can aid localities by pushing assessment uniformity and making the property tax as equitable as possible.

The pressure on the property tax for the local source of revenue to support elementary and secondary education, and in some areas junior colleges, has prompted, to a greater or lesser extent in most States, the State to assume its responsibility for education by assuming more of the education financial burden.

In assuming a greater financial share of education costs, Governors, and state legislators have begun to put lids on local budgets to assure the pass-through of tax relief to individual property owners. There are, however, some striking contrasts in the state lid laws. For example, Kansas clamped on the lid without giving localities any relief while Minnesota gave relief to local property tax while putting on the budget lid in response...to additional state aid.

Some States have or intend to relieve county and local governments of their local share of the costs of the federal-state administered welfare programs. Missouri, I might say, has traditionally assumed the total non-federal costs of the welfare programs.

Frequently, where this tradition exists, the States will thus pass over the municipalities because they never were responsible for the functions and thus get no direct fiscal relief, even though there is an imbalance in funding other functions and services.

There are other constructive actions in the States that are directed to either direct lessening of the property tax burden on individuals through the adoption of so-called "circuit-breaker" property tax relief programs or through indirect lessening of local government resource drains by assuming full responsibility for over-all court costs in the criminal justice field even to the point of phasing out municipal courts.

There is a growing and acceptable political, as well as economic philosophy, that if cities are to fulfill their responsibilities to a segment of

the population that represents a major portion of both the labor force and the taxpaying public in most States, the state government must see that the cities have the resources to do the job, even if that means improving or expanding the States' revenue-producing ability on a statewide basis and sharing it with local government on a basis of local tax effort and need.

The distribution of commonly collected revenues on a population or source of revenue basis cannot facilitate the state-local concern for treating the cancers that exist in parts of the state body politic.

I am sure that each of you, as do I and the many Mayors to whom I have talked recently, share the agony of the City of New York, which is symbolic of the trend of events in many of our nation's leading cities. I believe we share this empathy because we know that cities like New York, in its better days and richer history, have provided more than their share to the economic, educational, cultural and financial growth that has permitted this country and each of its citizens to share in the development of a standard of living and equal opportunity with justice that is unknown in most of the world.

I consider my City of St. Louis to be a miniature New York in its historical role that has provided its share of growth opportunity. We want St. Louis and every city in this country to be part of a national and state urban policy that has as its goal the conservation and restoration of urban America.

The assets of our great cities are still intact and as governmental entities created by state, not federal, constitutions and regulated by state legislatures, we look to a partnership in the development of state urban policies that can meet the challenge of utilizing these urban assets. Even the small urban centers in rural America share this desire to preserve, not waste, their economic and historical assets.

This partnership of state-local direction needed to stabilize our urban assets demands planning and implementation of a fiscal road system in which we can look to the States and its Governors for leadership.

Some of the guidelines for constructing this state-local fiscal road embody the recognition of our roles in the federal system of federal-state relationships and the state-local relationships with full recognition of the two components of the 20th century addition of federal-local and federal-state-local relationships.

The federal government role in the federal system prescribes an ever-increasing mandate that demands the inclusion of other ingredients in the building of our state-local fiscal road.

The ingredients of equal opportunity and citizen participation can best be added through the local government machinery and thus cement the necessity for Governors and Mayors to join in building a state urban policy.

Just as local government officials receive and respond to constituency petitions, requests and pleas, local government officials so petition, request and plead to the States and their Governors to receive, respond and accept a leadership role.

This can be done by state governmental actions that facilitate, rather than demand, local action.

By coordination and harmonization of those policies and programs within the federal system that identify and connote differences, uniqueness, singularity, specificity and opportunity.

By recognition that federalism contains irreconcilable differences and that local government officials who are most proximate to the citizens be allowed, to the greatest political and practical extent, to have the greatest discretion in the management and direction of the traffic on the state urban policy road.

This local responsibility must, however, recognize the societal obligation to keep disparities in burdens and benefits in reasonable balance.

There is a need for Governors and Mayors to take the lead in working out the excruciatingly difficult trade-offs necessary to keep the state-local fiscal road from wandering too far off its practical and feasible planned route.

Each State and the States collectively have been given a role and certain rights under our federal Constitution and, as may have been and will be expected, will devise a state-local fiscal policy that responds to its challenges. The sincerity, dedication and objectiveness with which each state leader approaches this task is reflected in the willingness to accept the advice and experience of successful programs in other States and the boldness to embark on new approaches.

It is not that we as Mayors want to leave the impression that the Governors of our great States do not have sincerity, dedication and objectivity. It is our desire to share our hopes with you for urban America,

and, I repeat, urban America exists in the great metropolis as well as the countryside.

In our program evaluation, we ask that you balance the scales with the weights of the ingredients of statewide revenue resource sharing and creative localism.

We recall with a note of pride the joint action of the Governors and the Mayors in testing the incursion of the federal Congress into the constitutional rights of state and local governments by the inclusion of state and local government employees under the Fair Labor Standards Act, which may be necessary in the private sector but interferes with the constitutional rights given to the States and through them to their cities.

This same effort is necessary in imminent legislation to place state and local government employees under a federally-mandated collective bargaining law which, through authorization of strikes or compulsory binding arbitration, could mandate action on allocation of resources or adoption of tax measures which can only be the final right and decision of state and local legislative bodies.

These matters have a direct effect on the state-local fiscal relationship since, as they mandate higher personnel and labor costs, they require a corresponding increase in revenues and resource needs.

There is, then, a corresponding need for tax levying and the necessity to develop adequate and, to the extent possible, non-regressive tax policies.

There are, in my opinion, too many so-called tax experts who want to separate out a single tax from the composite tax structure and treat and discuss that tax in the abstract as if it were the only tax being levied and thereby rest the case on its singular regressiveness or burden on a particular class or level of economic resource.

In the minds of such tax experts, there is only one tax that is generally acceptable and that is the graduated income tax. In the minds of others, the Henry George theory of a single tax on land is the singular approach.

As important as the positive side of the tax structure is, a greater vigilance is needed at the state level on the growing demands for relieving the burdens of the elderly, poor, disabled, and even the institutions in the religious, social and humanities fields, by various means of tax exemption. I believe we have to separate those kinds of tax measures that serve to streamline the administration and enforcement from those that are merely

intended to provide tax relief.

I have long opposed, for instance, the exemption of food and drugs from state and local sales taxes, even though I am very compassionate with the impact of such taxes on the poor, low-income and elderly living on fixed incomes. My concern is not singularly with the added administrative and enforcement costs but with a philosophy that desires to deal with the poor, disabled and elderly through relieving them of economic resource deficiencies with an expanded direct-dollar allocation through welfare and subsistence programs already set up to accomplish this relief.

The elimination of any tax or resource usually requires the adoption of a replacement tax or resource. The States should deal with poverty needs by adopting realistic guidelines of need and programs that respond to those needs through non-regressive taxes which usually connote greater emphasis on the graduated income tax.

The growing emphasis on use of the petition by civic and citizen groups to force legislation and tax relief can be responded to only by an aggressive state leadership that responds to those demands and deals with them in full view of the objectives and the consequences.

It would be a default of one of my responsibilities if I did not, at this meeting, as co-chairman with Mayor Moon Landrieu of New Orleans, of the National League of Cities' Task Force on the Re-enactment of General Revenue Sharing, say that the time is now for Governors and Mayors to again exercise our greatest influence on the federal Congress to gain re-enactment of the general revenue-sharing legislation in this calendar year.

There are some overriding reasons why action this calendar year is necessary:

First, with the termination of the present Revenue-Sharing Act on December 31, 1976, the budgetary and revenue forecasting problems of state and local governments would be greatly aggravated for the fiscal years--

CHAIRMAN RAMPTON: Just a minute. Could I have your attention in the back of the room. Some people are interviewing Governors in the hall. I wish you would step out and do it. The noise is quite disconcerting here. Go ahead, Mayor.

MAYOR POELKER: Thank you. The failure to enact the re-enactment of revenue sharing by the end of this fiscal year would create aggravated budgetary and forecasting problems for States and local

governments for the fiscal year beginning July 1, 1976.

Additionally, if re-enactment is delayed after December 31, 1975, we will become entangled in the new federal budget reform procedures which become fully operational on January 1, 1976. Simply put, we will be caught in the proverbial web which will prevent action by either the full House or the Senate until after May 15, 1976, since under the Budget Reform Act of 1974 both Houses are prevented from acting upon any legislation authorizing new budget authority until Congress has passed a concurrent resolution establishing a congressional budget ceiling for the forthcoming fiscal year. Action on the budget ceiling resolution will occur in Congress every year during the first two weeks in May.

Third, if we can get re-enactment of general revenue sharing before December 31, 1975, we will have a reasonable chance of maintaining the current five-year fund mechanism which operates outside the appropriations process and thus would make state and local government budget preparation and revenue projection much easier and less traumatic in the future.

So in this area our joint efforts are mandatory, and it behooves each of us to use our constituency influence in urging immediate action by the federal Congress.

The fiscal integrity of state and local governments has been and will be under continuing threats from the U.S. Treasury Department and certain factions in Congress to violate the constitutional right of States and local governments to issue tax-exempt bonds.

These threats require our continuing joint efforts to not only emphasize this constitutional right but to point out emphatically that this tax exemption is, and should not be, placed in the category of "tax loopholes" or "tax expenditures," such as depletion allowances, favored capital-gain tax provisions and others. Purchasers of tax-exempt bonds are, in effect, providing tax savings for state and local governments and are thus providing tax relief for state and local government constituents.

Although there are proposals in Congress to substitute for tax exemption granted to state and local government bonds a system of federal subsidies to accommodate the higher costs of taxable bonds, these proposals are likely to include review and approval processes by the federal Treasury and be subject to annual appropriations which would delay action and stifle self-determination by the local governments.

I would add another caution that is having an effect on the tax-exempt bond market, and that is the impact on the available dollars in the tax-exempt market by the number and size of recent issues of anti-pollution bonds and the growing number of other issues for the benefit of private industry, non-profit hospitals and educational institutions and special purposes.

This proliferation of uses of the tax-exempt bonds may have a glutting effect on the market and thus endanger the market for real capital improvement needs of States and local general-purpose governments.

There is an expanding role of the States in the increasing number of federal programs which use state agencies for the pass-through of dollars for federal legislation in the fields of law enforcement, manpower, urban highways, water and sewer, and others. In that role the Governors need on their personal staffs, as well as in their departments and agencies, personnel who know and understand local government and, in particular, the central and core cities of their States. We should be working more closely to obtain the greatest benefit possible through the use of these programs and effectuate the goals of urban conservation.

Working through our regional planning bodies and councils of government, there is a forum for a greater awareness of the fiscal impact of planning and implementation of projects on both the state and local governments. A forceful urban policy enunciated by the Governors can facilitate the coordination of the constituent local officials who serve on the regional bodies and can support the legislative action to implement such urban policy.

The slow withdrawal of the federal government from meaningful responsibility for housing for the poor, low-income and elderly, and the adoption of housing strategies that are geared primarily to new construction rather than to conservation and rehabilitation of inner-city housing, are placing a greater financial responsibility on state and local government housing agencies. We need a partnership of federal-state-local concern for housing but the partnership must recognize the need for government monetary risk in providing the seed money and mortgage financing in this category of housing.

In summing up my remarks, let me reassure you that the urban crisis is not over. If anything, the paradox of concurrent inflation and recession has

minimized some of our earlier gains and successes and aggravated the fiscal crisis of the cities. I believe the cities approach the end of hopes for expansion of federal funding and must look to a better understanding of their relationship with the States.

We hope that you will re-examine your policies as they relate to urban America and develop a state urban policy that has a principal theme—the conservation and redevelopment of urban centers in both the metropolis and the countryside.

Our constituents are your constituents and you share a responsibility to help with the fiscal resources to deal with the problems of crime, housing, education, jobs, health and economic subsistence that plague these constituents. These are truly national and state problems emphasized by the ease of movement and transmission across city and county borders.

Our problems are really challenges—challenges that test the fiber of our inter-relationships and require commitments that are demanding. The Governors and Mayors must lead the way, mindful of saying, "I'd rather be right than be President."

Thank you.

CHAIRMAN RAMPTON: Thank you, Mayor.

Now the response on behalf of the States will be given first by Governor Lucey, followed by Governor Godwin.

Pat, I think you should come up here.

GOVERNOR LUCEY: Mr. Chairman, Fellow Governors, Mayor Poelker.

I am delighted to have this opportunity to respond to Mayor Poelker's remarks, because I think that his appearance here and the appearances of other local officials represent a very healthy development in terms of the role of the National Governors' Conference.

I think that credit goes to Dan Evans when he served as Chairman of the Conference for putting together the coalition between the States and the local units of government, including the counties, and certainly credit goes to our present Chairman, Calvin Rampton, in making the state-local relationship the theme of this Conference here in New Orleans.

I am well aware, as all of you are, I am sure, that all too often, especially at our midwinter conferences, it seems that the only relationship we are concerned about is the fiscal relationship between the federal

government and the States. I think that more and more we are going to be forced to realize the relationships that ought to exist between us and our creatures, the local units of government, are perhaps much more important.

It is true that we continue to hold out our hand for the federal largess, but we recognize, as time goes on, that all we are really doing is sharing in their dubious advantage of deficit financing. We are postponing some of the most serious fiscal problems to a future generation.

I think that what is happening in New York ought to give pause to all of us. I think that it is a sign of what can develop in Milwaukee, Wisconsin, in St. Louis, Missouri, and elsewhere. Unless we begin to come to grips with it now, we are going to be in the same position as Mayor Beame, moving from one more desperate situation to another, and Governor Carey, who is so involved with the problems of the fiscal affairs of the city that he could not even be at this Conference.

I listened with great interest to the Mayor. Most of what he said I am in agreement with. I think I take issue with the one item where he felt that food and drugs should not be exempt from the sales tax. We are very proud in Wisconsin that we do exclude those very absolute essentials of life from the tax and note with some pleasure that quite a number of States are now coming to that position.

I thought that the theme of the Mayor's speech could be summed up in one sentence in which he said: "In your program evaluations we ask that you balance the scales with the weights of the ingredients of state-wide revenue resource sharing and creative localism."

It is a constant problem to know just how to deal with the cities. I note that the Mayor makes a point that I have heard made before, that the one-man, one-vote rule which did away with the malrepresentation in the legislatures came a little late. If the cities had had this a generation sooner when their populations were at record highs, they might have done better in terms of state legislation. But now we find, with the shrinking population of the central city, that all too often the combined strength of the wealthy suburbs, together with some of the rural legislators, put together very effective majorities in denying equity to the cities in terms of tax distribution. I think this is unfortunate and is something of which the Governors have to be aware and for which proper compensation must be made to the extent possible.

I noted that the Mayor stressed very heavily the need for uniformity of assessment. This is something we have been trying without much success to achieve in Wisconsin. I know that Iowa and a number of States have done much better than we have in either achieving countywide assessment or statewide assessment, and the inequities that result from non-professional local assessment, I think, are one of the really serious tax inequities that exist in our total tax system in the United States.

We are so sophisticated in our administration of the income tax; we have gotten the administration of sales taxes pretty well down to a science; but it seems that the oldest, most venerable tax that we have is the one that is hardest to reform. This, of course, impacts very heavily against the cities because, even with their diversification of revenues, they still depend, as the Mayor points out, for about 50 percent of their total revenue on the property tax.

The Mayor talks about the authorization by the State of local tax levies other than the property tax, where the State simply says that you can impose a local sales tax, or you can collect a local payroll tax. I suppose that this is second best to actually getting some dollars from the State, but it does have some administrative problems.

So often if you have to impose, as Mayor Landrieu pointed out earlier this week, a heavy sales tax in the central city, you simply drive the shoppers to the suburbs, so that is quite a problem.

I was pleased to have Wisconsin mentioned among those six or so States that have really done a great deal in terms of aid, unencumbered sharing of revenue with local units of government. It is true that Wisconsin, since 1911, has had revenue sharing when we adopted the first effective state income tax in the country. At that time we decided that 90 percent of the receipts from that tax should be distributed to local units of government. Since then we have been somewhat less generous, but we still get a very substantial sum, making us the No. 1 State in the nation in terms of the amount of money that we provide for local units of government without strings attached.

It does, however, raise some questions, and I think that this two-pronged approach the Mayor mentions of statewide revenue resource sharing, along with creative localism, does create some problems. It is something that I think we have to constantly negotiate on between the state

and local units of government.

I can speak principally of the problem...if you are going to provide most of the dollars or a substantial portion of the dollars for a school district, for a city or for a county, are you entitled to impose some sort of fiscal constraints on that unit of government?

A number of States—and I think Kansas was the leader—have imposed levy limits. We tried it in the last budget for one of the two years of our biennial budget. It seemed to work very well, but tax levies bounced back up very quickly when it came off. This year in the budget process we are trying to impose it on the full period of the budget and running into great opposition, not only from city officials, but also from public employees unions, and I don't know how we are going to fare on that.

I understand that Minnesota has fiscal constraints that have been in effect since Governor Anderson adopted his school tax reform, and they seem to be working rather well. At least, if there is a hue and cry, we don't hear it on our side of the Mississippi.

I think really that this Conference has brought home to all of us the fact that we do have a great deal in common with these creatures of ours, the local units of government. We have a great deal in common in terms of our relationship with the federal government. We are both fighting to avoid federal pre-emptions; we are both fighting to protect our constitutional rights in terms of dealing with our employees. It is a constant battle to preserve our rights for tax-exempt bonds to provide for the capital needs both of the States and of the local units of government, and certainly we should stand shoulder to shoulder in fighting for the prompt re-enactment of federal revenue sharing, and I thought the Mayor marshaled the best set of arguments I have seen for the need for enactment of federal revenue sharing during calendar 1975.

I would comment to all of the Governors that you get a copy of the speech, because I am sure, in talking to our congressional delegations, we are going to need all of the ammunition we can put together in persuading them how urgent it is, particularly for those of us who have biennial budgets, that the revenue sharing be extended and that the action be taken during calendar 1975.

In our own case, we have a biennial budget in Wisconsin that runs for a fiscal period beginning July 1 of this year, extending to June 30 of 1977. So

we just have to assume that we are going to be funded in terms of federal revenue sharing at the same level for those last six months as we are for the first eighteen. Now that may be a very inaccurate assumption, but we don't have much choice in the matter, and we don't know where we stand until Congress does see fit to act.

There is just one other thing that I'd like to touch on in terms of the relationship that ought to exist between the States and local units of government, and that is I think an area that ought to be one of common concern, I don't hear it mentioned as often as I think it should be mentioned, particularly in light of the New York experience, that is, the need for encouraging productivity improvement in the public sector.

We know, for example, that in the next ten years one out of four new jobs to be created will be created in government. We know that during the next ten years the present rate of increase will see about 400,000 new jobs added to various levels of government each year. Compare that with the fact that, in the entire automotive manufacturing segment they employ about 900,000 people, so we will be adding to the work force about half as many as make automobiles in this country every year for the next ten years.

I deplore that rate of growth, but deploing it doesn't make it go away. I think that, if we are going to avoid having New York simply be the forerunner to the kind of fiscal ills that we are going to suffer all across this country in our cities and in our States, we have to join together in imposing productivity improvement in the public sector.

It is not going to be easy. You have to, first of all, define what it is, and you have to figure out ways to measure it, and with the encumbrances placed upon us by the Civil Service system and our public employees unions, you have to find ways to reward productivity improvement when it is achieved.

In my budget for 1973-75, after holding a number of conferences with our department heads to explain to them the best we could what it was all about, we simply said: "You will achieve productivity improvement. We have determined that in a service industry, which government is, a 2-1/2 percent rate of improvement is not unreasonable and, therefore, we are simply going to cut your base budget by 2-1/2 percent the first year and, since it should be cumulative, 5 percent the second year, or a total cut in the biennial budget of 7.5 percent, and you find ways, through productivity

improvement, to provide the same quantity and quality of service with fewer dollars."

The results were uneven, but in many departments they did a superb job of meeting the precise definition of productivity improvement by working smarter, by finding ways to make dollars stretch, providing the same quantity and quality of service at a low cost.

I think that this is something that really becomes a strategy of survival, not only for state governments but for local units of government as well, and I would hope that the members of this Conference would join with the Mayors and the county executives in promoting productivity improvement all across this country.

Cal Rampton and myself and six other Governors just returned from Russia where we saw how they are really striving to achieve higher productivity each year, both in terms of their manufacturing and in terms of their government operations. It is a competition. It is a competition that will continue for generations to come. It is a competition that we cannot afford to lose and, therefore, we have, I think, a very great stake in working together to improve the productivity in the delivery of the services that we are required to provide.

Thank you.

CHAIRMAN RAMPTON: Thank you very much, Governor Lucey.
Governor Godwin.

GOVERNOR GODWIN: Mr. Chairman and Fellow Governors and Ladies and Gentlemen:

The ground has pretty much been plowed in connection with the state and local fiscal relations as the Mayor and the Governor have just concluded their comments, so mine will be relatively brief.

While all governments, federal, state and local, have shared and will continue to share expenditure increases up and down the line, the financing of these increases poses particularly difficult problems for local governments, both the cities and the counties. They have only such taxing powers as we know our respective state constitutions and legislatures have granted to them. In most States they are restricted and, with few exceptions, are largely limited to the property tax. While these limitations are for each State's own choosing, they are, nonetheless, real, and the property tax itself labors under serious handicaps, some real and some

contrived.

The interstate variety and state-local fiscal relations are hallmarks of our governmental system, under a system where each State develops its own arrangements for enabling its local governments to discharge the obligations that have been placed upon them, that the State develops those arrangements with the benefit of the various tools and techniques that we can come up with, and it is the composition of these techniques that is more or less common among the States, but it is the application of the various means that have been laid out, the combinations and the permutations in their use, and their adaptation to the various circumstances in the several States that are a complicated problem.

In our own State of Virginia, we have been investigating for some time now alternative methods to increase aid to our localities. There is a variety of ways they may be assisted and they fall under three broad categories in our judgment:

One, revenue sharing; two, participating in local expenditure programs; and, three, provision of new local tax powers.

The term revenue sharing is now properly associated with the federal programs, but it has lived for some time under various other names in our States and localities. We already in Virginia have revenue sharing, as do many other States in connection with sales and use taxes, the alcoholic beverage controls tax and the wine and spirits tax.

Although additional revenue sharing could be applied to many sources of revenue, we concentrate on the two largest sources of revenue available, the income tax and the sales tax. An increase of the individual income tax could be shared with localities with the amount available depending on the increase in rates.

How to distribute the money is a question that concerns most of us. Distribution on the basis of tax paid by place of residence would help the higher-income localities; a per-capita distribution would help our lower-income localities; distribution by place of primary employment could help the central cities that have a large number of people in a commuting status.

In our own State, we play a major role in the financing of local government. About one half of all of the local funds from our localities come from state government, either by direct appropriations or by state funds, which include the federal revenue funds, that are passed through the

state government.

There are numerous programs receiving state aid and many possibilities for expansion. We shall, however, limit these comments now to four important areas—education, welfare, health and highways.

Education is for all of us the largest category of expenditures of local budgets, and statewide in Virginia they bear about 38 percent of the cost. The major type of state aid, so far as our State is concerned, is the basic school aid formula and local share of state sales tax and state-paid fringe benefits. Together these amount to almost nine out of every ten dollars in state aid.

In the current biennium, a new distribution under a new state-aid formula has been developed, and the major concepts that are incorporated into it are these:

First, a new measure of local fiscal capability that will include local personal income and taxable sales in addition to the value of real estate;

Second, a new formula that incorporates a local financial capability and standards of quality in education costs per pupil;

Third, an aid for compensatory education to be distributed on the basis of need, as measured by test scores; and

Fourth, a recognition of differences in local costs, particularly between those that are so identified as urban and rural areas.

Welfare funding is becoming more and more a federal and state responsibility. On January 1 in 1972 Virginia assumed the local share, the complete local share, of welfare assistance costs for old-age assistance, aid to dependent children, aid to the totally and permanently disabled and aid to the blind. However, all of these programs, with the exception of aid to families of dependent children, were taken over completely by the federal government in January 1974.

Localities will continue to be responsible in our State for their share of the public assistance costs for the three local-state programs, general relief, foster care and hospitalization of indigent and the administrative costs.

Our State Department of Health operates all of the local health departments in Virginia, and they bear, of course, the major share of their costs. It varies from 55 percent to 82 percent of the cost, depending upon the local ability as measured in Virginia by the true value of our real estate. Generally, the central cities pay larger percentages of the costs than the

rural areas, and a new method of deriving local shares could be developed which would have all localities bearing the same share.

Highways are an important cost item to the municipalities and to counties that maintain their own systems. Revisions could be made in the level and method of funding. A one-to-one ratio from the present to approximately a two-to-three ratio of local to state funding would have provided, even in Virginia, an additional \$11 million in one fiscal year for local governments maintaining their own highway systems.

Local governments receive their taxing power from the State and, as a consequence, they are subject to several statutory limitations in nearly every State. For example, they are not permitted in some States to levy taxes on income. They cannot impose a sales-use tax to exceed 1 percent in our State.

To expand local tax powers, there are several possibilities, including these, but not necessarily restricted to them: A local surtax on state individual income, a piggyback tax; another 1 percent local option on sales tax; a local motor fuels tax; a local motor vehicles sales and use tax; a local crown tax; and the equalization of public service corporation assessments with other types of properties.

In our own State, perhaps the present tax sources of revenue will produce the amount of revenue that may be needed for the state and local needs. I am often reminded of the fact that one of the great secrets of every chief executive, whether it is a local or state government, is the ability, the best that he can express it, to know how much to ask by way of revenue for the programs that are essentially and critically needed in the arena of public services.

I think that our localities have reached the point in most of our States, with the programs that are being demanded, that additional sources of revenue must be made available to them. We have within the framework in the legislative authority and the constitutional authority in most States the ability to make them available, to make the taxing authority available to them in order that it might be implemented as they feel it is best needed to fit their individual needs that vary so much within a State and from State to State.

Thank you very much, gentlemen.

CHAIRMAN RAMPTON: Thank you, Governor Godwin.

Are there responses from the floor to the presentation?

Governor Byrne.

GOVERNOR BRENDAN T. BYRNE: Governor Rampton, in the area of financing, I will distribute to my fellow Governors a brief paper, the gist of which is that I think it is time the Governors consider asking Congress to permit the state and local governments to issue taxable bonds and other financial obligations and to reimburse the States and municipalities up to 30 or 40 percent of the higher interest costs.

The reason for that is the fact that in the United States the market for tax-exempt paper is drying up, not because of the quality of the paper but because the traditional buyers of that paper are no longer interested in tax-exempt paper. This is becoming an acute problem and one which is ripe for consideration by the Governors.

I hope you will look at the distribution I am making and consider seriously that subject for our next meeting.

Thank you.

CHAIRMAN RAMPTON: Thank you very much.

Are there others?

Governor Longley of Maine.

GOVERNOR LONGLEY: As you know, Governor, I am particularly indebted to Governor Lucey and to Governor Walker and people who have shared their concepts of fiscal management with me, but in the area also of executive management, I would like to suggest that we make this more of a working Conference, and I suggest that we get on with the business of government and consider reconvening as a general session this afternoon and address ourselves specifically to the important areas that concern us as Governors of this nation.

Consider the way we handled the subject of energy alone yesterday. I have a letter addressed to you, Mr. Chairman. As soon as it is ready, it will be delivered.

In the area of executive management and fiscal affairs, in a prime category of executive management, our own time here is our most precious commodity. I suggest to you, Mr. Chairman, that you poll the Governors present and ask them if there isn't a great deal to be said for coming back into session this afternoon, whether we have an hour or two, let's make it a work session and get on with the business of government.

CHAIRMAN RAMPTON: I will entertain a motion on that at the conclusion of today's meeting; after you have been sitting for three hours, there may be a different perspective.

GOVERNOR LONGLEY: Mr. Chairman, I haven't missed a single moment of this session.

CHAIRMAN RAMPTON: I know you haven't. You have been very good in your attendance.

GOVERNOR LONGLEY: I just would ask that we consider what happened yesterday, that to some extent perhaps we need to take a look at whether or not partisan and parliamentary delay is in the best interests of the respective States we are serving in considering the important problem of energy in this nation.

It is on that subject that I hope we will consider.

CHAIRMAN RAMPTON: I will let you make that motion at that time. Gentlemen, we are running behind at the present time.

Governor O'Callaghan, Nevada.

GOVERNOR O'CALLAGHAN: Governor Rampton, I would like to ask the Mayor of St. Louis if they have separate governments, the city and the county, separate services, police, fire, or are they combined or consolidating the services that they have?

MAYOR POELKER: No. In St. Louis we have all of the separate county and city services within our city structure. We have been attempting to avoid the action of a hundred years ago which separated the city and county through merger or regional government unsuccessfully.

I am in communication with the newly-elected supervisor of St. Louis County now to maybe do something on a cooperative basis that we haven't been able to do on a voting basis. We have a joint police academy now for training officers and we are talking about some other areas of coordination and cooperation through services channels.

GOVERNOR O'CALLAGHAN: I think that many of the Governors probably view it in the same manner. Yours is not a unique situation and I think that, as a Governor of a State, I would look at the efficiency of the local governments and how they spent their money before I would advise that additional moneys go to them.

MAYOR POELKER: We are willing to stand that test.

CHAIRMAN RAMPTON: Governor Exon of Nebraska.

GOVERNOR EXON: I have a question that I'd like to pose to Governor Lucey if I may, and I would like to make a comment or two.

I was very interested in your presentation, Governor Lucey, particularly with two points that I'd like to comment on. The first point with regard to your recent trip to Russia, but, before I comment on that, I was most interested to see that you indicated that one out of four new jobs that will be created in the next two years is predicted to come from government. What is the basis for that and, if so, why? We certainly are going to have a need for fewer teachers in the future because we have fewer kids to teach.

I would hope that the bureaucracy of all local government, including our own in state government, could somehow be arrested. Could you enlighten me and the Conference on that, Governor Lucey?

GOVERNOR LUCEY: Yes. The source of my information is the Bureau of Labor Statistics and I understated it slightly. They claim if the present projections continue there will be 450,000 government jobs created each year and that between now and 1980, this compares to the total employment in the steel industry of 615,000 jobs and 950,000 jobs in the auto industry.

I find it a deplorable statistic, and I hope that the present projections do not continue. I recognize that there is some leveling off in terms of school population and so on, but I think it is something that we have to bring under control. But, even if we succeed partially in doing so, there is still going to be a very substantial increase in government jobs, which is the reason I think it is so terribly important that we impose particular improvement on this sector of our economy, which is the service sector.

GOVERNOR EXON: Thank you, Governor Lucey.

I have one other comment. We all have our problems in the area of increasing costs and increasing employees and this whole related matter of the various levels of government always appealing to the next highest level of government, essentially for more money, to at least continue the present programs or to provide more.

Productivity is a very important factor, and I was so pleased that you mentioned that, Governor Lucey. You also mentioned that productivity in your recent trip to the Soviet Union was quite evident.

I would submit that that brings up something very interesting. As the

free world, including the United States of America, struggles with ever-escalating inflation, I notice that possibly our main opponents, certainly our two main opponents, both economically and militarily, Red China and the Soviet Union, have no inflation rate at the present time, or very little, if any, while the free world is stumbling along somewhere between 6 and 26 percent annual inflation rate.

I submit that increased productivity is probably the only answer if we are going to maintain eventually the economic stability, the solvency, if you will, of the free world.

I think it is a very serious situation and, while we are talking about ever-increasing taxes, more people on the public payroll, we had better learn the lesson that has been taught us all in New York City, that we cannot go on forever with this continual escalation of both government spending and inflation.

CHAIRMAN RAMPTON: Governor Rhodes of Ohio.

GOVERNOR RHODES: Mr. Chairman, I want to ask one question. Is this the New Coalition, what we have had the past day and a half?

CHAIRMAN RAMPTON: Yes.

GOVERNOR RHODES: I make a motion we go back to the old coalition and let's discuss the problems that affect all of us.

CHAIRMAN RAMPTON: I think that's what we are doing here, Governor Rhodes.

GOVERNOR RHODES: I have no objection to local officials coming here and lecturing. I am all for this, but I would like to ask the Mayor of St. Louis one question.

Do you have an income tax in the City of St. Louis?

MAYOR POELKER: Yes.

GOVERNOR RHODES: What is it?

MAYOR POELKER: One percent.

GOVERNOR RHODES: Have you asked the legislature for 2 percent?

MAYOR POELKER: It would be very difficult. We are posing that question right now.

GOVERNOR RHODES: What would 2 percent do for you? That would keep you out of this meeting, wouldn't it?

MAYOR POELKER: It wouldn't keep us out of the meeting—

GOVERNOR RHODES: It would keep you closer to home, you'd have

better feelings?

MAYOR POELKER: We'd probably be in a better position to deal with some of our problems, but the ability to get the suburban and rural-dominated legislature to approve that might be very difficult.

GOVERNOR RHODES: I find when the tax spender is the tax raiser we have better government. I am for all of the lectures we are getting, I am for all of them; but I think the time has come that we have problems that affect everyone in this room—unemployment, energy. I am not talking about conservation of energy; I am talking about a continental shelf. We have all of that, we have gas, we should be doing something about it. Now you come and bring four or five people with you at the taxpayers' expense; they don't have anything. If you send us a paper, we could all stay home.

I think we ought to be getting into what is affecting every State in this Union, and it is not just the little things we are talking about here.

Land use is great. Our problem is urban renewal, 75 percent the federal government puts in, and 25 percent locally.

We have all types of problems, so I am for all of these, but I am for the old coalition.

The only way to make this one effective is to get three Senators and three Congressmen and bring them in here so we can discuss all of the problems with all of the groups, with the old coalition instead of the new.

CHAIRMAN RAMPTON: Governor Longley.

GOVERNOR LONGLEY: I would like to address a question to the Mayor who is our guest here today.

I ask, what are the cities in this country doing about saying to cities like New York, "where are you cutting back?" What are the cities doing about their own corrective surgery on unnecessary spending, proliferation of high salaries and bureaucracy?

I don't mean this unkindly, I mean this constructively, sir. In other words, what right does this country have to pour more and more millions and billions of dollars into the cities until the cities themselves are working with state government to cut back?

We have similar problems. I am just interested, you know, it is easy to go to Washington or the Statehouse for money, but what are cities doing? You have to cut back. There is an end to the rainbow. There is no free ride for very long.

I am just wondering, instead of always coming to the Statehouses and to the Congress, what are the cities doing about saying to the New Yorks, "cut back?"

MAYOR POELKER: I think collectively, through the Conference of Mayors and the National League of Cities, we are carrying on the very kinds of workshops directing the mayors and councilmen to productivity considerations and technology considerations that are going to improve service without increasing costs.

I think we are engaged in a constant discussion among ourselves to improve our performance and to cut out the deadwood, and I think we are making some headway. Maybe this is caused by the dollar pinch and that might be one good thing that comes from being pressed for money once in awhile, that you cut out the deadwood. I think cities throughout the country are doing that.

GOVERNOR LONGLEY: Let me ask, as the Governor of Maine, how do we condone paying city workers three to four hundred percent more than our average income in our State and how do we condone and tolerate the federal government continuing to plow money into subsidizing that type of salary allocation when the people in my State are earning about 25 percent of what the garbage collectors are earning in New York City?

MAYOR POELKER: I think that is a very difficult question to answer, and it is resolved on a local basis. It takes guts on the part of a mayor or anyone else who is the executive of that government to stand up to these increasing costs, not a small part of which is the great desire for early retirement of public employees at the federal and local levels, paying people at the age of 45 or 50 for no longer working and then letting them go out and get another job.

I think the fringe benefit costs of local governments today are one of the things that is causing a lot of the problem, and a lot of it through state legislatures where exorbitant benefits for retirement of police and firemen and other local government workers have just increased the fringe benefit costs beyond what the growth in revenues is able to respond to.

GOVERNOR LONGLEY: I guess what I am saying to you, Mr. Mayor, as Governors, we have to say no. I think it is about time more of the mayors in this country were standing up and saying no.

MAYOR POELKER: I can tell you I said no to a pay increase for all

city employees in the City of St. Louis this year and we made it stick.

GOVERNOR LONGLEY: I understand that feeling. I did the same thing in state government.

CHAIRMAN RAMPTON: We are running behind time, therefore, I am going to cut off at this time the comment on the last section and go into the next portion of the program, "Improving Health Planning and Service Delivery."

I will ask Governor Phil Noel if he will preside at this session.

Phil, see if we can break in an hour because Secretary Hills is going to address us later in the morning.

Improving Health Planning and Service Delivery

CHAIRMAN NOEL: Thank you, Mr. Chairman, Fellow Governors.

The topic of this general discussion is "Improving Health Planning and Service Delivery," and certainly everybody is for that. The President is for that; the Congress is for that; Governors are for that; county executives and mayors are for that. So we have a topic the essence of which is not whether or not we want to do it but how. I submit that we should take some lessons from our most recent experience in this area of concern, that is, the recently-enacted health planning and regulation legislation on the Hill.

I would like to make one quick observation before we introduce our guest presenter. That is this, and I sense some concern in some remarks this morning that I think relate to the same concern, whether it is health planning and regulation or health planning and health service delivery or state-local fiscal relations or any other area of domestic concern, I think what we should strive to establish in this country, if we are going to succeed, is a feeling of trust between the different branches of government.

I know I have testified on behalf of the Governors before the Senate and the House of Representatives on health planning and regulation legislation as it was emerging in Congress, and I got the distinct feeling that the people in Congress didn't trust the state government. They didn't think that Governors had the capability of dealing with such a vital area of service. That's my own opinion, but I got that sense, that attitude, when I testified before the Congress of the United States.

I sit here today and hear Governors say or indicate that they don't have

a sense of trust and confidence in county executives and mayors. I think that's what is wrong with all of the domestic programs in this country. The President, the Congress, state government, local government, county government, we don't have a system where one level truly trusts the other and, if we don't trust each other, then we are not going to be able to work cooperatively. Whether it is state-local finance or health planning and health delivery systems, we all are in the same business and we all represent the same people. Governors have to trust county executives and county executives have to trust mayors and Congress has to establish a new understanding and recognize that local government and state government have capabilities.

I am pleased that we chose as the theme for this session the relationship between state and local government. We have been to many conferences when we see the Governors on the run with their hand out to the federal government asking for more money. Of course we see that the mayors and the county executives want to run to the Governors with their hand out for more money.

It is not a question of more money. It is a question of how we spend the limited resources that are available to us in this country to address the needs of our people. In order to get the biggest bang for the buck, we had better get into an attitude of mutual cooperation where we trust and respect one another and take those limited resources and use them and spend them in the most prudent way.

So I think we have the right theme. We should be striving and cooperating to work with our county executives and with our mayors and we should be trying at the other end of the spectrum to develop that same attitude with our federal partner.

It is my pleasure now to introduce as our presenter a very distinguished young man from San Diego, California. He is the first district supervisor, elected in January of 1969. He first served for five years as a member of the San Diego City Council. He was born in New York City—I won't hold that against him—attended Georgetown University, which is my alma mater, so he can't be all bad. He is a member of the New Coalition. He sits with Governors, state officials, county officials and mayors working on the concept of the New Coalition.

He has had many leadership roles in this nation in matters that deal

with health care for the people of this country.

It is my pleasure now to introduce as our presenter Jack Walsh, First District Supervisor from San Diego County, California.

MR. WALSH: Thank you very much, Phil, for standing in for Governor Rhodes and handling my introduction.

I want to say that I am happy to have arrived at 6 o'clock this morning and to be able to sit in on the session and discover that, contrary to all of the newspapers in the State of California, you are discussing other things than the Honorable Governor Wallace's reluctance to take a loyalty oath for the Democratic presidential nomination.

I might add that I also would like to place myself in his distinguished company and also am declining to support it, but for different reasons, namely, I'm a Republican.

One of the things that Phil failed to say is that I was a track star in high school and I ran the relay. He told me I have to make up for lost time and we have to end by 11:15, so you can feel a little confident, possibly, if you shorten your questions as I shorten my presentation, we can make that schedule.

Let me add my thanks also to Governor Rampton for giving local government, both cities and counties, an opportunity to participate. Coming from California to New Orleans, it is a unique pleasure that I enjoy being able to talk to some Governors. It is not that easy in California.

One of the things that I feel was a reason for my selection is that I have served as the national chairman for all of the counties in the country on health matters and was very active, with the assistance of Governor Noel and Governor Evans and the Governors' staffs, in getting the amendment to the National Planning and Resource Development Act which allowed local governments to be considered in the whole scheme of things.

In establishing my credentials for being here, I give that as background, but I must add also, coming from California, after all of those herculean efforts, California remains the only State in which a Governor has not submitted the designations for health service areas, and I am hopeful that it will happen soon.

It is an interesting thing that we have seen a tremendous amount of growth. Traditionally we think of health from a personal standpoint, either dealing with physical health or mental health of individuals, and counties in

many parts of this country have had a primary responsibility in the delivery of those health care services.

But the scene in the responsibility has changed a little bit over the years from the physical and mental health aspects, and now particularly in county government we find ourselves in such diverse health areas as dealing with the conditions of water, air, food, milk, vectors, sewers, waste, housing, and even swimming areas.

In a recent area survey made of 1,000 counties, it was interesting to note that 75 percent of all of the counties that were polled had a primary responsibility in delivery of public health services, 68 percent in medical assistance, 60 percent in mental health, and 39 percent of the counties of the 1,000 polled have the responsibility for operating hospitals. This is a very impressive figure, but I guess I arrived a day too late because it is my understanding that yesterday at this Conference it was proposed that one of the more progressive steps that could be made in America today is the elimination of counties, so I will be a little more humble in presenting our role and responsibility today in view of those remarks of yesterday.

Health is a concern particularly of counties on the local level. To give you a little bit of the impact, in 1972 counties spent \$2.4 billion in regard to health services provided in hospitals, and \$775 million in the public health services that were provided.

This was an increase from just a short time ago, 1966, of 90 percent in expenditures on hospital services, and 150 percent on public health services.

Now, States take different structures. In some States the States themselves have the health responsibility, such as in Rhode Island. In others the health services are fairly moderately autonomous in being handled by local government, cities and counties, such as in the State of Idaho, but in a great number of States, there is a great deal of autonomy that is provided to local government, such as the States of California and Washington, to name a few.

One of the problems that we deal with on the local level is, I think I surmised from some of the questions that were asked, why don't you do more things on a local level? Governors are called upon to make tough decisions, and I agree. Governors are called upon to make tough decisions. Governors have a little bit more flexibility in many areas to make those tough decisions.

One of the things that we at the local level try to work out with our state legislature and with our staff and with our Governor's office quite often is that, particularly in the field of health, we have many services, running the gamut from crippled children to public health services, that are not necessarily mandated by the federal government but are mandated by state government.

Our request continues to be that as we have those services mandated, and in order to balance budgets, quite often the services continue to be mandated, but the funding drops from 100 percent to 70 percent to 50 percent, and we would like to express the same concern that the Governors have in dealing with the federal government, that as programs are mandated in the health field and funding is cut back, local governments have the same flexibility to reduce services or change types and ways of delivery as those service fundings are cut back.

States, quite frankly, mandate a lot of programs that become underfunded as the years go by. States also, because of the piecemeal approach to generating legislation, have left counties in the position where we have many new health services required.

The environmental health field is a brand new field in recent years that local governments have had mandated to them without sufficient funding.

Now, this is a new trend. It is not all bad, I might add, because there are some interesting perspectives coming down in the whole environmental field, with the considerations in California of getting us presently into the massage parlor business and possibly, with the onset of legalized prostitution, we may be getting into other fields. We just hope that, if you mandate local government to be involved in these fields, you also give us some flexibility in funding.

One of the things that we in local government continue to be faced with is dealing with the medically indigent, and I think we have come the full circuit in delivery of health care services, because state governments and local governments before used to be the delivery (system) of health care services to the medically indigent.

What happened when we had Medicaid, Medicare, Medical, we started to assume that the problems and responsibilities of delivering health care were taken care of and now, with all of the problems associated with

administration of Medicaid and Medicare, we find that there are great numbers of the public who fall into the gray areas and are no longer provided the necessary medical care under the provisions of that legislation, and we see local government again being called back onto the scene to provide any services that before Medicare and Medicaid had handled.

One of the things in local government that we would like to see considered is in the area of evaluation, an evaluation not necessarily for efficiency but an evaluation for effectiveness. One of the problems with the requirements of evaluation is that we are required to see that we are processing a program efficiently, and we are not required to evaluate whether or not that program is effective in dealing with the problem.

So in some instances, whether we are dealing with the problem of alcoholism, we are processing caseloads more efficiently, we are getting outputs to a higher degree than we have in the past, but we are not evaluating whether or not an alcoholic detox center is really solving problems. What are the rates of recidivism, what are the rates of referrals, what are the rates of success, are we mandating efficient programs that are not dealing with the problems they are to address?

Other problems that I think offer a lot of hope, and many States have gone in this direction, are getting away from in-patient services and going to more and more out-patient services. You can in many areas provide three to four times the amount of services on an out-patient basis than you can on an in-patient basis. One of the problems that we are discovering on the local level is that because of legislation which makes it state or federally funded to have in-patient care, you find local levels, cities and counties, directing people into institutions because it is 100 percent or 90 percent taken care of at a very expensive rate, because out-patient services are not funded.

It is my recommendation that States and local governments would be far better if greater flexibility were given to States, to counties and to cities where applicable, to have this flexibility in the expenditures of funds and how we want to deal with it.

Another problem that we have in both state and local government, and I'd like to touch upon it, is the piecemeal approach to health legislation. We have categorical approval of legislation in the absence of any general policies on health. We do not have a national health policy that all of the legislation in Congress and out of the Administration that is proposed can be

oriented in priorities to that national policy.

There are very few States that have state policies on health, so that every piecemeal piece of legislation that is developed in States can be oriented to a state health policy and, as a result, those of us in local government are faced with a categorical granting, through legislation that comes in, whether it is for young people, whether it is for registered voters, most of the health legislation that is generated both in Congress and in state legislatures is done on an individual, special-interest basis, with no over-all priority.

This, gentlemen and ladies, is really wasting a considerable amount of money on the local level when the services are finally delivered to the public.

One of the things that we have to do—and this is why I disagree somewhat with Governor Rhodes—we have to work closer than we have in the past. We have seen the federal government with their CAPs, when they came in with their Community Action Programs, where they bypassed States, bypassed local governments, and went directly to the communities and funded programs where you found shopping centers with three or four of the same services in the same shopping center.

That lesson was not learned by local government because just recently, as Phil pointed out, we had health planning and resources legislation which, until the last hour, pre-empted local government from any involvement in the determination of where federal money, all of the money—the Hill-Burton, your health planning money, your health manpower money—that is coming in to deal with the health problems in States and in local areas, was going to be handled by non-profit organizations with no electable accountability to the public.

A lot of people were taken off guard by that legislation. I think it needs amendment. I think it needs massive amendment. But one option that we do have for the first time now is that local governments, States, counties and cities can, with the designation as an agency, have a control or a handle on those federal funds. But I would like to suggest something in addition to just amendments that would give us a stronger hand on that.

Health service agencies are only going to be funneling, screening and planning the federal investments of dollars in the health scene. I think that it would be wrong for us not to modify that structure, instead of having a

duplicate structure, and funnel all of the state money in the health field through the same planning process, so that we can start to get to that point, which many people advocate, rather than have the categorical delivery of services in one part if you are an alcoholic, if you are an alcoholic with VD you go to another center, if you have problems with mental health you go to another center, but start to funnel money, because money speaks and money is the thing that's going to re-shape our health service delivery patterns in the United States, funnel that money into primary health care delivery centers in single, one-stop type facilities rather than duplication of administration and duplication of locations in the delivery of services as we know them today.

National health planning has a number of problems. I think we should be involved, not only in the drafting of the regulations, but we should also be involved strongly, as a united front, city, county and state, in the amendments that are being sought to correct this legislation.

I might also say that, even though we would have anticipated initially that state, county, and city governments were going to be left out, with the amendments we have that option, but we have a further option.

They have recently ruled that joint-powers agreements are allowable, because California contested it, so joint powers between multi-county, state and county, state and city, county and cities, together can form joint powers and develop the rules and regulations.

Fortunately it is not just California, as was initially understood, that has the power of establishing joint powers, but it is my understanding that 45 of the States also have that same power.

National health insurance is a follow-up to what has already been adopted by the federal government and it is imperative for those Governors who do not or have not taken an active part in the whole delivery of health care services to start to get involved in the scene, because, as soon as the national economic situation changes, the primary, high-priority item of Congress is the passage of national health insurance, whether we like it or not.

All of the bills that have been proposed to date have one glaring defect: They totally overlook the provisions of services, health services, that States and counties and cities give. There were no provisions in the initial bills that were proposed for health care services on our levels, or in

the preventive care areas, dealing with communicable diseases; the "uglies" of medicine were left out that quite often government has to deal with, drug abuse, VD, alcoholism.

All of these programs were left out because national health insurance, without any other categorical provisions, provided for individual care and left out of the total package a consideration for the traditional preventive, communicative care services—the "uglies" as I call them of medicine—that are traditionally provided by States, counties and cities. So I feel that is important that we get in that.

In summary, as I pointed out before, I think we have come the full cycle, where government before was required to provide the medical indigent with a level of service and with federal legislation we had a cure—all for a certain time and now we find that the gaps are greater and that there are more and more of our constituents who fall in the areas of being unable to afford or to provide themselves with health care services.

I would like to end with one recommendation that is innovative, that has been proposed in one area in this country, that is, that many Governors are familiar with the requirement that, if you have capital improvements, the brick-and-mortar investments in your States usually require, if they are over a certain amount, ten or twenty thousand dollars, that you must go to bid, and that it must be provided on a bid basis to allow bidders to meet the specs and so on by private enterprise.

Gentlemen, I offer this suggestion. In the County of San Diego alone we have a \$450 million budget; \$50 million is in the health care area. Our total capital improvement program is somewhere in the neighborhood of \$30 million. If you take welfare and other allied services that deal with health matters, you are talking about 60 percent of our total \$450 million budget in human care services areas. It is my suggestion that we start a system of checks and balances whereby not only do we develop specs and we go out to bid in regard to the public facility construction in our country, but that we seriously do a check on this continuing institutional growth that we see in government in the provision of health care and other human care services and we develop specs and go to bid and find out whether or not, in fact, we are providing services that are comparable and cheaper than what it would cost if we went to non-profit corporations or the private sectors.

This is something that I think local government, cities, counties and

the state government should seize as an option.

Thank you very much.

CHAIRMAN NOEL: Thank you very much, Jack.

Now to present the response, the hard-working Chairman of our Committee on Human Resources, Governor Cecil D. Andrus of Idaho.

GOVERNOR ANDRUS: Thank you very much, Phil.

Mr. Walsh, Mr. Chairman, Colleagues:

Before directing to the response, in order to comply with the rules of our Conference, as Chairman of the Human Resources Committee, I would like to advise you that the malpractice problem was discussed in our committee, there is a paper that has been distributed to your desks, and we will be asking for suspension of the rules from the committee tomorrow.

I mention that only to comply with the rules and let the record so show.

Mr. Walsh, thank you very much for a very outstanding analysis of the problems and your recommendations for some of the solutions. Particularly because of the time problem here, I will be reasonably brief, but I think you pointed out, Mr. Walsh, that there are many, many responsibilities at the local levels of government that you must deal with; yet, there is no mandatory accountability within the human aspects of the Health Planning and Resources Development Act of 1974. As a matter of fact, we have collectively taken the position in this Conference that it was poorly conceived.

Our committee drafted legislation by the Governors. It was taken to Congress a year ago; it was rejected. Now we have the Health Planning and Resources Development Act of 1974. We are trying to live with it and some changes that are made.

Although no one is pleased with it—well, I shouldn't say no one is pleased with it, I'm sure that those people who find themselves as the final health systems agency and are so designated will probably be pleased with it, but very few others. There will be a policy statement from our committee on that tomorrow.

May 3 was the deadline for the Governors to designate the health system areas. Now I think it has all been completed but one. There is a question as to whether they will be accepted.

I would like to point out, as did Mr. Walsh in his remarks, that there

has to be accountability.

To give you an example, members of this Conference, as to how we approach the problem in the State of Idaho, the law did not speak to this area so we took the prerogative that, if they did not speak to it, we would. We designated the entire state as one HSA, with six sub-areas, and I will just read you two sentences from the executive order designating this.

"The membership of these councils shall conform with the requirements of Section 1512 of the National Health Planning and Resources Development Act of 1974 and shall be appointed only after written consultation with the chief elected officials of these local units of government."

Among the places where they say what we cannot do, they didn't say they could not do it, they said the funding wouldn't be available.

We also took the initiative to point out that an equitable distribution would be made among the six sub-areas of the State from the planning funds that we received. So hopefully this will give us the opportunity to have more money put into it.

I was intrigued, Mr. Walsh, when you pointed out the areas of responsibility that county governments have. I think the Mayor earlier this morning and some city officials yesterday pointed out also that they have areas of responsibility. But I would point out also that in many States, and I will speak only for my own, when we dictate responsibility, we move money. The cities and counties in my particular State receive two thirds of the revenue sharing and 20 percent of the total sales tax collections distributed to the cities and counties. A portion of the liquor tax money is distributed to the cities and counties; a portion of the cigarette tax to do this. But you are absolutely right, sir, when you say that we have fragmentation and we need a better system of delivering the services.

I think health care can best be described by saying that it is fragmented, disorganized and generally ineffective. Financing health care is a confusing maze of federal, state and local regulations. The bureaucracy many times and in the same areas has a way of running the program and you wonder sometimes when you see people in need whether the bureaucracy is self-serving or whether really, in fact, it is delivering services.

I would concur, and I think it was one of your final recommendations, that we must analyze the effectiveness of these programs; in other words,

coming back to our argument against the Health Planning Act, that there is absolutely no accountability to the people via an elected official, whether it be a Governor of a State, whether it be a commissioner, in any of the areas. It is left directly to the Secretary of Health, Education and Welfare.

Because of the time, I will not belabor that point this morning. We will discuss it at length in our committee report tomorrow. But I think it is safe to say that we feel the first step should be to examine the incentives.

How do we make it financially attractive to providers to keep the people well? How do we create an incentive to get the people to establish a relationship like we have with a family doctor? How do you do that? It is difficult, but I think that regulations should not be used just to control or to penalize.

So, Mr. Walsh, we thank you for being here. I do not share the opinion of some of my colleagues that we should not be discussing state and local relations. After all, it is pretty close to the people, sir, when you have a problem at a city or county level and the State is involved. If we have a mechanism to collectively solve those problems at that level, then we wouldn't have to have meetings where we bring in the Senators and the Congressmen and try to get federal dough.

I think, Mr. Chairman, with the realization of the shortage of time, I will stop at that point but, with Mr. Walsh and others, I will make myself available for questions.

Thank you very much.

CHAIRMAN NOEL: Thank you very much, Governor.

Now to complete the response to the presenter's statement, Governor Wendell R. Anderson of Minnesota, a member of the National Governors' Conference Committee on Human Resources.

Wendy Anderson.

GOVERNOR WENDELL R. ANDERSON: I would like to make two observations about the new legislation.

Minnesota in the late '60s and the early '70s, largely at the insistence of the federal government, set up regions. Our state was divided into 13 regions. It was a very difficult and controversial issue. Governors who preceded me, both Democrat and Republican, and our legislature got together and set up one of the most beautiful regions in America. The federal government was just happy and pleased. Now we find that these 13

wonderful and beautiful regions that were perfect for the late '60s and the early '70s are no longer so beautiful. We find that there is some sort of new rule that you can't have a region that has less than 500,000 people, so we have had to submit to the federal government not the 13 regions that they used to think were fine but now it is seven.

Our seven regions include two thirds of North Dakota, part of Wisconsin. We don't even know if these new regions of seven will be approved by this wonderful person in Washington—I don't know who it is.

We have another problem as a result of this new legislation. In Minnesota, as in every one of our States, we set up a system of state hospitals for our handicapped, for mentally retarded. We have ten hospitals in Minnesota that have been existence for a long, long while, and we took our handicapped and shipped them to these hospitals and pretty much hid them, just as you have done in your States. In recent years, through the '60s and '70s, we have done a better job.

We used to have 16,000 mentally retarded in our 10 hospitals. Through better care we have been able to reduce that number to 6,000, but we still have those 10 hospitals.

I think a better thought in America today is, rather than having a large hospital that has thousands of handicapped, if you could build a community facility for 10 or 12 or 15 of the handicapped, it would make much more sense.

At the last session of the legislature, I asked our legislature to allow me to do this, to set up small regional facilities for the handicapped. It would mean that we'd have to obviously start closing and phasing out some of our hospitals, which is a tough thing to do. Local businessmen don't want it. They like to have that payroll. State employees don't like it. But to my amazement it went through the state senate and almost got through the house, and it is going to be done in Minnesota. We are going to start closing and phasing out some of these state hospitals and we are going to move into a community facility that will make more sense to the taxpayer, much more sense for the handicapped. However, what happens now under this new legislation?

We get a bill through our legislature and I sign the bill to set up community facilities and close two or three of these hospitals. Does that do the job? No. There is some sort of magic board someplace that isn't elected

by anybody that can stop us from achieving the legitimate goal of elected officials.

Our speaker in his prepared remarks—and I didn't hear him say it—made two observations that I agree with 100 percent.

In fact, you don't sound like a Republican, you sound like a Democrat when you make such intelligent profound statements.

He said: "I maintain that...federally mandated programs initiated without the support of locally-elected officials are destined to fail." That makes good sense to me.

He also made the point that the design of this legislation is to make sure that the programs are isolated from political pressures, that the locally-elected officials, Governors and so forth, should not be involved, because then you will have political pressure. Well, I thought that is the way the people in America have a voice.

So I just hope that Governors who are here did reach some sort of consensus or agreement that the federal legislation ought to be changed.

Thank you very much.

CHAIRMAN NOEL: Thank you very much, Wendy.

May I make one observation before we go to questions. The Governors sent me as their representative to lobby against the enactment of that health planning and regulation legislation, and I did that job so well that they exempted the State of Rhode Island from most of the onerous provisions of the legislation. The only thing I liked about the legislation was that my State was exempt.

But I point this out as a legitimate criticism of Congress on this bill, I think. When I testified on behalf of the Governors' concern because we had all spoken to develop a policy statement on health planning and regulation legislation, they questioned me about specifics. I was only able to give them specifics about my State and why that legislation didn't make any sense as it related to the State of Rhode Island.

I assured the congressional people that I was certain the same kinds of circumstances existed in other States, so that the legislation wouldn't make sense in Minnesota, wouldn't make sense in Alabama, wouldn't make sense in many other States, but I didn't know the situations in those States.

Their solution was to exempt Rhode Island and have the law apply to the other forty-nine States.

Are there any questions?

Marv Mandel from Maryland.

GOVERNOR MANDEL: I would just like to make a statement. We were well aware that Rhode Island was exempt, and Maryland is going to court claiming that we are denied equal protection of the law.

CHAIRMAN NOEL: Are there any questions from the Governors?

Governor Evans from the State of Washington.

GOVERNOR DANIEL J. EVANS: Mr. Chairman, it is not a question so much as an explanation of the letter which I have distributed to each of the Governors, together with proposed amendments to the act.

I share the remarks which have already been made about the act itself and some of the deep concerns I have over the act and the artificial restrictions placed in it.

I think there is a terrible lack of public accountability in the expenditure of what will ultimately be public funds. The whole concept in this act, which seems to view medical care as being virtually solely in the private field, is simply inaccurate when every State in the Union has a very large investment of state funds in mental health and mental retardation and alcoholism and drug abuse and Medicaid, that there are hundreds of millions of dollars in most States.

It seems to me that with the restrictions in the act as it is now written, there is far too little opportunity for the States, the government at any level, local or state, to be involved, and particularly for the States to be involved.

I have asked Senator Magnuson to introduce amendments which will have the effect of clarifying the language in the present law. This will do essentially two things: One, give the States clearly a much more direct relationship in the establishment of these health service agencies and also to remove some of the artificial restrictions in terms of population. We would like to establish a single state district. We are over three million in population and, as a result, cannot under the present act.

I think we probably ought to go even further than the amendments which Senator Magnuson has agreed to introduce today, but the important thing is that we darned well better get a vehicle in Congress so that we can go back there and let Congress know of our concerns over this act and how it is being implemented.

I think we let one get by us last year when the act was passed. We didn't know enough, or enough of us didn't know what was happening, and as it slipped through in the closing days of the session we have some things that are obviously not going to work in our own best interests.

I think we ought to ask each Governor here to contact your own delegations to call for early hearings, to ensure that we have an opportunity to look at these amendments and, if we want to be stronger on them or to go further, at least have the opportunity to set up a mechanism to get that story to Congress.

Governor Rampton and I had a meeting with Secretary Weinberger after the midwinter meeting. I do think that they at least have indicated some support for the first of these amendments on population. It is my hope, of course, that HEW will recognize the validity of the need for support of the other amendment, but whether they do or not, I think, it is very important for us to get that story to our congressional delegations, asking for early hearings, so that we can let them know of the difficulties of the act as it now stands.

It is a terribly important thing for us to do if the States care to have any kind of public accountability in the expenditure of state and local funds, not just federal funds, in the whole health care field.

CHAIRMAN NOEL: I make one observation, Governor, and that is this. We didn't really let one get by us, because this is one area for concern where the Human Resources Committee of this National Governors' Conference not only testified in response to the federal initiative, but we also prepared, had drafted and submitted our own legislation, our own version of health planning and regulation legislation.

We did that through the very capable assistance of Allen Jensen, the staff man of the National Governors' Conference, and under the able leadership of the Chairman of the Human Resources Committee, Cecil Andrus. So it wasn't that we didn't make our voice heard and it wasn't that the attitude and the recommendations of the Governors of this country were not presented to the House and Senate. I testified at least twice in the House and once in the Senate and other Governors, at least four or five others, testified at least that many times. We actually presented our own bill. It is just that they didn't listen.

GOVERNOR EVANS: I stand corrected then. I know that that was

done. I guess where we have failed was individually making that case well enough with our own congressional delegations to ensure that there was broad understanding on the part of those who voted on the bill. I think that that is where we have to do our homework at the present time if we seek any kind of amendments, not just to testify in committee but also each of us individually to get to our own congressional delegation so that massively the Congress understands what the problems are.

CHAIRMAN NOEL: I am going to close on this note.

The Human Resources Committee, when they report tomorrow, will deal extensively with this subject matter.

I would like to thank Jack Walsh, the county supervisor, for being here today, and I will turn the program back to our Chairman, Cal Rampton.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: Mr. Chairman, I ask to be recognized for the purpose of making a motion to suspend.

CHAIRMAN RAMPTON: You are recognized.

GOVERNOR EDWIN EDWARDS: Mr. Chairman and Members of the Conference: I move that the rules be suspended to take up a resolution calling on this Conference to abandon the agenda scheduled for this afternoon completely and that the Conference consider solely the question of the energy problem in this country.

I ask for three minutes in support of the motion, and then I will be pleased to—may I have three minutes?

CHAIRMAN RAMPTON: Would you rather do it now or would you rather do it after Secretary Hills' presentation?

GOVERNOR EDWIN EDWARDS: I will do it after the Secretary's presentation if I am afforded the opportunity.

CHAIRMAN RAMPTON: I will see that you are afforded the opportunity, but I would ask if you would defer.

GOVERNOR EDWIN EDWARDS: Thank you very much, Mr. Chairman.

CHAIRMAN RAMPTON: Gentlemen, this morning some of you indicated some concern that the action taken in regard to the McFall amendment to the Ullman bill might be misconstrued as support for the basic premise of the Ullman bill. I know that some of you are in the course of preparing some proposed resolutions to reinforce our position there. That may not be necessary. In looking at the minutes of the midwinter meeting,

the staff discovered that we did take a definite position at that time in opposition to the use of price as a control mechanism. I have attempted to incorporate that in the wire.

I will read to you the wire I have sent to Congressman McFall to see if you feel it covers the matter about which you expressed concern this morning.

This is the wire to Congressman McFall:

"The National Governors' Conference today voted support for an amendment to H.R. 6860 which would enable state governments by enacting a qualified state tax to pre-empt 1 cent of the first 3 cents of any federal gas tax, and up to 20 percent of any additional increment. In today's vote the Conference did not change its position adopted in February opposing the use of taxes to decrease gasoline consumption until a national conservation program is implemented. Today's action in support of the amendment is intended to clarify the preference of the Governors in the event that the House of Representatives determines over their objection to enact a new federal gasoline tax."

I didn't like to do it because it doesn't represent my preference, but I believe that this is based upon actions already taken and it states the position raised by you, Governor Briscoe, and others this morning.

I now ask Governor Milliken of Illinois to conduct the next session.

GOVERNOR RHODES: How about Michigan?

CHAIRMAN RAMPTON: Michigan, I beg your pardon.

CHAIRMAN WILLIAM G. MILLIKEN: Thank you very much, Mr. Chairman. That was a terrible slip.

My fellow Governors, Ladies and Gentlemen:

This nation is very fortunate to have Mrs. Carla Anderson Hills as Secretary of the U.S. Department of Housing and Urban Development and the National Governors' Conference is most fortunate to have her today to discuss with us the challenge that she shares with us.

That challenge is the long-sought but as yet unattained goal of a decent home and suitable living environment for every American family.

Mrs. Hills accepted the leadership needed to meet this challenge when she was sworn in by President Ford as HUD Secretary on March 10 of this year. Before that Mrs. Hills headed the Department of Justice's Civil Division. She earned her law degree from Yale University in 1958, after

having received an earlier degree from Stanford and having studied at Oxford University.

With a staff of 17,000 people and a budget in excess of \$7 million, she administers a program that touches the lives of millions of Americans who without some form of assistance cannot afford suitable housing for themselves and for their families.

Every President and every Congress since 1949 has reaffirmed the commitment to the national goal of meeting housing needs, but we really are not much closer to achieving it.

After taking her new job, Mrs. Hills in an interview with the "Christian Science Monitor" said: "There are a multitude of things that cry out to be done in the housing area, things that need to be addressed in a creative way." That is exactly what she is doing, addressing the challenge in a creative way.

I fully agree with Secretary Hills that the housing industry is not today in the best of times. I also fully agree with President Ford that she is the best person to assure that our housing programs meet the challenge of the times. I know from personal experience that she is anxious to work with the Governors of this nation. That is one reason that it gives me great pleasure to introduce to my fellow Governors a person who possesses the drive, the imagination, and the talent to give effective leadership to our nation's housing effort.

It is my great pleasure now to introduce the Secretary of the Department of Housing and Urban Development, Mrs. Carla Hills.

The Federal Perspective on State-Local Relations

MRS. HILLS: Governor Milliken, thank you very much for those very warm words of introduction.

It is a great honor for me to be here and address this Governors' Conference.

I must confess that each time I have spoken to a group in the 90 days since I came to HUD I have had a greater tendency to search for topics that will be pleasing to my audience. Bankers hear about the benefits of the Financial Institutions Act, newly-admitted lawyers hear about the new morality and openness in government, and city officials hear about our

efforts, which I think are substantial, to formulate a new urban homesteading program.

My search to find a topic for the Governors' Conference reminds me of a remark made by Senator Humphrey some time ago. He was addressing a group of businessmen and extolling the virtues of the free-enterprise system and lamenting the high costs of labor. A businessman jumped up in the back of the room and said: "Senator, I will bet you don't talk that way to labor leaders." The Senator replied: "Young man, if what you mean is I talk more about mother on mother's day than on Easter, you are absolutely right."

In that tradition we approach this Conference because in a straightforward manner we simply polled all 50 of you to identify your particular concerns with respect to the matters that we deal with at HUD. We found that growth management and land use head your lists. It is easy for us to agree that these are issues of major concern.

We feel very strongly at HUD that sound growth policies rank high on the agenda of critical public issues, and we also know that there is an increasing awareness among our citizens that the way in which we use our land directly affects the cost of groceries, transportation and housing.

But, as appealing as these words may seem, by reason of their compatibility with your concerns, it is difficult to speak or to act meaningfully with respect to planned growth when your real economic growth has been declining or to try for new controls over land use when few are building.

Thus, we who are state or federal officials may appear to others to be sitting motionless with respect to these issues of real recognized concern.

The fiscal problems facing all governments are profound and distracting.

The property tax base of many cities has been seriously eroded by demographic and economic trends and a painful recession has eaten away at the basic sources of tax revenues, and at the very time the traditional sources of government revenues are less certain, double-digit inflation has pushed up the cost of providing basic public services to staggering heights, while the unemployment generated by that recession has created ever increasing demands for services.

In too many communities vital services are being curtailed or eliminated and in others the fiscal integrity of local government itself has

been called into question.

In the face of these pressures, you can see that you, too, have less money to spend for greater needs and you are all aware of the President's battle to avoid an unreasonably large budget deficit.

So we seem to present to the public and to the media issues in very simplistic terms. Should we spend more money or should we spend less money to restore our economy to a growing healthy state?

Let me suggest to you that our analyses must be more profound and our solutions more creative.

In this period where economic trauma comes as we look back upon the days when governments had relatively more money to spend, I think we can see that our present plight is as much the failure of sound and coordinated intergovernmental action among local, state and federal governments as it is a shortage of funds per se. In short, I believe that we are forced to the realization that some of our ways in the past have been wasteful and this Conference provides us with a splendid opportunity to reflect on our respective roles and responsibilities and to consider what balance of interaction among the different levels of government will deliver public services with the least waste to the taxpayers and the most responsiveness to the public's needs.

Ours, we are often reminded, is a three-tiered system of government. To assess government's responsibilities in any area without taking into consideration all three levels leads to a lopsided assessment.

I reiterate that point somewhat humbly in the face of the title that you have chosen for your Conference, "States' Responsibilities to Local Governments." The feds got left out.

I reiterate it also because there are some broad generalities that are often instructive. Local governments are, generally speaking, the least capable of raising significant amounts of revenues. Eighty-five percent of local revenues comes from property taxes, and we know that overuse now may be adversely affecting land development.

At the same time we know that local governments can better use public money to attract private funds in joint efforts to serve community needs and, most important, local governments are best suited to know and to shape public programs to meet the peculiar needs of the residents in their jurisdictions.

State governments, however, have a broader perspective and can bring regionalism to governmental decision-making that guards against inequities of purely local resource allocation.

The States have a far greater variety of income-generating devices at their command.

Lastly, the federal government, having the broadest perspective, is able to set goals of national application and the federal government has the broadest base and most efficient means of generating revenues.

But it is distance from local problems that makes it far less suited to implement nationally-set goals in individual communities.

The agony of the Pruitt-Igoes taught us that the problems of public housing are not susceptible to solution by the federal government alone.

We now know that the problems of housing our lower-income families require the attention of the full intergovernmental system.

HUD's new rental subsidy program is based upon this concept of shared responsibility. It provides federal assistance for local and state decisions on how best to meet the needs of our lower-income families and it gives the local governments the right to decide whether new, existing, or rehabilitated housing stock is best suited to meet those needs in the communities that they serve.

Rental subsidies for housing is just one example of how shared responsibility can work. We at HUD believe that all of our programs which address local and state problems have a greater probability of success if they are shaped and directed by you, the Governors, the legislators, the mayors, who have firsthand knowledge of the problems addressed.

The 1974 Housing Act encourages shared responsibility in the development of sound growth planning and land-use planning. I believe it points up at least two ways where the States can make greater contributions.

First, the Community Development Grant Program provides federal funds to localities and gives them broad discretion in how those funds will be used.

But to obtain those funds the communities must submit a comprehensive plan specifying how they will preserve or revitalize neighborhoods, how they will promote housing choices for their lower-income families, and how they will deal with undue concentrations of poor

people. It is right that cities be asked to address these priorities. But the States are best suited to ensure greater coordination in the use of these federal funds.

The process of community growth often ignores artificial lines that delineate the political boundaries of cities and towns. A new plant in one town may create housing needs in nearby communities. Undue concentration of poor people in a central city may be capable of mitigation only on a regional basis.

The regional perspective of the States dilutes the parochialism which can prevent local communities from using their federal funds in ways that promote sound growth.

A State can bring its regional pressure to bear:

By providing technical assistance to units of local governments;

By helping in the preparation of applications for community development funds;

By providing expert advice of planners, engineers or financial experts; and,

By providing a clearinghouse for the exchange of information among communities within the State.

Creativity with respect to funding is a second area where I think States can do more. Although the federal community development grants constitute a very substantial resource, it is clear that the federal government alone cannot provide enough funding to achieve all of the local communities' goals.

But the States can augment these funds by providing matching grants of their own. By regarding the federal funds as seed money, States can entice action by the local governments as well as by the private sector, and thus be instrumental in developing a critical mass of funding that can far more effectively address the problems of rational growth.

HUD will encourage increased state participation. In dispensing community development grant funds out of our discretionary funds, we will give preference to multi-jurisdictional applications.

The 1974 act also furthers the concept of shared responsibility while it contributes to better land-use planning in the requirements for Section 701 comprehensive planning grants.

Each recipient is now required to develop a land-use plan suitable to

its needs and its scope of authority, and each recipient must have completed a land-use plan to remain eligible for 701 funds after August 22, 1977.

To ensure coordination at each level of government, HUD requires each local application to be reviewed by the State to determine whether there is a requisite coordination with other planning activities in the States, and whether the proposed objectives are compatible with state planning goals.

A number of States already are supplementing these planning grants with state planning funds. Thus our 701 program can, in many respects, provide a model of how shared responsibility can work well.

But in addition to HUD's 701 program, there are at least seven other major federal land-use-planning programs in the Departments of Commerce, Interior and Transportation and in the Environmental Protection Agency. They are:

- Coastal Zone Management;
- Water Quality;
- Highway Construction;
- Outdoor Recreation;
- Economic Development;
- Mass Transit and
- Airport Construction.

The land-use-planning assistance in these federal programs alone totals over \$250 million per year.

Benefits from them are considerable. Land-use-planning decisions are more carefully considered in terms of the costs and benefits of alternative plans and also in terms of the impact on other aspects of community development. Unquestionably, they offer the opportunity for getting far more from the planning dollar.

But these multiple federal programs also offer the opportunity for confusion, waste and duplication of effort, which means a wasting of those very same planning dollars. In some cases as many as six or seven systems and related governmental development programs have been required within a given geographic area.

The examples are familiar. Airplanes and houses make poor neighbors. Highway construction and water quality often clash in their goals. Such conflicts greatly increase development costs.

These problems are further complicated by the fact that 60,000 or so governmental units at all three levels have varying degrees of influence over land use.

To all of this I can only say that we intend to put our house in order. President Ford has asked HUD to take the lead in rationalizing the various planning grant programs, and using HUD's 701 program we have begun to enter into agreements with other federal agencies which also have planning grant responsibilities.

In agreements with the Department of Commerce and the Environmental Protection Agency, the land-use plans required under our 701 program are now deemed to be the equivalent of those required for EPA's water quality and Commerce's coastal zone management programs.

In these instances, dual plans and hence dual costs have been eliminated. These agreements further ensure that actions taken under one of these programs will not be negated by the goals sought by another.

We also are seeing great strides being made by the States with respect to decisions to avoid duplication and decisions to increase the productivity of government. Often these efforts are made with 701 planning grants. The initiatives have been varied and creative.

For example, a consortium of Governors on the East Coast is jointly planning to protect community and environmental values while, at the same time, making offshore oil drilling possible.

Another group of Governors will be using 701 funds cooperatively to deal with the rapidly expanding coal mines.

Governor Kneip is one of the seven Governors, I am advised, who has used 701 funds to support extensive state government modernization efforts.

Governor Evans, I am told, has used 701 funds to enable citizens to participate in the setting of priorities of his administration.

Many of you know that you have made significant progress in modernizing organizational structures and in improving management systems at your state levels.

In the last decade, at least 20 States have accomplished major reorganization and 20 others have reshaped major state agencies.

Georgia consolidated 300 boards and departments into 22 functional agencies while Jimmy Carter was Governor.

In Missouri Governor Bond has spearheaded a major state

reorganization.

We also see improvement of a similar nature at the local level. Where it is appropriate, local governments have merged functions or consolidated governmental units to make service delivery more efficient.

Indianapolis and Marion County's UNIGOV is one of the more ambitious attempts at such consolidation. Other local governments have also launched productivity programs or taken major steps to improve their efficiency.

I am particularly pleased that many of these state and local reforms were undertaken as a result of studies funded by our 701 comprehensive planning grants.

We all know, however, that much remains to be done. We need to improve efficiency and productivity among all of our three levels of government.

In the past, communications between the federal government and the Governors have not entirely met the needs of either. The impact of federal programs on state governments has not received enough attention and consultation about new federal policies has at times occurred after the fact.

That kind of communication simply will not support the kind of shared responsibility that we so badly need to implement for a truly efficient government.

What we need now is a continuing dialogue. As a mechanism we need an organization through which information and ideas may be solicited and shared at all three levels of government.

There is an organization that can be used to this end. The New Coalition, a non-partisan group of Governors, state legislators, county officials and mayors, organized by your former Chairman, Governor Evans, and continued by your current Chairman, Governor Rampton, is already working in this area.

President Ford has asked the Domestic Council to work with the New Coalition on federal budgetary and policy matters.

I would like the New Coalition to take on another assignment.

I would ask that the Governors' Conference and the New Coalition take the lead in formalizing this much-needed dialogue among the three levels of government so that government officials at all levels can sit down to an agenda of issues for which they share responsibility. The potential list is long.

Toward this end, I am now naming David Meeker, HUD's Assistant Secretary for Community Planning and Development, to serve as liaison both to this Governors' Conference and to the New Coalition, to assist in developing what we regard as a much-needed exchange of ideas.

I very much hope that the appropriate officials can meet with Mr. Meeker during the course of this Conference and work out at least a general agenda and meeting time, in preliminary fashion, so that we can make strides toward creating those channels of communication essential to a strong and efficient tripartite governmental system.

It is an honored maxim of my party that the best governments are often those that govern the least. But I think all parties agree that the best speakers are also those who speak the least. With that in mind, I want to thank you for having me address you today. I have enjoyed it, and I am glad to join in your question-and-answer period.

CHAIRMAN MILLIKEN: Thank you very much, Mrs. Hills.

Are there now questions or comments from the Governors?

Governor Shapp of Pennsylvania.

GOVERNOR SHAPP: Thank you.

Mrs. Hills, I appreciate your comments. I would like to talk, though, to the direct problem of housing and not about all of the mechanisms that have been set up in Washington to deal with the housing problem, because I think the mechanisms are perhaps part of the problem in getting any housing really built in programs and in operation. Certainly the lack of funding and the attitude in Washington tend to depress meeting the housing needs of this country.

Here we have a situation that is ludicrous on its face. The housing industry is a depressed industry. It could employ hundreds of thousands of people and yet our cities need rebuilding programs. The rural areas desperately need new housing, and we sit with our hands folded looking at the erosion of the tax bases in our cities and in our rural areas because property values are declining.

I submit that funds for housing should not be considered as an expense but as a self-liquidating investment because even the FHA program proved to be profitable. The federal government, just through its handling charges, which I believe are around 1 per cent, wound up with a profit of \$356 million, and yet it supported many hundreds of thousands of housing

construction units.

I submit that what we should be doing now is cutting out all of the red tape, looking at the housing problem, the needs of our people, and coming forth with a long-scale housing program for our cities and rural areas, putting the money into these programs which, as I say, will be self-liquidating through the rentals that will be collected for the housing and, at the same time, will give much needed boosts to the sagging economy of this country.

In Pennsylvania we have established the Pennsylvania Housing Authority and a financing authority and we have a goal of moving forward to build 100,000 housing units a year. It is desperately needed in our State. We cannot even, through the authorities and financial programs that we have set up in the State, meet this goal, but with some really hard-hitting programs developed out of Washington, I think that goal is attainable and I think similar goals, based upon population trends in this country, will be attainable in other States.

A program of moving in this direction would be one of the most important programs that could be undertaken by the Administration to help create new jobs in this country and better housing and living conditions for our people.

MRS. HILLS: I'm not sure of the precise nature of the question, but I agree with the Governors that housing is in a depressed state and it is a serious problem that affects the economy. However, we believe that the economy must be improved or housing will not improve.

You mentioned, Governor Shapp, a mixture of housing our low-income families and the problem of jobs in housing production. I think that we have to keep those goals—and both of those are HUD goals—separate.

Our rental subsidy program, in my opinion, is by far the best means we have ever had for housing our lower-income families. For the first time we have utilized existing and rehabilitative stock and we subsidize the cost of housing on a rental basis...between 25 percent and the total cost, and 25 percent where the family is earning nothing means that the government is paying the total cost of the rental.

So never has there been such a deep subsidy with such a maximum opportunity to house the people who truly need it.

With respect to production, I think the federal government has the

tools to assist and to meet the problem which you described. In the last 13 months we have made available through our tandem program \$15 billion by buying mortgages at subsidized rates. Through this program we have \$9.5 billion still out in commitments which have not been called for delivery, which will support summer starts, and I look to that program as being one which has substantially cushioned the recession which has been felt in the housing industry.

You must keep in mind that the cyclical effects of housing are simply a symptom. Where there is a depleted capital market driving up the interest rate, we are going to get another plunge with respect to housing, so that we cannot simply look at the housing problem without looking at the total economic problem, and I think if we wisely take measures that will restore the economy, we will have a much better chance of bringing along the housing industry and keeping it on track.

The fact is that we have the money in our thrift institutions and the problem is we do not have the consumer confidence to reach in and utilize those funds for housing construction. The buyer confidence is greatly shattered by a fear of another inflationary spiral, by a fear that they will be laid off from their jobs. This is only to document that the problems are intertwined and that we really must address the total problem of the economy or we will not be able to solve the problem of housing.

CHAIRMAN MILLIKEN: Thank you, Mrs. Hills.

Governor Rampton.

GOVERNOR RAMPTON: Mrs. Hills, notwithstanding the fact that your appropriation of 701 funds for the coming fiscal year is, I believe, some \$12 million above what you have had this year, the allocation to the States in Region 8 is only about 65 percent of what it was last year because of a changed formula for distribution. This comes at a time when our need for planning funds is greater than ever because of the fact that we have the huge deposits of fossil fuels in yet undeveloped areas and we need it for new town planning and the planning for roads and so forth.

Is there any prospect that we might get from you a hold-harmless provision or something of the sort to make sure that we will not be reduced below the current year?

CHAIRMAN MILLIKEN: Mrs. Hills.

MRS. HILLS: We have no legitimate authority to grant a hold-

harmless with respect to 701 funds of which I am aware.

GOVERNOR RAMPTON: What is the reason for the change in the formula that has resulted in such a reduction in that one area of the country this year? Could you tell us that?

MRS. HILLS: Is Mr. Meeker here?

David, could I ask you to respond to the Governor's question.

MR. MEEKER: Governor, there has been no change in the formula over a number of years. What has happened in the 1974 act is that Congress increased the number of eligible recipients and we now have to provide money for counties and a variety of other people so that, in attempting to do this, we have had to balance out across the country.

I have looked at the condition in Region 8, and I find that in Region 8 you are receiving above what you would be entitled to with a strict application of the formula. I would also note that the 1975 allocation of funds is increasing money going to the States for their own purposes from \$15.9 million in 1974 to \$21.5 million, so that almost every State is rising above the minimum requirement of the application of the formula.

I would also note for your interest that, because areawide bodies are largely creatures of the States, and we believe are one of the consolidating bodies in coordinating state and local conditions as to planning, when you put the money that is allocated to the areawides into this, the States receive, in their jurisdictional areas, not including counties, large cities, localities for special impact funds, approximately 50 percent this year of all of the 701 planning money.

CHAIRMAN MILLIKEN: Thank you, Mr. Meeker.

Governor Byrne of New Jersey.

GOVERNOR BYRNE: Mrs. Hills, has HUD done any evaluation of urban homesteading? What role do you see for HUD in that area?

MRS. HILLS: I announced on May 22, I believe, a new demonstration program involving urban homesteading.

One of the problems that we found in prior efforts along those lines was that the value of the homes offered was too low to enable the localities to make real use of them. With our demonstration program, pursuant to Section 810 of the 1974 act, we have picked out ten cities and are utilizing \$5 billion per year to try to demonstrate the real merits of an urban homesteading program. The package has just gone out to mayors, because

we are asking the cities to develop the format of the urban homesteading program. We are providing the houses, but they are designing the program to meet the peculiar needs of their jurisdictions.

We will select those programs which we think have an opportunity to demonstrate the merit of the program.

CHAIRMAN MILLIKEN: Governor Askew of Florida.

GOVERNOR ASKEW: Mrs. Hills, conceding that the federal government has its own limitations in meeting this whole problem of housing and urban development and that it is going to require a role on the part of every level of government, I wonder if you could give us the benefit of the doubt on what you perceive would be an appropriate and reasonable role on the part of state governments?

Local governments have been in it for awhile, at least from the standpoint of public housing, but to many States it is a new venture in which a lot of people are apprehensive because they have seen possibly some of the problems in the 235 and 236 programs that frankly sometimes have been shown all out of proportion to some of the successes of the program. So many States are, I think justifiably, apprehensive and proceeding cautiously into this field.

What do you really perceive is the appropriate role on the part of the state government in trying to meet housing needs?

MRS. HILLS: Many States have done a number of creative things in the housing area. I believe about 37 States have state housing agencies which have cooperated in financing the building of housing, cooperated with the local governments and, indeed, our 1974 act gives preference to governmental participation in housing so that our Section 8 allocation is directed toward the kind of contribution that the state housing agencies can make.

We give 40-year financing with respect to the States, whereas when we are dealing with a private developer it is 20-year financing. We have a larger number of set-asides in our allocation with respect to contract authority when we are dealing with the States than in any other single area.

I can ask Mr. Meeker also to amplify the kinds of things that States can do to encourage housing, and I think he is more aware than I am of the rather innovative items because, although we have 37 state housing agencies, different agencies are doing different things, and very few are

doing all of the things that they might do.

MR. MEEKER: Among the elements that we have received and reviewed from various States in the area of community development are state proposals to deal with the discretionary funds within a state geographical basis.

One State has made such a proposal to the department. It requires the cooperation of local governments for this to be brought about, and this is part of the harmonizing that I hope we will be able to deal with in the next few months before we begin our next funding cycle.

The area of housing itself, the distribution of housing across the State, is definitely a growth-related pattern which is of severe concern to the State.

Governor, I think you and I about a year ago met in your Capitol and talked about this on a public platform. We feel that the requirement for housing assistance plans, which is statutory for communities to receive community development money, is a role very important for the State to play in the planning and allocation area, so that undue growth does not occur in one area; so that jobs are related to housing; so that travel time is cut down; energy costs are reduced; scarce resources, particularly in your State the problem of water, could be addressed by a statewide housing assistance plan from which the various communities could take their share. This would allow us as a department, then, to begin to view the allocation of housing resources nationally on a more reasonable and proper basis in support of state objectives.

These would be just a few of the methods that we could discuss here, and I would hope that one of the issues that would be on the agenda with the Governors' Conference committee with which I'd like to meet, as well as with the New Coalition, is exactly how we can bring a program at the state level and at the federal level more in alignment.

GOVERNOR ASKEW: Wouldn't you still concede that, even though there is an appropriate role on the part of the state and federal government, it still must substantially rest with the federal government in terms of subsidy for low-cost housing, low-interest loans and rent subsidies?

MR. MEEKER: I think on the basis of the federal government's ability to collect the resources, that is where it does rest, and it also has been that way since 1934 when the first FHA legislation passed.

But I think the one thing that we have to be careful of in adopting the posture that the federal government represents the greatest source of funds is overlooking the fact that the concern for our citizens in a safe and decent house in a suitable living environment is one of all three levels of government, and we should contribute at each level what we can as well. I would concede this, but I also would hope that we could reasonably anticipate programs from the federal government whereby the role of the State would be more one of stimulus, the catalyst, one of guidance between the federal government and the local governments to try to meet the need, rather than to assume that the States should venture forth into some of the programs that the federal government itself has found it could not really cope with financially.

Just in one response, Governor, I think you would find that the Administration has been over the last few years quite interested in increased roles for the States in all of this.

In the planning area a piece of legislation which did not even receive a committee hearing, called the Responsive Government Act, was presented by the Administration to run all of the planning funds, 701 planning funds, through the States, rather than for us to deal with five levels of recipients.

That received very little attention and, quite candidly, it received very little attention from the Governors. There was no push to have it happen.

So I think if the Governors are interested in a role in this, they are going to have to join with us in trying to spell it out, and we are encouraging the joining with us.

I agree about not venturing out on the ice where you should not go.

GOVERNOR ASKEW: Let me say this, and I won't belabor it, but we talk too frequently in elusive terms of what the relationship should be and, consequently, it does not get done many times at any level. I really do believe that to the extent it is possible there should be an attempt to delineate what should be reasonably expected of each level and then try to at least see to what extent each level can be responsive.

MR. MEEKER: I couldn't agree more and I hope that is what we are going to talk about here very shortly, Governor.

CHAIRMAN MILLIKEN: Governor Link, North Dakota.

GOVERNOR LINK: Mr. Chairman, I would like to ask Secretary Hills if consideration is being given or if a program is in effect to provide housing

in impact areas such as occurs incidental to the installation of energy conversion facilities.

CHAIRMAN MILLIKEN: Secretary Hills.

MRS. HILLS: Do you mean by that that adequate housing is provided where new economic development is creating housing demands?

GOVERNOR LINK: Yes, because often there is not sufficient organization or sufficient planning available to provide the housing for these kinds of impact areas.

MRS. HILLS: Both for the community development grant funds and for the housing assistance, communities are required to file a housing assistance plan, which we call a HAP. That is subject to an A-95 review and that A-95 review should point up impactation and the communities should address the problems that will be created by the numbers of people who reside in that community or, and I quote the statute, "may be expected to reside in a community."

So where there is a planned economic development, a plant or a factory of one sort or another, it is well-known in advance and the communities are required to address the housing needs that will be generated by that kind of development.

So the answer to your question is, as it is worked into our program by virtue of the 1974 act, I believe it is working. There is a control mechanism by reason of the regional review to which the States also contribute.

GOVERNOR LINK: Thank you.

CHAIRMAN MILLIKEN: Are there any final questions to address to the Secretary?

If not, may I say, Mrs. Hills, on behalf of all of us, that we are very grateful for your presence here today. I want to make a personal comment, which I am sure reflects the feelings of all of the Governors who are here.

We welcome the appointment by you of Mr. Meeker to maintain a continuing tie to this association and to the New Coalition. I think it will be a very useful mechanism to enable all of us to work more closely with you and with your department.

I will now turn the meeting back to the Chairman.

CHAIRMAN RAMPTON: Thank you, Governor Milliken and Mrs. Hills. We hope that you will be able to be with us through the balance of the Conference. If you can, your presence here will enhance the program and

maybe some of the Governors will wish to discuss individual problems with you and Mr. Meeker.

I have two or three announcements and then I will recognize you, Governor Edwards, for your motion.

Governor Shapp has asked me to announce that he would like to meet with the Mid-Atlantic Governors here near the podium immediately after we adjourn.

The Mississippi state officials will describe their use of satellite technology for resource management at a meeting in the Gold Room at 3 p.m. today. All of the Governors and their advisors are urged to attend. This is a technique designed to provide a method for making better resource decisions in less time.

This room will be used for a social function this evening, so all of your materials should be taken with you.

The host State desires to be advised immediately after this meeting if there is any change in the plan of any Governor which would prevent the Governor or his wife from attending the state banquet this evening.

Governor Edwards, you have a motion.

GOVERNOR EDWIN EDWARDS: Mr. Chairman, members of the Conference:

I move that the rules be suspended for the purpose of taking up a resolution requiring the Conference to suspend the agenda and all meetings after 2:30 this afternoon and that the Conference meet in general session for the purpose of discussing the energy crisis in America.

Pursuant to prior agreement, I will take a few minutes to explain the purpose of the motion.

There are 8½ million unemployed Americans. If we don't do something about the problems, the next great group of unemployed people will be the elected officials. I don't want to be one of them.

Cassandra was given the right to foretell the future, a gift of prophecy, but a plague was placed on her at the same time whereby it was told by the diety who gave her the gift that no one would believe her.

In Milton's famous work, "Paradise Lost," the Archangel Michael used eyebright to put on the eyelids of people so that they could foresee the future.

I have neither the gift of prophecy nor eyebright, and I suppose, if I

had either, very few people would believe me. But I think that I can see what is happening in America and in the world as a result of the energy situation and I would like at this time to tell you why I think it is important that we meet this afternoon to address this problem.

Several weeks ago I was in California to participate in deliberations on whether there should be offshore development. While there, the Canadians announced that the price of natural gas would escalate to \$2 per 1,000 cubic feet, costing California residents about \$250 million a year in extra fuel costs. A month before, the Utilities Commission of California announced that, without distillate reserves of natural gas, curtailment of residential use of natural gas in California would begin by 1977.

You have seen reports that there will be curtailments up to 47½ percent of the use of natural gas at various times during 1975, not in Cambodia, not in Vietnam, not in Germany, but in America.

We do not have an adequate supply of fossil fuel. Farmers are unable to get fuel to drive tractors, combines and other machinery. Manufacturers are unable to get an adequate supply of natural gas to make ammonia-based fertilizers. Ten to twelve million people a year die of starvation. Fifty million go to bed hungry at least one night a week and a hundred million are suffering from malnutrition.

The economies of Great Britain, Italy, Japan, and, I am afraid, America are on the brink of disaster because of the prices having to be paid for fuel from the few nations that now produce it.

I don't foresee the future, but I suggest, if you will listen with your minds' ears you will be able to hear the impatient thundering of the hooves of the Four Horsemen of the Apocalypse, coming from the four corners of the world, telling us that war and famine and death and pestilence are about to be brought upon the nations of the world because of this problem. I suggest to you that we resolve ourselves to try to do something about it before it is too late.

We have a situation in this country where those who seem to address the problems spend all of their time deciding how we are going to share the shortage, what we are going to do about making sure that everybody gets an equal advantage in not having enough fuel, rather than addressing the central problem, which is, where to get more, how to increase production and how to force conservation.

I therefore think the entire matter should be brought before this Conference and that we should try to come to some consensus on the issues of conservation of fuel at all levels and in all places by all people in this country; that we consider drastic efforts to have the national government expedite the construction of the Alaskan pipeline, including, if necessary, sending the Army Corps of Engineers to Alaska to help the private companies develop that line to bring the two million barrels of oil per day needed so desperately by this country; that we consider suspending all environmental restrictions relative to the use and mining of coal until we can get a long-range solution to the problem.

Here is a very easy, non-controversial matter, that we get together and recommend to the national government immediately to lease all available areas in the Atlantic and Pacific and the Gulf of Mexico to have offshore development without any further delay; that we immediately deregulate the price of natural gas and remove the fixing of price on all oil products; that we guarantee the companies that there will be no effort made to restrict the price of secondary and tertiary recovered oil.

The same thing would apply to shale oil, to encourage those people to move into those areas where we can get half a million barrels of oil per day more if they were given that assurance, move into the shale oil area and give them assurance they could produce and sell shale oil at a profit.

We recommend a crash program financed by whatever it takes, half a billion dollars, if you will, to move into the area of thermal and nuclear development, fast breeder reactors, solar energy, programs to harness the very energy of earth and the waters, as they beat incessantly on the shores of this country.

I suggest to you that this is an American problem, a national problem. It is not a Louisiana problem. This State is perfectly content to take the posture that we will produce our natural resources if we are allowed to price them and use them as we see fit.

I don't think it is in the national interest. We can only resolve this problem if we address it nationally and use all of our resources wherever we can find them as fast as we can get them, and do some long-range planning to decide what this country is going to do by the year 2000 when even those sources of additional fossil fuels which we have available to us will run out.

My State is willing to do one of two things, produce and use and price

as a state entity, not in the national interest, or say that this is a national problem and cooperate with other States and ask that you do your part where you have coal and where you have the possibility of the development of oil or gas.

Louisiana can live with either posture. The United States of America can live with neither. I think the American people are looking to us for leadership. I think we have lost faith with them. I think that with the attitude public officials have today, with the unwillingness of Americans to tackle problems that exist, the covered wagons would never have gone across the Mississippi River, across the Great Plains and the mountains, and gotten to the shores of the Pacific in California.

But the hundreds of thousands who fled the Dust Bowls of Oklahoma and Texas and Arkansas and the Midwest of this nation in the Great Depression of the 1930s had a place to go. Americans today have no escape. There is no place they can go in this country where there is an adequate supply of fuel at this time. We need to make provisions for them and we need to get away from adopting innocuous resolutions which suggest that we are for turning down the thermostat and enforcing the 55-mile speed limit.

There is more to this problem than that, and I think the nation expects us, as Governors of States, to do something about it. Even if we have to argue vociferously with each other and try to change our minds, I think we ought to open the door and discuss it so that the national Congress and the people will know that the Governors have an abiding concern in this problem which contributes to the 8½ million unemployment in our country and the 40 percent inflation rate and all of the Depression problems.

We can solve the problem. This country has the capability, it has the resources, it has the know-how. All we need is the willingness.

I have some suggestions I would like to bring to you this afternoon and submit to you for your consideration. Let's remember that this is an American problem that has to be solved by all of the States as a country. The word "American" ends with the letters i-c-a-n, "I can." You multiply it by 200 million, it is "we can." In this area we must.

I ask that you join with me in this motion so that we can consider this important matter this afternoon as concerned Governors, concerned about the great problem in America, the energy problem.

CHAIRMAN RAMPTON: Gentlemen, I will rule that this does not

require suspension of the rules. It is merely a motion to adjourn to a time certain. It may be put at any time and it requires merely a majority vote.

I would call your attention, however, to the fact that, when and if we do come back and some action is contemplated, first we must have a quorum of 26 Governors here and, secondly, any action proposed will require a suspension of the rules, which will require a two-thirds vote.

GOVERNOR EDWIN EDWARDS: Point of order.

CHAIRMAN RAMPTON: The motion right now requires only a majority vote. It is to adjourn until 2:30 this afternoon rather than to 8 o'clock tomorrow morning.

GOVERNOR EDWIN EDWARDS: Point of order, Mr. Chairman. The motion was that the rules be suspended, and I don't want to disagree with my Chairman but I want to know whether to enjoy my lunch or not. I would like to find out whether or not three fourths of the members of this Conference want to consider the question. I don't want to ask them to come back at 2:30 if they do not have that as their purpose, there are other things they could do. I would like to just beg of you to consider it as a motion to suspend and let's see if we have an adequate number of votes.

CHAIRMAN RAMPTON: Let's see how many votes we get. There is not a suspension required.

Governor Rhodes.

GOVERNOR RHODES: Mr. Chairman, the Appalachian Governors will meet on the same subject at 2 o'clock. Could we make that 3 o'clock instead of 2:30? We have 17 Governors out.

GOVERNOR EDWIN EDWARDS: If you will vote affirmatively on the motion, 3 o'clock.

CHAIRMAN RAMPTON: Governor Askew.

GOVERNOR ASKEW: In all deference to the distinguished Governor from Louisiana, if we come back to discuss, it is still going to require an extraordinary majority to adopt any resolution, so I don't fully understand the difference between suspending the rules to come back and discuss it, because I don't think you are then going to suspend the rules for adoption of any resolution by a simple majority, are you?

Tell me, then, what is the difference between suspending the rules or a simple majority to recess to a time certain if, in fact, it requires an extraordinary majority for the adoption of any resolution short of any

suspension at that given point in time?

CHAIRMAN RAMPTON: That was my point that was raised, Governor Askew, not Governor Edwards'. He did ask to suspend the rules. I just ruled as a point of parliamentary procedure, and I think I am right, that it requires merely a simple motion to adjourn to a time certain.

Now, if we don't have enough who would be willing to come back so that we would have a quorum here, then, of course, it would be a futile thing if, in fact, Governor Edwards proposes to get some resolution out of this body on the subject matter which he raises.

GOVERNOR ASKEW: Mr. Chairman, my only question is directed to Governor Edwards. What does he envision would be the procedure employed in the taking of any action were we to have a two-thirds vote for a suspension of the rules as opposed to a simple majority to recess to a time certain?

GOVERNOR EDWIN EDWARDS: If I may respond, it is my opinion that, if my motion to suspend does not carry by three fourths, then it is moot. If it carries by three fourths and we would come back at 3 o'clock, the purpose of the meeting at 3 o'clock would be to discuss the energy crisis. Whether we could get a resolution would depend upon the willingness of the Governors to concur in a resolution at that time, but at least it would be open to discussion and on the floor.

CHAIRMAN RAMPTON: Governor Lamm, Colorado.

GOVERNOR LAMM: Mr. Chairman, I hear what he is saying. He is making two motions: One to adjourn to a specific time; the other to suspend the rules for purposes of consideration of things. I think what he is trying to do is avoid what was raised by Governor Askew, not to come to talk but, if we come back here to talk, we are going to have to make sure we are in procedural posture to act. I think that is a motion and it probably does take three quarters.

GOVERNOR EDWIN EDWARDS: It does.

CHAIRMAN RAMPTON: Governor Longley, this is what you had earlier raised, and I suppose meets the purpose of the motion you attempted to make earlier?

GOVERNOR LONGLEY: My earlier suggestion was that we are here to work and get on with the business of government, and I would support the posture of the Chair and I would say to Governor Edwards, let's not pre-empt

discussion this afternoon by making our convening contingent on supporting votes.

Let's come back to work and get on with the discussion of government. Hopefully, a sufficient body of the Governors will feel it sufficiently important to address energy as Governor Edwards does and then, after discussion, we would determine whether or not we have a sufficient vote to suspend the rules.

I think the question before us is whether or not we want to work and get on with the business of government.

CHAIRMAN RAMPTON: Let me suggest this, that the resolution is a procedural problem. I will ask for guidance. How many will be willing to return here or will return here at 3 o'clock, assuming that the motion is passed? Would you raise your hand?

There is not a quorum that would be here. In view of that now, do you want to withdraw your motion or shall I put it?

GOVERNOR EDWIN EDWARDS: Put it.

GOVERNOR SHAPP: Mr. Chairman, may I suggest that Governor Edwards is 100 percent right, the energy crisis is a major crisis in this nation and whether there is a quorum or not, those Governors who wish to be here should be here and have a chance to discuss the various issues and at least become conversant with some of the problems and present their views. I think this is a major problem and I support it 100 percent, whether or not we have a quorum.

CHAIRMAN RAMPTON: Governor Askew.

GOVERNOR ASKEW: Mr. Chairman, I think it is important that we come back and singularly address the problem.

Now, even if we do not take any definitive action under our rules by extraordinary majority, we are going to be in a much better posture to understand whatever resolutions come before us, and I think the problem is important enough...that we should singularly address it. Even though it may not result in a definitive action this afternoon, it has to help us and assist us in reaching some reasonable conclusions on any resolutions properly presented before us in the morning.

CHAIRMAN RAMPTON: The motion is that we recess until 3 o'clock. We will reserve until that time any motions as to procedures or whether we have a sufficient quorum to consider resolutions or suspend the rules.

All in favor of the motion to recess until 3 o'clock please raise your hands. Twenty-six.

All opposed, raise your hands.

The meeting is recessed until 3 o'clock. The motion has carried.

SPECIAL SESSION

Tuesday, June 10

CHAIRMAN RAMPTON: Gentlemen, as you are aware, there is no set agenda for this afternoon's meeting.

The floor is open and I will recognize anyone who desires to address the group.

GOVERNOR EDWIN EDWARDS: Do we have a quorum?

CHAIRMAN RAMPTON: There is a quorum. I have counted 26 Governors. I am glad to note the presence of the Governor from Ohio.

GOVERNOR RHODES: I will come right up. Will you recognize me?

CHAIRMAN RAMPTON: Yes. I would be glad to recognize you, Governor Rhodes.

GOVERNOR RHODES: Governor Rampton, my fellow Governors, first of all, I want to discuss something that is most important to the Midwest States, the Mid-Atlantic States and the Northeast.

We have been notified by the utilities supplying gas in certain areas that we are going to be cut back 70 percent around September 1 and probably 90 percent January 1, and in the winter of '75 or '76 or '77 there will be no gas in the industrial area of this great country of ours.

We have attempted to have self-help in Ohio, and I might add that self-help is this: We have the Clinton and the Rose Run, and we have now signed up approximately 250 industries. There is no wellhead price on this. This means that we can drill for gas in the State of Ohio and sell to industry direct, but we are having some trouble with the Federal Power Commission on the use of the transmission lines.

First, I want to say something about additional gas for the Midwest States and also for the Mid-Atlantic and the Northeast.

According to ERDA—and they have an office in Charleston, West Virginia—they have told us and testified that we have over 500 trillion cubic

feet of gas in the Appalachia area. This is enough gas for the Midwest and the Mid-Atlantic and the Northeast for the next 100 years. Extraction has been the so-called handicap that they have been trying to overcome.

Here we are living in a great country that gave us the Manhattan Project, gave us Oak Ridge, put a man on the moon, and we can't go down 1,500 feet and get gas for industry.

I might add that there is going to be a great wave of unemployment in all of these States that I speak of in 1975 and '76. I know it is great to stand here and have someone say we are going to settle this in 1981. We cannot for a moment wait on the federal government until 1981 or 1985 or 1991. We need energy now if we are to keep our people employed and keep our industrial areas what they are, and this is the great industrial might of America. We are going to become an industrial wasteland.

We have asked ERDA to spend \$100 million on research so they can have a breakthrough for the technical part in cracking the shale gas so that we can reach the deposit of 500 trillion cubic feet.

In this we have some problems. I might add that presently ERDA is only spending \$2½ million—I want to repeat—\$2½ million to bring about some research that can extract the gas out of the Appalachia area.

I might also add that the federal government is spending \$8,300,000 on the zoo in Washington.

Now, I don't want to compare the workers with any other section or part of government, but we have a problem. The problem is now, and I know that a great many people are going to talk about '81, '85 and '91; I am interested in 1975-76 in the industrial area of the United States and I want to make a motion here, and you can talk three fourths, two thirds, five sixths or seven eighths. I want the Governors' Conference to go on record as asking ERDA for at least \$100 million so we can get the shale gas into production and save this section of these United States.

Let me say for the good Governor of Louisiana, we are in a position now, and let me say this—and I speak of the continental shelf and not to admonish anyone—we cannot continue this in the United States of America. We cannot continue to be in the position of letting nine, ten or eleven little countries dominate us, when geologists tell us that we have more oil, more gas, more energy than they have in the Arab countries. We cannot stand idly by.

I know that many people will have many other reasons why we should not drill. Let me say this. We cannot permit the misery of unemployment to become the way of life in America and, as we here as Americans, not as Governors, are trying to save jobs for all of the people of these United States of America, we cannot stand 10 percent or 11 percent unemployment in this country, unless we do something.

I will do anything here, I will join any motion to help get additional energy for industry and for the people of this country.

Let me say that we are just as strong in any area...as anyone in this room, but when people are hungry and walking in an unemployment line for the first time in their life these people are crying out for help now, not in 1981. I am asking all of the Governors to lay aside all of your political connotations to anything that is being said from here. The people in the unemployment line do not care if we are Democrats or Republicans, what we may be. What they want now is they want energy, they want jobs, they want to become employed.

I want you to consider the shale gas we have in Appalachia to save the great industrial area of America, the might of this great country.

Thank you.

CHAIRMAN RAMPTON: The Governor from Ohio has moved that the Governors' Conference go on record as recommending that ERDA expend a minimum of \$100 million in drilling for gas in the Appalachia region. This will require a two-thirds vote for consideration.

Are there any other comments on the motion to suspend? I will assume there is a motion to suspend.

GOVERNOR MOORE: Mr. Chairman, I would like to pose a question to the Governor from Ohio.

Do I understand the motion asking for basically a redesignation of priorities with ERDA, that this would not necessarily call for additional appropriations of another \$100 million but simply have ERDA redirect within their present appropriation dollars a hundred million rather than the present two and a half million that they are assigning to this particular energy exploration project?

CHAIRMAN RAMPTON: Governor Rhodes of Ohio.

GOVERNOR RHODES: That is correct.

GOVERNOR MOORE: Thank you.

CHAIRMAN RAMPTON: Governor Milliken, Michigan. I got it right that time.

GOVERNOR MILLIKEN: Thank you. Mr. Chairman, I'd like to address a question to Governor Rhodes also.

Does your motion restrict this oil shale research to the Appalachian regions alone or are you willing to broaden it to include not only the Appalachian regions but generally through the country, oil shale research?

GOVERNOR RHODES: We have shale gas, according to ERDA, in Michigan, in southern Illinois and also in Indiana. Wherever there was shale gas, this would apply. Appalachia has the abundance of it, and Michigan and Illinois and Indiana would be in this research.

GOVERNOR MILLIKEN: Then it would not do violence to your motion, I assume, based upon what you have just said, not to restrict it to the Appalachian region but simply to call it oil shale resources.

GOVERNOR RHODES: Gas shale.

GOVERNOR MILLIKEN: But you are prepared to amend the motion, then?

GOVERNOR RHODES: Yes.

GOVERNOR MILLIKEN: So that reference to the Appalachian region alone is not now a part of the resolution?

GOVERNOR RHODES: No.

CHAIRMAN RAMPTON: Governor Busbee.

GOVERNOR BUSBEE: Governor Rhodes, I supported your motion a moment ago on Appalachia and I assume that you are making the same motion here. But now as I understand it, for the benefit of the other Governors, what we are talking about is ERDA now has approximately two billion and possibly will have five billion dollars, but they have given the highest priority to nuclear fusion and are talking in the 1980s and the 1990s. What you are asking for, and it is not restricted to Appalachia, is that a higher priority be placed on shale, which is the immediate solution to the natural gas problem.

Is that your motion now?

GOVERNOR RHODES: Right; yes, sir.

GOVERNOR BUSBEE: But not specifically for a \$100 million appropriation?

GOVERNOR RHODES: No. It comes from ERDA, within ERDA.

CHAIRMAN RAMPTON: Is there any other comment on the motion to suspend? Governor Briscoe.

GOVERNOR BRISCOE: A question to Governor Rhodes, please, sir. This would be for research, this money would be for research and development of means to economically produce this shale gas, is that correct?

GOVERNOR RHODES: That's correct.

GOVERNOR BRISCOE: And then the actual development of the field and so forth would be left to private industry?

GOVERNOR RHODES: Right.

GOVERNOR BRISCOE: Thank you.

CHAIRMAN RAMPTON: Governor Edwards, South Carolina.

GOVERNOR JAMES EDWARDS: Mr. Chairman, I certainly am in agreement with the need for increasing natural gas because it does affect our industries not only in the areas that he was talking about but in the Southeast as well. But I think we are addressing ourselves to only one phase of this problem and it is a very complicated problem.

I think another way that we could help in solving it is the taking of the regulations off the wellhead price of natural gas. Our industries in South Carolina cannot get energy through the interstate system, but they can go out into the gas-producing States and negotiate at intrastate prices and buy all of the energy they need and pipe it across the interstate pipelines. The Federal Power Commission is beginning to consider this.

I think the regulation of the industry is the thing that has brought on our problem, and so we are talking all around the problem and not really getting to the real basis of it.

What we need to do is return to a resolve and national commitment to solve the problem like Governor Rhodes said a few minutes ago.

I was reminded last week in Texas, one of the people there was comparing the days when we needed the energy on the East Coast and had a national commitment to get the energy on the East Coast. We decided to build a Big Inch pipeline. Instead of talking about it and all of the regulations and trying to get through the regulations, we went and constructed this Big Inch pipeline. Eleven months after we created the idea, we had energy flowing on the other end of the pipeline.

Then he compared this to the Alaskan pipeline, that we conceived the

idea relative to this to avoid the energy problem, and here it is eight years later and we haven't gotten the first calorie of energy down where it is needed. It all goes back to big government regulating this tremendously great industrial system that we have in America that has solved so many problems for us over the years. What we have to do is deregulate.

What we have to do, in addition to these things, we have to start drilling on the Outer Continental Shelf. They have talked about that for many, many years and not even the first links have been extended on that. We have to talk about the conversion of coal. We have to find how to desulfurize coal and find new uses for coal. We have to develop a system for using solar energy, geothermal energy and the laser beam. We have to remove regulations.

The country has permitted atomic energy plants to go on for some eight or ten years and now they haven't permitted the reclamation of this used atomic energy, so it is piling up on the surfaces of the country and our regulations forbid us even to bury it in a safe place.

CHAIRMAN RAMPTON: Governor Edwards, I doubt that your remarks are germane to the motion to suspend the rules for the purpose of considering Governor Rhodes' motion. I have been letting the discussion wander free because I'm not sure we are going to get the rule suspended, and maybe the vote had better come now.

GOVERNOR JAMES EDWARDS: I will discontinue, then, until we have decided whether we are going to suspend.

GOVERNOR RHODES: Are there other remarks directed to the motion to suspend? Governor Edwards.

GOVERNOR EDWIN EDWARDS: Just one comment. I am going to vote for the motion to suspend in the hopes that appropriate action will be taken on a second motion to suspend for the purpose of introducing other resolutions so that we can consider the whole problem.

This particular subject matter raised by Governor Rhodes is good, proper and is going to help. I certainly am going to support it, even though it means nothing at all to my area, but it is just a part, as has been pointed out, of the over-all picture that needs to be addressed, so I am going to call for the previous question at this time on the motion to suspend.

CHAIRMAN RAMPTON: Governor Askew of Florida. You are speaking to the call for the previous question?

GOVERNOR ASKEW: Mr. Speaker, I just want to have a point of inquiry.

CHAIRMAN RAMPTON: Yes.

GOVERNOR ASKEW: On the suspension, we technically, then, can consider it but on the actual adoption it still requires an extraordinary majority for adoption of the resolution?

CHAIRMAN RAMPTON: I think not. I think it requires only a majority for the adoption after the motion—wait a minute. Two thirds for adoption.

GOVERNOR ASKEW: It still requires two thirds for adoption, even if it is suspended, and it requires three fourths to suspend, is that correct?

CHAIRMAN RAMPTON: I think that's right. That's right. It requires two thirds for adoption, three fourths for suspension. All in favor of suspending the rules to consider the motion of Governor Rhodes indicate by raising your hand.

Thirty-two in favor.

All opposed?

One opposed.

The motion is on the floor for consideration. Do you want to restate the motion, Governor Rhodes?

GOVERNOR RHODES: I move that the National Governors' Conference go on record urging ERDA to spend approximately \$100 million for the research and development of shale gas.

GOVERNOR MOORE: I second the motion.

CHAIRMAN RAMPTON: It has been moved by Governor Rhodes and seconded by Governor Moore that the Governors' Conference go on record as urging ERDA to spend a minimum of \$100 million in exploration for and development of shale gas. Governor Milliken.

GOVERNOR MILLIKEN: Mr. Chairman, once again I would ask if Governor Rhodes is willing to amend his motion to read for exploration or research for oil and gas shale resources, inserting the term "oil and gas shale." It certainly covers what he had in mind but goes a little further.

GOVERNOR RHODES: I think that we are going to come out of here with six or seven motions. I want to confine mine to the immediate problem of what we have in this area, which is shale gas, and someone can make a motion for shale oil; that's something else. I want to stay with gas because I

know we have it and I am not familiar in our area with shale oil.

GOVERNOR MILLIKEN: Let me, if I may, say that they are as I understand it, very closely related. I would not in any way water down the proposal that you have made, but it would be a little more inclusive and then it would help people like me and some of the other Governors.

GOVERNOR RHODES: The only problem I see in that, oil may be a little more difficult, taking \$99 million to get the oil out and \$1 million to get the gas out.

GOVERNOR MILLIKEN: As I understand it, that wouldn't be the case. The research is so close, it would be a larger approach to the problem.

CHAIRMAN RAMPTON: At any rate, I gather Governor Rhodes doesn't accept the proposed amendment. Do you want to propose an amendment? If so, I will recognize you for the purpose of amending the motion.

GOVERNOR MILLIKEN: I would like, if the Governor will at least consider that, to amend his motion.

GOVERNOR RHODES: Let me tell my good neighbor that energy is a complexity so deep that you can have seven questions in one issue. I am just trying to take shale gas as it is. I will support you on anything else you do.

GOVERNOR MILLIKEN: How about supporting me on this thing?

GOVERNOR RHODES: I'll support you on oil separately. I don't want to get these all mixed up.

CHAIRMAN RAMPTON: Governor Milliken has moved that the Rhodes motion be amended by adding the words "and oil shale" after the word "gas." Is there a second to that motion?

GOVERNOR MANDEL: I will second it.

CHAIRMAN RAMPTON: The motion is seconded by Governor Mandel. The debate is now on the motion to amend. Does anyone care to speak to the motion to amend?

GOVERNOR MILLIKEN: No. I think I have presented the argument as I see it. I don't think in any way it weakens the intent of Governor Rhodes and I would hope that the Conference would adopt this very minor amendment.

GOVERNOR CARROLL: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Carroll of Kentucky.

GOVERNOR CARROLL: Without really speaking against Governor

Milliken's motion, I think the Conference should fully recognize that when you get involved in the technical evaluation of the feasibility of shale oil in relation to shale gas, there is a substantial difference. Other than that recognition, I have no objection to the motion.

CHAIRMAN RAMPTON: Is there further debate on the motion to amend? Governor Exon.

GOVERNOR EXON: A question of Governor Rhodes. I believe that during the discussion of your motion you indicated that this \$100 million that you are suggesting be a redirection or a redistribution of ERDA funds rather than additional appropriations. Is that correct?

GOVERNOR RHODES: Correct.

GOVERNOR EXON: If so, should that be a part of your motion or is it just implied?

GOVERNOR RHODES: It is implied.

GOVERNOR EXON: Thank you.

CHAIRMAN RAMPTON: Governor Askew of Florida.

GOVERNOR ASKEW: Mr. Chairman, I didn't fully understand that and, if it is a redistribution, then, of the ERDA funds, I want to know to what extent, where it is coming from, because I am also extremely interested in the program for the development of solar energy. This is very vital in my State, and I didn't realize it was a redistribution of those funds. I would like for Governor Rhodes to indicate where he intends to take that money from in order to put it into this area.

CHAIRMAN RAMPTON: I believe that the debate now, both Governor Exon's question and your response, goes to the main motion.

GOVERNOR ASKEW: I agree, Mr. Chairman.

CHAIRMAN RAMPTON: We are on the amendment. Is there another comment on the amendment? Governor Ariyoshi.

GOVERNOR ARIYOSHI: Mr. Chairman, I would like some assistance here. In order for me to vote on anything here, I would like to know what else we are going to be considering, because a vote on one matter may be related to some other matter in which we might be interested. I think the question asked by Governor Askew is very, very appropriate.

I hope also in the deliberations here that someone has done their homework and that when we toss out figures of \$100 million somebody knows what they are talking about. I would hate for this Conference to go on

record without any real study being done, for us to pull out these figures and vote for some figures that we may not have some very sound basis on.

CHAIRMAN RAMPTON: Are you ready for the motion on the amendment? The "ayes" have it; the motion is amended and the debate is now on the motion.

GOVERNOR ASKEW: Mr. Chairman, I'd like to direct a question, then, to Governor Rhodes on the question of the redistribution of funds. If this is going to be reallocation of the proposed funds for ERDA, where do you propose that it come from and from what area they are otherwise charged with will we actually be taking funds?

CHAIRMAN RHODES: There will be the unobligated funds of ERDA. They are not always funded and just have to go back for some more money, which they can get.

GOVERNOR ASKEW: Then the question is we are not talking about, necessarily, a reallocation?

GOVERNOR RHODES: Correct; we aren't.

CHAIRMAN RAMPTON: I am not sure that I understand what your answer was, Governor Rhodes. You say that within the authorization for ERDA, although not within the appropriation, there are funds to do this?

GOVERNOR RHODES: I think there is more money for research and development for energy at this hour in America than at any other time and, if someone starts putting in priorities, like Governors, I think you are going to get everything you want, and I think also for solar.

I think Florida is right. They are vitally concerned with solar energy, and I will vote for \$100 million for them.

I know you say this is great fun. We just went back in getting people here, you want \$700 million for this, \$800 million for this, and we are talking about unemployed Americans. So I will be for any energy program and put a price tag on it. We are not going to get all of it, but let's let it become important for the unemployed of America.

CHAIRMAN RAMPTON: The answer of Governor Rhodes to Governor Askew's question is that he would seek to get appropriations to match the authorization and he believes that, having done that, there would be sufficient funds both for solar energy, atomic energy, and—

GOVERNOR RHODES: Everything.

GOVERNOR ASKEW: Mr. Chairman, then I would assume that the real

thrust of this motion, were it to be passed, is simply to say to Congress that we think it is important to try to develop shale resources, both in oil and gas?

GOVERNOR RHODES: Correct.

CHAIRMAN RAMPTON: Governor Andrus.

GOVERNOR ANDRUS: Mr. Chairman, if Governor Rhodes will yield to the question, I think Governor Ariyoshi's statement was very, very factual. We have to establish some facts before we decide because nuclear is one that some of us have some interest in, myself included, maybe not Ralph Nader, but he's not sitting around this table.

So my question would be this, Governor Rhodes. Can you tell us what the authorization was, how much has been appropriated, how much is freed for reallocation, or does your motion speak to taking away from research in both the areas of fusion and fission and nuclear energy?

GOVERNOR RHODES: We don't intend to take one penny from any research and development of any energy source for the simple reason you are not getting enough now. That is the reason we don't have energy.

GOVERNOR ANDRUS: Mr. Chairman, if I may, one further question and then I'll drop it. Governor, when you asked for suspension of the rules, you said we were not going to ask Congress for any more money, that was my understanding, because some of us also think you have to balance the budget. So my question is now, it looks like maybe that's what we are doing, to go back to Congress and say, give us another another hundred million dollars. Would that be correct?

GOVERNOR RHODES: That would be correct, but we are a little late in balancing that budget. We are \$63 billion out now and we are not getting a whole lot for that \$63 billion. We have unemployment, we have energy problems, and it is still going to reach 10 percent, on our hands and knees, begging for oil and gas.

GOVERNOR ANDRUS: Thank you, Mr. Chairman.

CHAIRMAN RAMPTON: Governor Moore of West Virginia.

GOVERNOR MOORE: Mr. Chairman, I think that we ought to sort of bring this together in terms of the thrust of the motion. In terms of the debate, where it now stands, in my understanding of the original motion, we are talking about a position of the National Governors' Conference relative to the funding level, the present funding level, of appropriations to ERDA,

and that we suggest by this resolution that ERDA give a high priority to the distribution of \$100 million now for the purposes of exploring for shale gas and shale oil after the amendment has been adopted.

Presently I say to the Governor from Idaho the highest priority for distribution of ERDA funds is in the nuclear field.

CHAIRMAN RAMPTON: Governor Andrus.

GOVERNOR ANDRUS: Right.

GOVERNOR MOORE: And the greater percentage of the \$2 billion which is now their appropriation level—that can escalate to as much as another \$3 billion—the highest percentage of distribution of those funds for research and development is in the area of nuclear. There is more than sufficient unobligated funding in the ERDA appropriation that would permit an administrative decision without prejudice to any of the other sophisticated forms of energy that are being inquired of by that federal agency to permit the commitment of this \$100 million.

CHAIRMAN RAMPTON: Governor Moore, can you tell us what the appropriation to ERDA is, not the authorization?

GOVERNOR MOORE: \$2 billion.

CHAIRMAN RAMPTON: Over what period of time?

GOVERNOR MOORE: The fiscal year.

CHAIRMAN RAMPTON: '76?

GOVERNOR MOORE: Yes.

CHAIRMAN RAMPTON: Governor Longley.

GOVERNOR LONGLEY: I agree with Governor Moore. We have moved in the right direction. The \$2 billion was previously almost totally committed to nuclear development, but still 75 percent, and recognizing the potential adverse impact on environmental considerations, I support an approach where this afternoon we address all energy development, not just singular. We'd be here for the night if we are going to address them singularly.

Alternate energy, the use of wood products is important. I hope we don't restrict ourselves, Governor Rhodes, to one area singularly. But maybe the point that Governor Moore has made is the most significant. Of the \$2 billion, 75 percent is still committed to nuclear, and perhaps the motion should address itself to reallocating the percentages with alternate energy, including Governor Rhodes' suggestion.

CHAIRMAN RAMPTON: I don't know what the motion should be, Governor Longley. I know what it is, and we are going to confine ourselves to that until it is amended. Governor Askew.

GOVERNOR ASKEW: Mr. Chairman, I'd like to direct one question to Governor Moore. Do you know, as of right now, what is the posture of any designated funds specifically in the fields to which the motion addresses itself, gas and oil shale, and, if so, how much, and how much would this increase it?

GOVERNOR MOORE: Presently ERDA has allocated \$2½ million of their \$2 billion for this specific program that Governor Rhodes' motion goes to.

The general geology of presentation of this proposal by ERDA, as I understand Governor Rhodes' approach to this...indicates that there are 500 trillion feet, cubic feet, of natural gas in the sands that would be explored under this particular motion. Presently only \$2½ million of the total \$2 billion appropriation is directed to that research and developmental program.

GOVERNOR ASKEW: Governor Moore, don't you think that we could accomplish essentially the same thing without prejudicing any views toward any of the alternate sources if we simply ask them to reassess the priority given in this field and to increase its priority rather than just to, say, pick a hundred million out and have close to 40 times over and above what is allocated at the expense of some other alternate sources that we cannot fully examine at this time, which I think is the concern of Governor Ariyoshi?

GOVERNOR MOORE: May I say in response to the Governor from Florida, that I think generally that's the problem that most of the Governors have in putting a dollar figure on Governor Rhodes' motion.

May I simply say that perhaps the question in terms of the content of the motion would be more properly directed to the Governor from Ohio.

GOVERNOR ASKEW: But you have the information, Governor.

GOVERNOR MOORE: The information I have given you is essentially correct and, if you are saying that you want a redirection of the priorities of ERDA to draw attention to this particular research and developmental project of this particular type of natural gas, without a dollar figure on it, I think more properly that goes to the gentleman from Ohio.

CHAIRMAN RAMPTON: Governor Evans.

GOVERNOR EVANS: Mr. Chairman, I may be somewhat out of order, but it seems to me we are headed for an afternoon ... of skyrockets going off in all directions, with individual and separate motions on a lot of things that may or may not end up being related in the total field of energy.

I share Governor Ariyoshi's concerns. I wonder if it wouldn't be better, seeing as how we are going to face up to the whole question of energy supposedly tomorrow in committee reports, to advance that portion of the Natural Resources Committee report from tomorrow morning to this afternoon and start out at some time early with the resolutions of that committee which relate to energy, so we can speak about the whole subject today instead of repeating it all tomorrow after doing things on an individual basis this afternoon, which in some cases may hit the same fields that they have already recommended.

CHAIRMAN RAMPTON: I am going to ask Governor Salmon if that would meet with his approval or if you are not prepared yet to do that.

GOVERNOR SALMON: Mr. Chairman, no, I am not prepared, but I assimilate quickly, and I imagine we could carry it off if that's the will of the majority.

CHAIRMAN RAMPTON: It is not my will. It has to come from some kind of a motion to substitute the report for this motion now before us, or we are going to keep debating this motion.

GOVERNOR SALMON: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Salmon.

GOVERNOR SALMON: The report would involve the presentation of the basic policy report which my committee worked out this morning that will be before you in the morning. I don't believe it is on your desks at this time. You would have to rely upon an oral reading. There are certain deficiencies to handling it in this fashion, but if you are up for it, we'll try.

CHAIRMAN RAMPTON: Governor Evans, do you want to make a motion to defer the present motion and substitute for it the committee report of the Natural Resources Committee?

GOVERNOR EVANS: Mr. Chairman, I wouldn't want to do that unless the chairman of the committee is prepared. It just seems to me that this afternoon, if we are devoting this time to energy, it ought to be done in as organized a fashion as possible. It just seemed to me that the best place to

start is with the material the committee has presented, which will be before us and which represents a year's work on their part, and the development of some comprehensive policy statements. Certainly that would place both Governor Rhodes' motion and any other motions which may be pending in better context if we had that framework to work from.

If Governor Salmon is willing to proceed or feels he can on that basis, then I would be prepared to make such a motion.

CHAIRMAN RAMPTON: What is your response to that?

GOVERNOR SALMON: My response is this. There might be a compromise here that might make sense to Governor Edwards, Governor Rhodes and the other key participants in this meeting, of giving the report basically off the top of my head as best I can, and conducting the dialogue and the debate on our recommendations orally communicated and the various kinds of responses, with a view towards limiting debate tomorrow in light of our schedule and simply voting upon documents then before us. It may well represent alternatives.

CHAIRMAN RAMPTON: May I have a motion from you, then, Governor Evans, to the effect that we defer Governor Rhodes' motion, as amended, and consider the report of the committee? We will come back to Governor Rhodes' motion for a vote at a later time. I would say before we finish here today.

GOVERNOR EVANS: Mr. Chairman, I would so move, that we proceed with the presentation of the Natural Resources Committee report insofar as it relates to energy, and would move that at the moment we defer Governor Rhodes' motion until that groundwork has been laid.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: I must oppose the Governor's motion. I want to comment briefly and say that all of this business about solar energy and thermal and nuclear energy isn't going to help this country one bit if we don't do something for the next two to five years. There is not going to be anybody around by the year 2000 to buy the electricity that is going to be generated by these thermal nuclear plants.

There will be nobody around, Governor Askew, to build a house or a factory that can take advantage of the research in solar energy if we don't do something for the next two to three to five years. We can only address that problem in the short range by using more coal, by removing some

environmental restrictions which have inhibited growth, by going to the Outer Continental Shelf and developing those areas, by building the Alaskan pipeline and by removing the arbitrary price-fixing which has inhibited the exploration for additional reserves.

Governor Rhodes is right, I don't care how much money they spend on these exotic energy sources, we are not going to last long enough to get the benefit.

The developing nations in Asia and Africa and South America will be around in the year 2000 because they are not dependent on a source of energy to keep them going. They are using wood fires and they don't have the same kind of economy we have, so I would urge this Conference to support Governor Rhodes' motion and tell those who are involved in this situation to look at the short-range problems of this country and get them solved first. Once we get that behind us, we can take the time, 15 to 20 years, because that's what it will take, to go into these other areas.

So please let's look at this particular motion and vote it up and out, because I think it is significant. It expresses an intent and direction that this Conference should take.

CHAIRMAN RAMPTON: Governor Mandel.

GOVERNOR MANDEL: I'd just like to make a suggestion because it seems to me, the way we here are heading, we are going into an afternoon of debate and very little results.

We have a committee report, which the chairman says he can present to us. We have motions to be made or suggestions for adoption of resolutions by Governor Edwards, Governor Rhodes. Why can't we receive this committee report now, receive all of these resolutions now, and then the first thing tomorrow morning take them up. It will give us time to know what we are voting on and what we are doing and why we are having trouble.

We may have a committee report that embodies a lot of these things. We may have a committee report that we can just amend with some of these suggestions. But to just sit here and have Governors making motions one after the other and debating them is not going to be an orderly process.

I think we can develop a very orderly process if we let the committee report come in now, everyone who has a resolution introduce it now, and then tomorrow morning start voting on it.

CHAIRMAN RAMPTON: Are you ready for the question on Governor

Evans' motion?

GOVERNOR MOORE: Mr. Chairman.

CHAIRMAN RAMPTON: This is going to Governor Evans' motion, Governor Moore?

GOVERNOR MOORE: Yes, it is Mr. Chairman. I have had my hand up.

CHAIRMAN RAMPTON: Governor Moore of West Virginia.

GOVERNOR MOORE: Mr. Chairman, I respectfully ask the chairman of our National Resources and Environmental Management Committee the actual posture of our committee's report. There isn't any Governor around this table who would like to see the rug pulled out from under him, and we have a Governor who is absent here this afternoon and who has transmitted to the membership of the Natural Resources Committee a resolution which he proposed this morning, which may very well materially alter a portion or a part of our committee's report on energy, that is Governor Waller of Mississippi.

Now, if we as a committee, through our chairman, attempt to respond to the motion of the Governor of Washington, we essentially are pulling that rug out from under a member, by reason of a circumstance in his State he had to leave and told us he would be back this evening, but we do not have technically a full report to present to you here today in consideration, and I think our chairman has been perfectly honest with you. He will try his very best to summon the partial aspects of that report and give it to us, but, in all honesty, I say to the membership of the Conference, we do not have a final report to put before you.

In another context, may I simply say that the report itself will do violence to the concept you will approach that Governor Edwards took in opening this meeting and setting it for 3 o'clock this afternoon. When that motion to suspend the rules or to adjourn to this time certain was made, nobody around this table envisioned that we were going to get multiple resolutions as an approach to the many aspects of the energy problem, and this is essentially what the Rhodes' motion anticipates.

Now, we would be coming in here as a committee in an atmosphere that would be severely prejudicial to a year's work of your committee, Mr. Chairman, because, frankly, the committee is a compromise and a composite of the thinking of the membership of 14 States that have contributed to it

directly and the seven-state composition represented by the membership on the National Resources and Environmental Management Committee.

You will look at it, as one person has already characterized it, that our report is simply a puff of smoke. We, the majority of the committee, do not agree with that whatsoever, but I would dare say that, when it is presented around this table, it in great measure will defeat the purpose of the Governor from Louisiana in setting this afternoon for debate on the energy problem and, very frankly, materially take away from the individual Governors their opportunity to speak with respect to specific resolutions as they relate to their particular thoughts in the energy field.

We all anticipated that we were going to get into this forum. We should have known that when you voted to suspend the rules this morning. Now we seek to cover our tracks by asking the Natural Resources Committee Chairman, who has done an excellent job and sweated for one solid year presenting the position of Governors to the various committees of the Congress and has done, in my judgment, probably the most exemplary job in a most difficult area of any Governor we have, and given of himself, you are asking him to give you the last pound of flesh. He can't do it for you, however articulate he is or however given to swift changes of pace.

I just simply say to you, if we are going to debate energy in all of its contexts, let's get these resolutions. If we have to dispose of the state dinner tonight, let's dispose of it. If we're going to debate energy in all of its contexts, we knew that when we suspended the rules this morning, and I respectfully say that you are putting our committee to a distinct disadvantage. I think you are asking our chairman, who is the most gracious and most disposable man I know of, to practically put his head on the block because you are going to be just a little bit—well, I think I have said enough. Thank you, Mr. Chairman.

CHAIRMAN RAMPTON: The question is on Governor Evans' motion. Governor Noel.

GOVERNOR NOEL: I am troubled by the way we seem to be proceeding. I see some credibility in what Arch Moore says.

I am troubled, though, if we are going to vote on each individual motion, without knowing whether or not we are going to get a shot at a more comprehensive statement relative to our energy concerns. I came back here because I thought Governor Edwards made a very appropriate

recommendation, that we come back into special session only to talk about energy matters.

Now I don't really know too much about Governor Rhodes' resolution because I don't know anything about shale gas, but I do know that of all of these books we published, there is one that says, "National Governors' Conference, Policy Positions, 1974-1975." On Page 41 you have already taken a position. I don't know if these only last a month or—

CHAIRMAN RAMPTON: No; they are good until they are changed.

GOVERNOR NOEL: Oh! On Page 42, "Energy Production and Supply," B-1 says: "The following areas should be the subject of intensive research and development endeavors, new field and energy sources, including shale oil, coal gasification," et cetera.

My point is, let's not lose track of what we have already done in the formulation of energy policy. We wrote a book on it. Now, if we are going to start to change that policy statement in accordance with Governor Edwards' suggestion, I'm for that, but we can't do that if we are just going to start trotting out a laundry list and everybody is going to get up and make a speech and suggest a very narrow, albeit important, area of energy concern.

Why can't we make a rule and say that we are going to suspend all of the rules. Everybody who has any kind of a motion or resolution that has anything to do with energy, we are going to put them all out there first, look at the book that we have already written, and then try to adopt a comprehensive position that includes Governor Rhodes' concern, Governor Ariyoshi's concern, and everyone else's concern.

I would be willing to participate in that exercise if it takes three days. Otherwise, you know, it seems to me we are getting into some kind of a dangerous position where we are going to start popping off and making individual votes on individual areas of energy concern, and I don't think it is the smart way of proceeding.

CHAIRMAN RAMPTON: The question is on Governor Evans' motion to defer consideration of Governor Rhodes' motion while we hear the report of the Natural Resources Committee. Governor Evans, I am going to give you a chance to close debate on your motion.

GOVERNOR EVANS: Mr. Chairman, I think, it seems to me, that we can accomplish virtually everyone's concern here. I don't disagree with what Governor Moore has said and certainly we don't want to put the chairman of

the committee to an unusual test.

Again, if he can give what in essence would be a status report of where that committee is at the moment as a background for whatever other resolution, in fact, I would amend my motion to add the presentation of other resolutions this afternoon so that we can get this whole scope, have a debate this afternoon, give to the Natural Resources Committee, which I understand is meeting tomorrow morning—is that correct, Tom?

GOVERNOR SALMON: That's right.

GOVERNOR EVANS: To give that committee, then, the advantage of all of the debate and the resolutions that are talked about this afternoon, have them incorporate them into a final report, and then act tomorrow morning in an orderly fashion in the whole field.

It seems to me that that would accomplish everyone's purposes and would not unduly distress the chairman. In fact, perhaps give him some of the added input that would be useful for the committee in preparing the final report.

CHAIRMAN RAMPTON: The question is on Governor Evans' motion.

GOVERNOR NOEL: Question.

CHAIRMAN RAMPTON: All in favor, raise your hands. Eighteen and the Chair votes "aye."

All opposed?

Thirteen noes. The motion is carried. The Chair recognizes the Governor from Vermont to make his report.

Report of the Committee on Natural Resources and Environmental Management

GOVERNOR SALMON: Thank you, Mr. Chairman. Unaccustomed as I am to public discourse, let me express one concern. Governor Waller of Mississippi did make a presentation late this morning to the committee in the form of a document that has been delivered. It will be discussed tomorrow morning at a special committee meeting. I can summarize the highlights of it during my presentation, but it is my hope, Mr. Chairman, that the motion that has carried would permit an individual vote on individual resolutions tomorrow, although debate on the energy issues may

be constricted. Is that assumption correct?

CHAIRMAN RAMPTON: The vote that has been taken here and your participation this afternoon will not cut you off from participation tomorrow. It is just extended time that you have for your committee.

GOVERNOR SALMON: Thank you very much, Mr. Chairman. The Committee on Natural Resources and Environmental Management essentially wears two hats these days. It wears an energy hat and it wears a natural resources hat. Quite frankly, over the term of the past two years, energy has been the predominating and overwhelming issue that has faced us during our deliberations and accordingly, the premier resolutions that we bring to this Conference this year in many respects are heavily energy-related.

Let me address myself initially to the resolution approved by the committee as it relates to the Ullman bill now pending before the House of Representatives in Washington.

The resolution, which was somewhat modified this morning, that may be before you in a preliminary form, essentially reaffirms, in the strongest possible terms, the commitment of this Conference to energy conservation as the premier national objective as we work through this tortuous process. It is specifically praiseworthy of a number of titles in the Ullman bill as they relate to the issue of greater building efficiency, standards for new construction, greater auto efficiency, more efficient appliances and the like. However, the resolution that will be before you in written form tomorrow very specifically and very outspokenly says this, that unless a national energy conservation program in the Ullman bill or in any comparable legislation, first and foremost, adopts and implements a strong, massive national energy conservation policy, the vote of our committee is thumbs down on the price mechanism contained in the price title.

The bill, as you recall, would likely add 23 cents to the pump price of gasoline as its primary economic feature.

The resolution you will have before you tomorrow is critical of increments in tariff levels, and especially critical of the 3 cents on the front end of the gasoline tax proposal, specifically with emphasis on the fact that none of this money is recycled to the States under the bill now under consideration.

CHAIRMAN RAMPTON: I might say, since this morning, the Congress

will have received the McFall amendment, consistent with what we passed on this morning, and it is probably being debated at this time.

GOVERNOR SALMON: The resolution that our committee submits to you says in essence that conservation must be first. We do not deny that the price mechanism can play a significant and, indeed, perhaps indispensable role in the ultimate solutions to this problem as a national problem. We say that, until and unless a massive effort is made on the conservation side, this will be difficult to achieve.

Many of us in this room think that the people of the United States will definitively respond if given the appropriate moral leadership on this issue. The resolutions that will be offered later today that relate very much to this committee report say that supply is the overwhelming concern that should face this Conference this year, and many of us have reservations about that.

In my little State we saved something like 16 percent during the crisis of '73 and '74, and we asked the people to do it. We were in the State of Washington last year when faced with a drought situation in the Pacific Northwest; when Governor Evans and Governor Tom McCall asked the people to substantially hunker down when faced with a real, live situation and limited options, they did so. I am simply attempting to underscore the point that conservation is No. 1 in the resolution before you today.

The deliberations of the committee heavily relate to this document that all of you have seen. There is one for each of the six committees of this Conference. They are the policy statements in existence at this moment until changed at this Conference. The language that is italicized represents new language. The unitalicized language represents resolutions that we approved at our last Conference.

I choose, in light of my hope that this will be a spirited and vigorous debate, not to review the entire waterfront of these resolutions with you here today, but let me attempt to make a few significant points.

CHAIRMAN RAMPTON: Could you, Governor Salmon, even though you are not going to discuss specifically or at length each point, just identify them so that we will know generally the scope of your report tomorrow?

GOVERNOR SALMON: The points are contained and they are listed, D-1 through D-29. There are 29 areas of concern on the face of the policy statement document itself. At least half of these resolutions have not been substantively changed as a result of our deliberations. Others have been

completely rewritten in light of a changing world and changing state and federal regulations.

Let me make a general comment if I may. In reading over, for instance, the resolution that Governor Edwards will be offering to the Conference later this afternoon, I could make these comments as they relate to his proposal of action today.

No. 1, the prime emphasis in the resolution offered by the Governor of Louisiana is on supply, whereas our committee feels that conservation is much, much more important.

The recommendations on the Outer Continental Shelf, however, well-intentioned—and I'm certain they were well-intentioned—clearly fly in the face of the existing resolutions of this Conference and the resolutions approved by our committee as they will be presented to you tomorrow.

The recommendation on environmental restrictions on coal under Item 4 of the Governor's resolution is inconsistent with the policy of the committee as articulated in the policy documents, predicated on the notion that, whether we like it or not, sulphur dioxide does impose a very real threat to the health of people, particularly in urban America.

Without reviewing item by item, in light of time constraints, the content of this document sets forth a handful of new initiatives. My committee approved support for the concept of container legislation on a national basis—let me strike that sentence.

We approved the concept of container legislation patterned after the Oregon-Vermont experience, with special emphasis on the Oregon experience, as an endeavor to be pursued by the 50 States of this Union for a wide variety of reasons, not including the demonstrable impact that such a program has had in our respective States in terms of cleaning up highway litter and the tremendously significant conservation initiatives that can be achieved through a 50-state relationship to this project.

We have rewritten regulations on solid waste management, water pollution and air pollution in light of contemporary and changing effects of life. In relatively capsule form, Mr. Chairman, and mindful of the clock, this represents the essence of the report of your Committee on Natural Resources and Environmental Management.

CHAIRMAN RAMPTON: May I ask a question, Governor Salmon. I have been handed a copy of your proposed report. I assume they are not

ready for distribution, is that right?

GOVERNOR SALMON: You have had this document well over 30 days and if anyone here does not have it—

CHAIRMAN RAMPTON: But you have made some changes this morning or yesterday?

GOVERNOR SALMON: Yes. There are relatively few changes that will be available for your consideration tomorrow.

CHAIRMAN RAMPTON: Governor Bond. I will rule that at the present time remarks must be germane to the report of Governor Salmon and that we will, when we complete remarks that are germane to that, go back again to Governor Rhodes' motion and vote on it. Governor Bond.

GOVERNOR BOND: Thank you, Mr. Chairman. In the interest of keeping the remarks germane, I won't go into the full details of the old shaggy dog story about the king who asked his economists or his philosophers to define what economics is all about. Suffice it to say that, after he beheaded several philosophers, he came up with the principle that there is no such thing as a free lunch. He said: "That's what economics is all about."

Gentlemen, if we come out of this Conference saying that energy is in scarce supply, it is going to get increasingly scarce. We say that under our system we are going to eschew the price mechanism as a means of curbing demand and increasing production, then we are going on record essentially saying there is such a thing as a free lunch.

I commend the committee for the great work that they have done in the many different areas they have examined, but I don't think we can kid ourselves by saying that the price mechanism has to be ruled out. Certainly we need to have conservation and massive conservation efforts. How are we going to get it? We got it the last time when there was a boycott. People saw scarcity, they saw higher prices. It brought it to their attention.

I think that a reliance on the price mechanism now is going to have the same stimulating effect on conservation. We can argue about the particular level of taxes and the means by which they are phased in, but clearly we can't be against price rises for energy because it is going to become more expensive.

I feel that this along with the related steps such as the deregulation and decontrol which have been referred to, I believe, by Governor Edwards in his moving remarks this morning, are some of the absolutely essential

steps that we have to take and I for one would not like to see us turn thumbs down on the price mechanism.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: I certainly want to say to the committee that one of its main thrusts is certainly going to be realized, that is, conservation. It is not going to be a very nice way of doing it, however, because the fact is that there just won't be any natural gas and very little fuel oil in many parts of the country for people to waste, and the problem is not getting them to conserve. All I think they could conserve is a million barrels of oil a day, which is about one fifth of what we import.

But we are not addressing ourselves to the problem, and that is we just can't conserve, without great sacrifice and damage to this country, enough oil and gas. We have to produce more and there are areas we can produce it in, but it is not going to be produced by simply saying we are against raising prices and we are against developing the offshore areas and we are against using more coal.

Let me suggest to you that the Canadians have raised the price of gas to \$2 per thousand cubic feet, the highest price the Federal Power Commission has regulated up to now is 51 cents, one fourth the amount.

Deregulation of natural gas is not in my State's interest. Seventy percent of the gas we produce in Louisiana is shipped out of State. I would be better off if they continued regulating it at those unrealistic prices. Nobody is going to want to sell it to you fellows. They'd rather sell it in Louisiana where they can get a realistic price. But that's not in the national interest.

Finally, just yesterday, even as we sit here whispering to ourselves, the OPEC leaders are meeting and have decided the dollar will no longer be used as the basis of world oil prices and, come September, oil is going to be up three to four dollars more a barrel than it now is, plus 20 cents a ton to transport it from the Persian Gulf.

Heavens to Betsy, we are sitting on a hundred billion gallons of oil in the Baltimore Canyon, offshore New Jersey and New York, which can be produced by American companies and American employees at less than \$5 a barrel.

Alaska can deliver us 2 million barrels a day at less than \$5 a barrel. Natural gas can be produced in this country in unmeasurable quantities if we

let the people who have the technology know that, if they find it and produce it, they can get an adequate price for it. You can't get people to pay \$6 million to drill a gas well when they hit one time out of ten and then, if they are lucky enough to hit, they are assured that they won't get their investment back in 80 years.

People with the money to drill oil and gas wells are not stupid. They didn't get rich by being stupid and they are not going to deliberately go into a venture knowing that if they happen to hit one time in ten they can wait 80 years to get their money back. It just isn't consistent with the facts of life.

We have a great American system here. The same oil and gas companies that developed the technology to drill in 600 feet of water in the North Sea and the desert sands of Asia and Africa and the frozen slopes of Alaska brought us, the 6 percent of the world's population, during the last 30 years, one third of the world's energy at one third the world's prices, and all we have to do is let them know we want them to continue in business as American companies. And I simply suggest that, if we don't do something about using coal, developing offshore areas, developing, as Governor Rhodes has suggested, the fact that there is gas that can be developed and used, we are not going to be around in the year 2000 to take advantage of all of these other great things that are being planned for us.

I am telling you right now, we have been protected to where we are almost out of existence. We had better start getting some production because we are not going to be around to enjoy the benefits of what the environmentalists have done for us.

CHAIRMAN RAMPTON: The basic purpose for Governor Evans' motion was so that we could determine before we went ahead with the voting on Governor Rhodes' motion the general scope of the report of the Committee on Natural Resources.

May I just take a moment to read from their index the matters that will be covered tomorrow by a policy statement. They have them listed under long-term considerations and short-term considerations.

Long-term considerations are energy conservation, energy production and supply, energy facilities siting, Outer Continental Shelf energy resources and coal.

Under short-range considerations are a national energy policy, the

state role in energy conservation, utility regulation, independent research, environmental education, state land-use planning, coastal zone management, surface mining, water pollution, solid waste management, recreation planning, forestry, environmental impact statements, interstate environment compact, OSHA policy, SCS stream channelization, flood plain management, amendments to the Clean Air Act, beverage containers, high-level radioactive waste, navigable waters and wildlife management.

Now that's an exhaustive list, I think we can't here this afternoon debate on each of them certainly, but it indicates that we do have a broad scope to be considered tomorrow.

I am at a loss here in attempting to chair this meeting because some of you seem to be maintaining that we should be talking broad general principles and others say we ought to be zeroing in on something. At least Governor Rhodes' motion does zero in on a specific thing, and I believe that we should get back to it when it is appropriate, but I will still at this time entertain further comments, general comments, in response to Governor Salmon's report. Governor Rhodes.

GOVERNOR RHODES: Mr. Chairman, I have researched the policy position and also the policy position of February 20, 1975. I want to apologize if the authors had not heard of shale gas. Shale gas is a recent development in these 15 to 17 States. The scientists in ERDA tell us that they are near a breakthrough and we are talking about supplying gas for 70 percent of the people in the United States and most of the Governors here, especially in the Midwest, Mid-Atlantic and Northeast.

I have no objection to what has been discussed now, and I will be glad to discuss all of those bottle and can problems and all of these great problems.

I just want to say this, that when your factories shut down in those areas that I have mentioned come January 1 for two or three months, I want you to walk out to that unemployment line and tell them we have to conserve bottles and cans; we have to slow down. These people won't have enough money to buy gasoline.

Now, if the program is to conserve by creating unemployment, then I'm against it. I just want to say that shale gas is new, it is new to this country; it is not new to the scientists in this field, they have been scientifically researching this for a great many years. They know that there can be a

breakthrough and this breakthrough will save these three sections I spoke of.

I do not want to step on anybody's toes. We are talking about a new subject, but unless we do something now, there is no sense—let me say that I think I have served as long as anyone in this room, and we have won a definite national reputation. We have talked more problems to death than any other organization in America and, unless we get some type of conservation or development of energy, whatever it may be, and be explicit, then we came here for nothing.

I am for the New Coalition; I am for sitting here and getting all lectured, something I have been through, I am for these things, but in the meantime, I want to do something where there is an energy shortage, I want to do something on the continental shelf. I want to do it at this convention or we will have to wait another year. By that time maybe many of us will not be here. Thank you.

CHAIRMAN RAMPTON: Governor Evans.

GOVERNOR EVANS: Mr. Chairman, I don't think we are at all at the cross-purposes that it appears. I agree with Governor Rhodes that shale gas is not in the report of the existing policy statement. I suspect for exactly the reasons he mentioned. Very likely it ought to be added and amended into the committee report. That's, at least, one way of doing it.

Obviously we can do it by voting a separate motion. My motion earlier was intended to open debate, not only first to get the committee report as it now stands but to then get all of the other ideas coming from individual resolutions of individual Governors, to then be contemplated by the Natural Resources Committee, inserted in their report if they so choose, or if they reject them to do that, and then have them all potentially available to be voted on, presumably at the meeting tomorrow morning, to get the whole subject in front of us.

Governor Edwards talked about the deregulation of price. We have an existing policy statement that speaks directly to that. It may not speak directly to it in terms that Governor Edwards would suggest, and perhaps we need amendment to that policy statement, but I am afraid we have not looked through what we already have, the existing and the proposed policy statements, to see how much of these things is being covered.

The best way to get all of that done is through the Natural Resources Committee. Now, if there are other specific resolutions or specific ideas

such as that of Governor Rhodes, shouldn't we get them all out on the table now?

CHAIRMAN RAMPTON: We can't vote on them all at once, Governor Evans.

GOVERNOR EVANS: I am not suggesting we vote on any of them. I am suggesting that we have them out and available so that the committee can deal with them. They will still meet before they come to propose their committee report for a vote tomorrow morning.

That's what I am suggesting, that these issues get out in front of us, specific or general, whatever they are, that they be assimilated by the committee and, if not adopted by the committee which accomplishes the purpose, then, of the ones who make the motion, they are still available to be voted on.

CHAIRMAN RAMPTON: Governor Lamm of Colorado.

GOVERNOR LAMM: Mr. Chairman, let me say that what Governor Evans said in terms of what long, hard work has gone into this document, I would hope that everybody could really read it to see what is included because frankly many of the things that have been talked about around this table are included.

I would direct your attention, for instance, to Page 12, when we talk about new production. We talk about new fuel and energy sources. We talk about shale oil—and I agree gas is missing—coal gasification, nuclear fast breeder reactors. We talk about providing deepwater port facilities. We do talk about deregulation or limiting—we do talk about the whole question of wellhead prices.

I would really urge your consideration to what has already been done because I think that Governor Salmon has done a first-rate job and I think there are a lot more things considered in here than some of the discussion seems to evidence. We have hit a number of bases. It is not perfect; it is not complete, but it is a very comprehensive statement.

CHAIRMAN RAMPTON: I would agree with that, Governor Lamm. However, it appears that we do not, in the report, address the subject of shale gas. In fact, I did not even know there was shale gas until I heard Jim Rhodes a few minutes ago. We have shale oil at home but not gas, so I think it perfectly proper that this matter be considered now.

I will entertain further general comments and then we are going back

to vote on Governor Rhodes' motion and then go on to something else. Governor Askew.

GOVERNOR ASKEW: Mr. Chairman, I wonder if the distinguished chairman of the Natural Resources Committee from Vermont couldn't overnight, in the event that we did not act on this motion for the moment, gather some information on what ERDA's plans are in regard to this, because I really think that what Governor Rhodes is saying is that this offers immediate possibilities of some substantial energy, whereas admittedly a lot of the others that we were talking about are much more long range. But I would like to have the benefit of knowing the timetable, to what extent they could expend more money than what they are presently, which would then be helpful to us in incorporating the thrust of what Governor Rhodes says as far as any energy from the development of gas from shale.

CHAIRMAN RAMPTON: Governor Lamm.

GOVERNOR LAMM: Mr. Chairman, I think, along with Governor Rhodes' resolution, we could, in fact, well meet the problem by, on Page 12, inserting the words "and gas," make it "shale oil and gas."

What bothers me about picking out a figure of \$100 million, I think you and I and Governor Herschler represent States with the most shale, I suspect, in this country, or at least a great deal of it. To say that there are billions of dollars worth of gas and oil there is true, but it is also like saying there are a hundred million dollars worth of tombstones in Pike's Peak. There is a question of how much it costs to get it out, what the technology is. These are very complicated matters.

The oil companies tell us now that the biggest single impediment is not the technology at this point and is not really a massive federal subsidy program but something they are looking for like the National Defense Production Act where they would guarantee them for a certain number of years a fixed price. They don't want a hundred million dollars. What they want is one small contract, which does have big fiscal implications, but these are all immensely esoteric problems that the committee has gone over in a lot more depth than might meet the surface.

I would say the problem which was mentioned which is a real one, shale gas, can well be inserted by just two words on Page 12.

GOVERNOR RHODES: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Salmon.

GOVERNOR SALMON: Mr. Chairman, in answer to Governor Askew's question, the answer is we have already directed a member of the staff to call the appropriate people in Washington to get a fix on your question and we will have some answers in the morning, I expect.

CHAIRMAN RAMPTON: Governor Rhodes.

GOVERNOR RHODES: Mr. Chairman, I just want to emphasize what we are doing in Ohio for industry. Some of you think a hundred million dollars is a great deal. We are recommending \$60 million in the rotary fund for Rose Run and other types of gas in the Appalachia area in Ohio. We call this the self-help.

The deregulation that we are speaking of is somewhere between 51 cents per cubic foot and a dollar. The industry in Ohio is paying \$2, \$2.50 a cubic foot. They don't have to go to the Public Utilities Commission or the Federal Power Commission to pay that much in self-help because the drillers are selling directly to industry.

We expect in Ohio to put a hundred million dollars in ourselves, so all we are trying to do with the shale gas is for a whole area and for what we are trying to do it will help us, yes, in Ohio, but we have immediate programs there on Clinton gas and Rose Run that we are doing now, and we will probably spend with the drillers and with other people, utilities investors, we will probably spend \$500 million.

When you talk about going and getting gas and oil, we are not talking about \$50 or \$100. This is expensive and all I am trying to do in Ohio is keep the industry open and keep down unemployment. I don't think we can look at this from every different angle. I have no objection, you can kill it, it's all right with us. We are going to get gas in Ohio some way.

We have asked the federal government alone for \$50 million just for the State of Ohio. The money is there and the States must do something, I suppose the industrial States, where they have gas. All we are trying to do is to do something for the Midwest, the Mid-Atlantic, and the Northeast.

We have no objection, if you don't want it, turn it down, it is perfectly all right with us. Thank you.

CHAIRMAN RAMPTON: I am going to rule that the question is now on Governor Rhodes' motion that ERDA be directed or be requested to devote \$100 million to research and development of shale oil and gas.

Any remarks now must be germane to that. If you want to defer it

until tomorrow morning, I will have to have a motion to lay on the table. Governor Lamm.

GOVERNOR LAMM: Mr. Chairman, is a substitute motion in order?

CHAIRMAN RAMPTON: No, not unless it is germane. You may amend this. I don't recognize a substitute motion under Robert's Rules of Order.

GOVERNOR LAMM: I just simply would point out that what we could do is insert the words "shale oil and gas." We can insert that on Page 12 and take care of 90 percent of the substance raised by Governor Rhodes.

We do have to work on this source, we are seeking it, but to say \$100 million, I think that all of us in our own States recognize the inadequacy of pulling figures like this out of the air. We don't know if that is too much; we don't know if it is too little. We also have our reputations at stake as spokesmen for a lot of people represented around this table, and we have to make sure our judgements are thoughtful ones. I would say insert those words on Page 12.

CHAIRMAN RAMPTON: You will have an opportunity, if the Rhodes motion fails, to propose that motion when the report comes in tomorrow.

GOVERNOR GODWIN: Mr. Chairman, I think it would be a good idea if Governor Rhodes would accept an amendment to his motion that would incorporate, after the \$100 million, "if needed." It seems to me that otherwise we have directed them to spend \$100 million whether they need it or not.

GOVERNOR RHODES: Yes.

CHAIRMAN RAMPTON: Governor Rhodes has accepted that. Will the man who seconded the motion second the amendment?

GOVERNOR MOORE: Yes.

CHAIRMAN RAMPTON: It has been moved and seconded. Governor Shapp.

GOVERNOR SHAPP: I would like to speak on this motion and urge a positive vote on the Rhodes amendment.

We are talking about \$100 million and I can assure you that in the northern part of this country alone we are going to be losing billions of dollars of income in industry, we are going to be losing hundreds of thousands of jobs, if we don't have the gas for this industry in the northern part of the United States.

This nation has had a Manhattan Project when we had dire problems, we have put a man on the moon, and now we are only asking to develop gas right in our coal fields. I just can't believe that we would not go forward on a program like this to salvage the economy of this nation, to create jobs, to prevent a massive shutdown of industry.

I would urge that, whether it is a hundred million dollars or ninety-five million or one hundred twenty-five million, the importance of this project is so great that the Governors go on record supporting the Rhodes motion.

CHAIRMAN RAMPTON: Are there other comments on the motion? Governor Askew.

GOVERNOR ASKEW: Mr. Chairman, I move that the motion be referred to the committee for their assessment of it, with their report back in the morning.

Obviously, I think that none of us wants to go on record as being against the development of new substantial potential uses, but I think the committee would be in a much better posture to assess this and then make a more definitive recommendation than just the motion, and so my motion is not intended in any way to be hostile to the motion of Governor Rhodes but rather to refer it to the committee and then let the committee come out with an appropriate recommendation relative to this in the morning with their report.

CHAIRMAN RAMPTON: The Chair will rule that the motion to refer to the committee is equivalent to a motion to lay on the table and not debatable.

GOVERNOR ASKEW: Mr. Chairman, it may be construed by the Chair, but I would construe a motion to lay on the table as a motion to kill it and my motion is not intended to kill it.

CHAIRMAN RAMPTON: No, a motion to lay on the table, although it is often used as a kill, was not originally—

GOVERNOR ASKEW: It is my intention, in making this motion, to give the committee a chance to react to it.

CHAIRMAN RAMPTON: I understand, but it does take it from the floor at the present time until it is raised again by the committee. All in favor of the motion to refer to the committee raise their hands.

Twenty-one.

Opposed.

There is a majority in favor of referring it to the committee. There is nothing now on the floor. Does any Governor desire to be heard for the purpose of making a motion?

GOVERNOR JAMES EDWARDS: Mr. Chairman, I move we adjourn.

CHAIRMAN RAMPTON: The motion has been made we adjourn. That, too, is not debatable and takes precedence over other motions.

GOVERNOR LAMM: I second it.

CHAIRMAN RAMPTON: The motion has carried. The meeting is adjourned.

CLOSING SESSION

Wednesday, June 11

CHAIRMAN RAMPTON: Gentlemen, although we don't have a quorum present yet, I am going to call the meeting to order and begin some of the proceedings while the quorum is gathering.

I would like to take just a few minutes this morning to have an opportunity to hear from a man who has covered the Governors' Conferences for some 30 years, Dr. Samuel R. Solomon, who, as most of you know, has taught government during that period, and last summer the Council of State Governments published his compilation about the Governors of the United States from 1900 to 1974. He is now at work on a supplement that will carry through for the future years. It is a real pleasure to introduce Dr. Sam Solomon for a word to the Governors as we convene on this last morning.

DR. SOLOMON: Thank you very much, Governor Rampton.

Distinguished Governors and guests of the National Governors' Conference: I am indeed grateful for this privilege of speaking to an assembly of Governors, for while I have chatted or corresponded with most of the Governors for many, many years, I have never had the opportunity, until now, of addressing all of the Governors as a group.

I welcome this opportunity especially so that I may thank you for your most gracious responses with regard to my requests for assistance in compiling the roster of Governors mentioned by Governor Rampton, the roster of the Governors in the 20th century, which was published, as he said, last year by the Council of State Governments. It's called "The Governors of

the States, 1900-1974," and in case some of the Governors missed getting it last year, this is what it looks like, and if I missed yours, if you would write to me, I'll be glad to send you a personal copy.

As I indicated in my acknowledgements in this book, it was your encouragement, the encouragement of the Governors, together with your personal enlistment of the respective state historians and archivists, to say nothing of the assistance of your executive staffs, that kept me going during some of the more difficult periods in this research.

I would like also to express my deep appreciation to Governor Milliken of my own State for his personal interest and assistance in my various research projects over the past seven or eight years, and also my appreciation to Brevard Cridfield and his wonderful staff at the Council of State Governments for his encouragement and assistance in projects over the past 20 years. I don't have to tell the Governors about the indispensable contribution that the Council of State Governments has made since its inception in preserving the vitality of state governments across the nation, as well as in the territories and the commonwealth.

At the Seattle Governors' Conference last year where the theme was "The State of the States," some of you may recall that the press had quite a few editorials about the resurgence of state governments, and also the part played in this resurgence by dynamic state Governors. I was personally pleased to see these statements, because I have been saying these things for more than 45 years, except that when I first started to say them and print them, I was one of a very few, you might say even a lone voice, extolling the excellence of gubernatorial leadership in the wilderness of federal-state relationships.

In my last survey of Governors, 1960 to 1970, published by the National Municipal League, I made this conclusion: "This writer remains firm in the belief that the voters will continue to choose executives of the highest caliber, but also to be reaffirmed is the conclusion that if there is not greatness in the people, there can be no greatness in the Statehouse." And continuing with that conclusion I said: "One of the chief tasks of the Governors in this decade and in the 25 years before this nation enters the 21st century, one of the chief tasks of the Governors is to continue to inspire, to stimulate, to encourage that greatness, especially when courageous and unpopular decisions may have to be made."

I can say truthfully, on the basis of my studies and research of Governors of this nation, that despite the political differences that they may have, they must stand together in one body as a collective voice in America if they are to continue to achieve the goals and aims set by the founders of the National Governors' Conference in 1908. I have every confidence that this distinguished group, as well as future Governors, will continue to provide the dynamic leadership for a healthy and vibrant state of the States.

Thank you very much for this privilege of being able to address you. Thank you, Governor Rampton.

CHAIRMAN RAMPTON: Thank you, Dr. Solomon. We are still far short of a quorum. I am going to wait for about five minutes and maybe some of the staff members will go in the restaurant and see if they can round up some of them.

Gentlemen, I have appointed a Nominating Committee. The Chairman of the Nominating Committee is Governor Bond. The members are Governor Moore, Governor Askew, Governor Anderson and Governor Noel. They are aware of their appointment, and I would ask that they meet this morning and be prepared to report near the end of this meeting.

There is another preliminary matter of business which I would like to take up as a quorum gathers. I would like to introduce Mr. Beard of the American Institute for Public Service. There has been distributed to you a pamphlet about this organization. Mr. Beard would like to solicit the help of the Governors in the selection process which this organization undertakes for the making of this (public service) award. Mr. Beard.

MR. BEARD: I want to thank you very much for the opportunity of coming here today. My name is Sam Beard, and I am president of the American Institute for Public Service. The American Institute is an idea, and it is a concept, and the idea is that we need to recognize those individuals who are performing the greatest public service in America. The institute is non-profit, and it is based in Washington, D.C.

The idea began in 1972. A group of us recognized that you had the Pulitzer Prize, but in the United States there was no national award for public service. We talked to a group of people, everybody said they thought it was an excellent idea. I then had the opportunity to talk to Jacqueline Kennedy Onassis about the idea. She explained to me that President Kennedy had very much tried to get the best young people into government

and tried to uplift the image of public service in America. She said whatever she could do to help this become a reality she would be happy to do that.

I then went to Senator Robert Taft and talked to him about the idea of the American Institute, and he extremely warmly endorsed it and said that he would agree to be its first chairman. I then called Jacqueline Kennedy Onassis back to ask if she would be the other co-chairman and she agreed.

We then put together, as you see in the pamphlet before you, a Board of Selectors to represent people from all over the country. I am very honored that Governor Patrick Lucey agreed to serve on that Board of Selectors, as well as William Buckley, Alexander Heard, Mrs. Norman Chandler, Secretary of Agriculture Earl Butz, Luther Hodges, Jr., George Meany, and a large group of others.

We then put together a board of nominators to help us reach out all across the country so that the best people would be nominated each year. We got Willis Alexander, the Executive Vice-President of the American Bankers Association; Alfred Neal, President of the Committee for Economic Development; Alden Barber, Chief Scout Executive of the Boy Scouts; Roy Wilkins, Executive Director of the NAACP; and many others.

We then selected five categories of the best public service; greatest public service by an elected or appointed official, greatest public service by a private citizen, greatest public service benefiting the disadvantaged, with a broad definition of disadvantaged, the aged, the mentally retarded, the disabled, then greatest public service by an American 35 years and under, and the last category is greatest public service of individuals benefiting local communities, people predominantly unrecognized.

We have run this award for two years; 1975 is the third year. We have given it out in Washington in July in those past two years. Each winner receives \$5,000 and an award. The past winners have been Henry Kissinger and then Elliot Richardson. Among the other winners, Dr. Thomas Szasz for his work in civil rights for the mentally ill, "Chip" Yablonski of the United Mine Workers and John Gardner.

In regard to putting the money together for the American Institute, I went to private individuals. I went to Mrs. Charles Wyman of the John Deere Company in Illinois; George Wampf, President of Laird & Company in Delaware; I went to groups of small individuals all over the country.

My purpose in coming here is that this group of Governors knows those individuals on the local level who are performing the greatest public service. I need your help. I'd like to have your help in nominating more individuals on the local level. We also need to recognize the public service which the Governors are making in this country, and we need more Governors to be considered for these awards.

So what is the American Institute? It is a concept. As a profession, public service is the most demanding; as a goal, public service is the highest demand. We need to recognize the greatest ideals and achievements in American public service, and we need to say what is right about America. Thank you.

CHAIRMAN RAMPTON: Thank you very much, Mr. Beard. Gentlemen, each year the National Governors' Conference is given an opportunity by the United States Department of State to send delegations of Governors on exchange visits with other nations. During this past month, we have had an opportunity to send a delegation of Governors to the Soviet Union, in return for the visit last year to this country, including attendance at our Seattle meeting, of a delegation of Soviet Governors.

I am going, at this time, to ask Marvin Mandel to give a brief report on the visit to the Soviet Union last month.

GOVERNOR MANDEL: Thank you, Governor Rampton. As Governor Rampton has explained, as part of the exchange program under the auspices of the State Department and, of course, of the Soviet Union, eight Governors from the Conference visited the Soviet Union last month. We visited Moscow, Kiev, Tashkent, Samarkand and Leningrad and back to Moscow. I might say that when you mention these names, it doesn't give any indication of distances, but I can tell you it's quite a distance. From Moscow to Tashkent and to Leningrad, I guess we covered about 8,000 miles if you total it all up in flying time.

The visit was very educational, and particularly for me, because I had had the opportunity of being in the Soviet Union three years ago. There was a noticeable change as far as I personally was concerned, not only in attitude, but in movement by the Soviet Union. There were far more automobiles on the streets, there were more consumer goods on shelves, there was a little different atmosphere, I would say, in the terms of our ability to communicate with people, rather than just with government

officials. We were given far more freedom than we were when I was there three years ago.

We did visit with all of the leading government officials of the various cities and the republics that we visited, the Russian Federation and the Ukraine, and we were able to have discussions concerning problems mutual to both of us and to our countries with these officials, and we were able to discuss agriculture, immigration, production, and you could see by some of the visits that we made to the factories that there has been a great accent on productivity. The Soviet Union now is in the automobile business and is getting bigger and bigger in that business. In fact, 65 percent that they manufacture is exported and they are getting into the export trade.

I think it was a most helpful visit from our point of view, and I might add a personal observation, if I may, something that I think we all ought to stop and think about, coming from a State that is highly industrialized. I was fortunate enough both to have visited China and the Soviet Union. I see in both areas movement towards industrialization, competition, development of natural resources. We have one tool, I think, in this country that sometimes we tend to lose sight of, and that is our agriculture. Neither one of these two nations has developed their agriculture to a point where they are able to feed their own people, and here we are probably the greatest food-producing nation in the world, with a tool in America, if you want to call it that, that we may be letting slip away from us. Everywhere we went the discussion centered around agriculture, in the Soviet Union, as well as previously in China. I think we ought to give a great deal of consideration, and one lesson I learned is that we talk about preservation of agricultural lands, we had better get on and do something about it, because as the future comes closer and closer in our industrial and commercial competition with nations, one tool that we have that's going to be there is our ability to produce food while these other nations are a long way from ever being able to satisfy the demands of their own people. Thank you very much.

CHAIRMAN RAMPTON: Thank you very much, Marvin. Is Governor Shafer in the room now?

MR. SHAFER: Yes, sir, I am.

CHAIRMAN RAMPTON: I take pleasure now in introducing one of our former colleagues, Raymond Shafer, former Governor of the Commonwealth of Pennsylvania who has recently been appointed as counselor to Vice-

President Rockefeller for intergovernmental affairs, and in such position he will have responsibility for liaison with the Governors.

I would like to ask Governor Shafer to just review what his office is going to do, how he will be available to help us and what are the means of communicating with him. Ray.

MR. SHAFER: Thank you, Chairman Cal, and members of the Governors' Conference. I started to say my fellow Governors, but that's a few years back.

Needless to say, I am delighted to have the opportunity to be with you at this conference and to see so many old friends and, hopefully, to make some new ones, and I deeply appreciate the invitation to be here.

I don't want to encroach on the time that you'll be taking to consider your various resolutions, but I did want to say one thing, and that is this. You are just as much aware of the fact that the people are bewildered, frustrated and downright angry, and I think that all of us, at every level of government, have not only an obligation, but an opportunity to make sure that our system works, if for no other reason than to restore and sustain citizen confidence.

President Ford is deeply committed to this, and I might say that just yesterday the first meeting of the Domestic Council since 1971 was held, and he directed Vice-President Rockefeller and the Domestic Council to start immediately the development of a national strategy, an agenda for the future, both near range and long range.

Now, this is not going to be an intramural affair in which just the people in Washington will be discussing the various problems that plague all of us. This is something in which the entire country will be involved, and we ask your specific help, your cooperation, and that of your constituents. My particular role in intergovernmental relations is something that will involve, of course, all levels of government working together better, and I think we have three things that we must do immediately, collaterally with the development of the agenda for the future. One, the analysis of the present programs, those that must be upgraded, those that must be eliminated; second, an analysis of the machinery for the delivery of those services, to make sure that money and services are delivered at the right time, at the right place, in the right amount; and, third, and most importantly, a specific definition of the primary responsibility of each level of government. If this

is done, then I know that we can succeed in that goal, and I look forward to working with each and every one of you in the future.

CHAIRMAN RAMPTON: Gentlemen, we still don't have a quorum. I am going, therefore, to change the order a little bit, because I do want to have a quorum present when we consider committee reports.

During the past year, the Governors' Conference, under contract, has been conducting a survey of organizations, determining whether or not they are productive and, ultimately, I suppose, making a determination as to whether they shall continue to be supported by the Governors' Conference and by the individual States. This work has been undertaken by Mr. Kenneth Olson, and so I am going to move Ken's report ahead and have him make this now, and hopefully by the time he gets through we will have a quorum. Ken.

MR. OLSON: Thank you, Governor Rampton. Somewhere in that stack of papers in front of you, gentlemen, is a blue-bound report with a black comb binding, which is largely filled with information about a number of associations of executive branch agencies or officials.

During the past year, the Executive Committee has been examining some of the costs and conflicts associated with those associations. You may recall that last year most of the States were asked to respond to a questionnaire outlining the level of costs for travel and dues contributions that they experienced in their own States for the maintenance and support of executive branch associations. The States identified, in most cases, somewhere between 300 and 1,000 such associations to which they currently pay dues or support the costs of travel of their employees to the meetings of those associations.

The Executive Committee then asked that the search be narrowed down to a group of associations which are categorized as being comprised of the leaders of major state agencies and departments, organizations such as the national association of state transportation and highway officials, the national association of state welfare administrators, the health officials and so forth, and this blue report discusses, in some detail, the findings related to the activities of those associations. While most of the material is detailed, let me summarize a few facts.

We found that to these 68 associations the States currently pay some \$3.5 million in dues annually. We further discovered that in order to participate in the costs of attending the meetings of those associations,

approximately an additional \$3 million is expended by the States collectively to send their state employees and officials to the conventions, conferences, workshops, training seminars, et cetera, of those associations.

In addition, there is approximately \$6 million annually spent in the costs of the time of those officials and employees, using some conservative estimating techniques about the number of days state officials spend at those meetings.

In addition to the \$12 million plus of state money that goes into these associations, there is approximately \$8 million worth of federal support going to these 68 associations, making a total of some \$20 million annually being expended for associations of the employees of state government, just the 68 which I mentioned.

Secondly, during the past year we have uncovered countless circumstances where Governors have gone to Capitol Hill to testify regarding their policy positions, only to find that associations of their employees, or agencies, trade group associations, if you will, have already been there or will shortly follow them, testifying in opposition to the position taken by the Governors.

We have looked at a number of the association operations. We found that, generally, they are not excessively staffed or plush, but there are some exceptions. There are cases, for example, where state associations gather substantial contributions from those agencies or organizations which they regulate, such as the state banking supervisors or the state alcoholic beverage control supervisors.

Inside the cover of the report which you found are specific recommendations contained on a three-page sheet, which is really the end product, a set of recommendations that we hope that the Governors might consider. The Executive Committee has already met to consider these matters and brings them forward to you today. There are approximately a dozen items which we believe should be undertaken in order to bring this issue to a head.

First of all, we have recommended that each Governor, at home, give careful consideration to whether or not he is comfortable with the notion of supporting that number of executive branch associations or trade groups, and whether or not the costs associated with that participation are equal to the benefits received by the States. We believe the Governors should take a

fundamental policy position that these interest group associations should be responsive that is to say, there should not be the situation existing where the Governors must go before Congress, for example, and argue positions in front of committees of Congress with their trade associations of state employees.

Secondly, we believe that the Governors' Conference should tap the staff resources of these associations. The 68 associations of which I speak employ over 250 employees, over a hundred of whom are professional staff, all of whom have a great deal of competence and capability to bring to bear in some of the matters that the Governors' Conference deals with. We feel that these resources could be tapped by appointing members of these associations to support the standing committees of the Conference. We think that the associations should be gathered together frequently to be apprised and told what the Governors' Conference is doing and move them along in the direction of developing supportive positions to the Governors' Conference.

We have recommended to the Executive Committee that the associations be tapped heavily in terms of their staff capability, that they be asked to participate in drafting position papers, in doing research, in providing supportive staff services, and even in coming up with funds for support to the National Governors' Conference.

We have recommended specifically that all federal agencies be advised that no association of state officials should receive any federal grant, unless that grant has been determined to be not in conflict with the Governors' objectives. We often have found that federal agencies have funded these associations, and the relationship between the federal agency and the state group is far stronger than any similar relationship between the Governor, the Governor's Conference and these associations. We believe that no further state executive branch associations should be formed without the express prior approval of the Governors.

Another recommendation which seems to have great merit is the possibility of bringing together many of the associations into a common physical facility or building in Washington, D.C. The some 40 associations which currently are located in Washington lease over 50,000 square feet of office space throughout the city. They are not in close communication with the Governors, each of them has separate conference facilities, printing

facilities, extensive libraries and equipment. We have recommended that consideration be given to developing a single, common facility into which all of these trade groups or associations could be assembled, their officing with the National Governors' Conference, and perhaps join with some of the state Washington, D.C., offices which some of you have established, be in a common building which would house most of the state government functions in the capital. We have suggested that under such an arrangement there could be common meeting rooms, reproduction facilities and so forth.

We have recommended that the Governors' Conference give careful consideration to bringing in two of its key staff support associations, the National Association of State Budget Officers and the Council of State Planning Agencies, both of whom are very close in supporting the actions of the Governors back home and who ought to be affiliated with the National Governors' Conference to provide close staff support services where they are critically needed.

Finally, we have determined that the associations are unevenly distributed across the spectrum of the Governors' interests. There are over 15 associations in the social services field, for example, whereas there are only one or two in the law enforcement and criminal justice field, and there is a substantial maldistribution of workload in trying to work with these associations amongs the staff of the Governors' Conference.

Governor Rampton, to sum up, the report and the recommendations really recommend ways in which the National Governors' Conference as an organization and the Governors individually can put their stamp of coordination and control on these associations of state executive branch officials and make them function as a resource to aid the Governors in their tasks.

CHAIRMAN RAMPTON: Thank you very much, Mr. Olson. You have had this report and have had an opportunity to examine it. Many of you have taken some steps in regard to the information that was furnished to us. In my State this last year, the legislature made specific provision for state employees to join certain designated organizations, and then in caveat said that unless the organization is approved in this item in the appropriations bill no state money shall be spent attending this meeting or no state money shall be spent for dues.

We found that we belonged to about 325 of these organizations. When

we tried to cut them down, it was a little difficult, but we did cut it down to about 180 that we now belong to, and I think we'll have further cuts next year. But I think the thing we have to determine is whether or not the Governors' Conference, as such, attempts to take any action, or whether this information merely be made available to the Governors themselves for such action as they want to take individually within their States.

I welcome any motion that might be made in regard to procedures to be taken in regard to this report and this research. Governor Evans.

GOVERNOR EVANS: Mr. Chairman, I don't know whether you want to wait for a motion until we are assured of a quorum or not, but I would like to comment, at least, on the report, and what evolved out of the report. I think probably the Committee on Natural Resources is still struggling with their energy problems.

CHAIRMAN RAMPTON: We have 26 Governors here, so we do have a quorum.

GOVERNOR EVANS: Mr. Chairman, then, I would move that the recommendations contained in this report, as just summarized by Ken Olson, be adopted as the policy of this Conference, and that the Executive Committee and new chairman be directed to implement these policies insofar as is possible during the course of the next year.

CHAIRMAN RAMPTON: You have heard the motion of Governor Evans. Is there a second?

GOVERNOR SHAPP: I'll second it.

CHAIRMAN RAMPTON: It is seconded by Governor Shapp. Is there discussion of the motion? Governor Evans.

GOVERNOR EVANS: Mr. Chairman, I think contained in this series of recommendations is an opportunity for this Conference to take another major step among the several we have taken during the course of the last several years to strengthen our ability to speak for the States, to give us an opportunity to more forcefully make our case to the Congress and the national administration, to assure that we are not sandbagged or sabotaged by some organizations of those who work for us, and who sometimes inadvertently make policy statements that are directly in opposition to those which the chief executives of their States have collectively decided upon.

I think there is a great opportunity for this Conference to collect together, both physically and in terms of policy, those other organizations,

and to create a much more decisive presence in the nation's capital, and to do it ultimately at less cost than we are now paying in terms of dues, time and rent to the separate organizations scattered from one building to another throughout Washington, D.C.

Mr. Chairman, I really commend the work which has been done, the study which has led us to what to me was a rather astonishing discovery of the numbers of separate organizations now in existence that relate to state government and composed of state officials, and I strongly urge the adoption of these recommendations as the policy of the Conference. It is perhaps the major thing we can do in strengthening our own hand and, in turn, strengthening our federal system.

CHAIRMAN RAMPTON: Are there other comments on the Governor's motion? Governor Rhodes of Ohio.

GOVERNOR RHODES: Mr. Chairman, I think that we're taking a bold step to suppress the freedom of speech of state employees, and also taking a chance to censor state employees in their actions and what is good for them, and this is the first step that we will say that we can't have unions and we can't have organizations, so I would be opposed to this on that basis.

CHAIRMAN RAMPTON: Are there other comments? Are you ready for the question? It may be passed by a majority vote.

GOVERNOR EVANS: Question.

CHAIRMAN RAMPTON: The motion is adopted. The next order of business on the agenda is the matter of the adoption of the Executive Committee report. The Executive Committee report was distributed to you the first day. It is the first document in the loose-leaf binder which you have. There are, however, two matters accompanying the executive report which require affirmative action if they are to be adopted. These are proposed changes in the articles of incorporation. Both of these proposed changes have been distributed, they are required 30 days in advance, and so they may be adopted here or rejected by a simple majority vote.

The first of these is a proposal to amend the articles of incorporation by striking from the articles of incorporation that section which requires that we be affiliated with the Council of State Governments as a constituent organization but leaves intact the portion of the articles that provides that the Governors' Conference may contract with the Council of State Governments for such services as we desire to get from that council.

I will declare that the adoption of this particular amendment to the articles is now before the body for discussion. If you will recall, this was discussed briefly in each of your caucuses on Monday of this week. I would open the floor for debate on this particular amendment.

Because Governor Evans and Governor Noel have been deeply concerned with this, I would like to recognize Governor Evans to speak briefly to this motion, and then Governor Noel.

GOVERNOR EVANS: Mr. Chairman, over the course of the last several years, this Conference has taken a series of actions to strengthen its hand in speaking for the States and strengthening its hand in terms of the necessary relationships we have with the Congress and with the national administration, and I think it's accurate to say restructuring or at least changing the balance in our federal system to reassert the ability of state government and, to some degree, local government, in carrying on their proper part of this activity.

I view this as a further step in strengthening our hand, not to reject the value of the Council of State Governments, because there is considerable value there, but to leave us the flexibility of deciding under what circumstances and how that relationship should be carried out. This is essentially equivalent to the decisions made by the newly-created National Council of State Legislatures. I think that it is a wise move, Mr. Chairman, and one which should not be viewed in any respect as a rejection of the council or of any of its constituent elements, but rather should be viewed as an opportunity for us to have greater flexibility with which to operate in years to come.

CHAIRMAN RAMPTON: Thank you, Governor Evans. Governor Noel, Rhode Island.

GOVERNOR NOEL: I don't want to spend too much time on this Mr. Chairman, other than to say that I have been working for two years on the reorganization of this association. We have made some progress, but not enough. I support the changes because I think they are in the best interests of the National Governors' Conference, and in the best interest of the Council of State Governments. I think that the Council of State Governments has provided good service down through the years and will continue to do so, but we've got to put this Conference in proper focus as that focus relates to the Council of State Governments, their role and

function, and I think this amendment is a step in the right direction.

I will answer any specific questions if any of the Governors have any. Otherwise, I'll let it go at that statement.

GOVERNOR RAMPTON: Are there other comments? Governor Godwin.

GOVERNOR GODWIN: Mr. Chairman, I was wondering if Governor Noel, or else Governor Evans, would be willing to address themselves briefly to what they feel are the essential reasons that this change be made at this time. I know they think it will be in the best interest of the Governors, of course, but I think we need a little more particularization on that. I also would like to hear some comment from them, other than just a general statement that it would be in the best interests of the Conference.

CHAIRMAN RAMPTON: Governor Noel.

GOVERNOR NOEL: Yes. I'd like to respond to that, Governor Godwin. What we have attempted to do with a series of efforts over the past two years is to make the National Governors' Conference into a more effective working organization, a stronger voice on the national scene in the formulation and enactment of national domestic policy, and a stronger voice as this Conference works to exchange ideas between and among States.

If we are to do that, then the kinds of services that are provided by the Council of State Governments, which are necessary and vital, should be those services that are requested by the National Governors' Conference, and it should not be that the National Governors' Conference will forever be dominated by those who administer the Council of State Governments.

That has been the way the organization has evolved down through the years, and there is a lot of strong feeling among those who run the Council of State Governments that they don't want to see any change.

When we reorganized the National Governors' Conference, changed the dues structure and the staff, to try to improve the staff capability, the staff people from the Council of State Governments resisted that move. They actually lobbied on the floor, Governor to Governor to try to kill that vote, and they were not successful.

When the legislators' organizations, and there were three, decided that it was in their best interests to merge and become one, become more effective, the Council of State Governments resisted that move, tried to defeat it, and frustrated the legislators. I was part of those meetings at the

request of the legislators, and they finally succeeded in reorganizing.

It is a question of whether the Council of State Governments is going to run the National Governors' Conference, and I'm talking about the pre-eminence of staff responsibility or staff presence, or whether the National Governors' Conference is going to control its own destiny, and are the Governors going to lead and direct this organization, or are we going to be dominated by the staff of the Council of State Governments. That's basically the issue. It has been a battle for two and a half years. I don't think there is one Governor who doesn't recognize that the Council of State Governments has performed a valuable service, and I don't think there is one Governor who wants to do anything to hurt that organization. We want to help them, but in the right focus, and this amendment gives our board of directors the right and the power to negotiate for services rather than have a mandate in our bylaws that we must have a service relationship with the council. I think it is an important distinction.

CHAIRMAN RAMPTON: Are there other questions?

GOVERNOR GODWIN: May I make a comment, Mr. Chairman?

CHAIRMAN RAMPTON: Surely. Governor Godwin.

GOVERNOR GODWIN: Mr. Chairman, I don't want to extend the discussion to any great length. The thing that bothers me is that perhaps it's a move in a direction that the solidarity of the state effort may be diminished here at a time when it seems to me that we need all of the joint effort that can be made if the voice of the States is to be heard. It's good to talk about the National Governors' Conference having a voice independent of their own, but to divide the situation in such a way that the Council of State Governments and the National Governors' Conference will become, as these amendments, as I understand it, would make it, certainly is going to be divisive of the efforts to coordinate what we are trying to do.

I certainly think that there must be some room somewhere. If it's a question of personalities involved here that have brought us to the present position where this desired change seems to be in the best interest of the National Governors' Conference, it seems to me that those changes could be made within the framework of the organizations we have. I think to come here at a time when the States need all of the solidarity that they can muster in order to present a united front on the federal level or at any other point, that it's going to be a divisive influence for us to take this action at

this time, in light of what the Council of State Governments and the Executive Committee have done over the past few months. I'm concerned that it is a divisive action rather than one that is going to create a more effective action later on.

CHAIRMAN RAMPTON: Are there other comments? Governor Ray.

GOVERNOR RAY: Mr. Chairman, having served on the Council of State Governments, I was greatly concerned when I first read your resolution that would disaffiliate us officially, and specifically sever our relationship in that capacity. But let me say that having sat there and listened to the legislators as they fought their internal battles, and realizing that they were jeopardizing this relationship at the time that happened in San Francisco, I am somewhat amused by the fact that they now want us to retain the word "affiliation" at the same time that their bylaws make no reference whatsoever to the Council of State Governments.

It seems to me that we can strengthen the Council of State Governments, and that depends upon how active the Governors will be hereafter on the board to which they will have more membership and a greater responsibility than ever before, if they accept that responsibility. So I would support your resolution, with the idea that we will continue to support the Council of State Governments, but in a fashion that will allow us the flexibility so that we can run our operations in the fashion and in the manner that we see fit.

CHAIRMAN RAMPTON: Governor Longley.

GOVERNOR LONGLEY: I share Governor Godwin's sentiments that it might do more to weaken or divide an effort than it would to strengthen, and I wonder if this isn't really committing major surgery to correct a headache.

If it's an administrative problem or some dichotomy with personalities, I wonder if time wouldn't solve this.

Admittedly, I'm a new Governor, but I want to say without any equivocation, the Council of State Governments has been exceedingly helpful to me as a new Governor, and I have seen this as a combined effort as part of the National Governors' Conference, and maybe we should give them a specific mission, and I'll suggest a specific, Mr. Chairman. I think we can always improve what we are doing. I'd like to see the Council of State Governments more deeply involved in the program here. I'm not sure that we Governors should come here and listen to outside speakers, I mean this

constructively; I think we can learn from each other. I have many problems in my State that privately one of the Governors here has been able to help me with as I have been able to catch him outside of the meeting hall, but I'm just wondering if we're not committing major surgery to correct a minor problem.

As a new Governor, I want to say again that the Council of State Governments has been so helpful to me and I would hope we would do nothing whatsoever that would weaken that excellent organization.

I'm wondering if time, further study of this problem, as Governor Godwin has suggested, would allow all of us an opportunity to provide more input, instead of the experienced people making this type of decision, with the experience going for them.

CHAIRMAN RAMPTON: Governor Evans.

GOVERNOR EVANS: Mr. Chairman, it seems to me that what we are doing does strengthen that relationship by recognizing that there are two different levels that organizations of state officials have working. One is the policy level, and the other is the service level that Governor Longley has so rightly mentioned.

I think the Council of State Governments can and should provide that service relationship that is so important to all of us, should probably provide it on a broader basis than is now being done, in terms of the sharing of information from one State to another, the creation of a true clearinghouse that gives to each of us a place where he can quickly get the present status on a major series of issues that may be of interest to our own State.

But the policies and the policy statements and the appearances before congressional and administrative committees seem to me to come from really two groups at the state level, those who represent our legislative branches through the Council of State Legislators, and those who represent the chief executives through the National Governors' Conference.

I think we ought to retain that independence of policy action. I believe very strongly that the motion we just passed to help bring together these subsidiary organizations of state officials who work for us, by and large, so that the policies are more consistent and more uniform, that that's part of the whole policy setup.

Our relationship, it seems to me, with the Council of State Governments ought to be as suggested by this amendment so that we can

select those areas of service and the contracts which are necessary to provide the information we want, and to provide the kind of service that Governor Longley has so rightly mentioned, while at the same time retaining the essential independence of action of the National Governors' Conference in terms of its policy affairs.

CHAIRMAN RAMPTON: Is there any further comment? Do I hear a motion in favor of the adoption of the amendment to the articles now under debate?

GOVERNOR EVANS: I so move.

GOVERNOR NOEL: I second it.

GOVERNOR EVANS: Question.

CHAIRMAN RAMPTON: The motion has carried. Governor Moore.

GOVERNOR MOORE: Point of parliamentary inquiry, Mr. Chairman. Does this not require a two-thirds vote?

CHAIRMAN RAMPTON: No. The Rules of Procedure of the National Governors' Conference, Rule No. 8—No. 10, I beg your pardon—"The Conference at any meeting may amend these Articles of Organization by a majority vote of all Governors present and voting. Notice of specific amendments, together with an explanatory statement, shall be mailed to all members of the Conference at least 30 days prior to submitting an amendment to a vote at a meeting," and that procedure was followed, Governor Moore.

GOVERNOR PRYOR: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Pryor.

GOVERNOR DAVID H. PRYOR: Parliamentary inquiry, please, sir. In consideration of the time that it appears that it is going to be necessary to go through each of the committee reports, I'm wondering if a resolution at this point, or a motion at this point, might be in order for limitation of debate upon each committee report.

CHAIRMAN RAMPTON: If you wish to make such a motion, I will entertain it, certainly.

GOVERNOR PRYOR: Mr. Chairman, I will so move, that we place a limitation of 15 minutes upon each committee report, which might get us out of here by noon. I'll put that in the form of a motion.

GOVERNOR RAY: I second it.

CHAIRMAN RAMPTON: You have heard the motion. Is there debate?

GOVERNOR EVANS: Question.

CHAIRMAN RAMPTON: The motion carried. The next proposal for the amendment of the articles was submitted by Governor Longley. It provides for the inclusion of the Mayor of Washington, D.C., as a member of the National Governors' Conference. Do you wish to speak to that proposed amendment, Governor Longley?

GOVERNOR LONGLEY: Very briefly. I just think that it provides a forum for the Mayor of Washington. I realize that this might smack of an exception. I think that the mayor of the nation's capital, the difficulty of the administration and the unusual circumstances, are deserving of this consideration, and I submit it on its merits.

CHAIRMAN RAMPTON: Is there further debate on this matter? Governor Rhodes.

GOVERNOR RHODES: I want to amend the motion, that we take in all mayors and all county officials with this. We have a non-partisan approach to all these governmental affairs, and I'd like to amend my own motion, that all of the federal revenue sharing that goes to the States presently, for the next two years be given to the City of New York so we can demonstrate our brotherly love for the cities. So I think that we should, we have the New Coalition, and I think we ought to carry it out to the furthest extent.

CHAIRMAN RAMPTON: I am going to rule Governor Rhodes' motion out of order as not germane. We will vote on Governor Longley's proposed amendment to the rules.

GOVERNOR GODWIN: I second it.

CHAIRMAN RAMPTON: The motion was lost. We will now begin the committee reports. The first committee report will be from the Committee on Crime Reduction and Public Safety. Governor Brendan Byrne.

Report of the Committee on Crime Reduction and Public Safety

GOVERNOR BYRNE: Mr. Chairman and Fellow Governors. I couldn't start off this morning without again expressing our thanks to Governor Edwards for making this meeting so pleasant that some of the papers in my home State are actually reporting that I'm enjoying myself here.

We are learning something however. I learned what a crawfish is last night. It's a Maine lobster after taxes.

GOVERNOR LONGLEY: That's after New Jersey taxes.

GOVERNOR BYRNE: The report of our committee you have in front of you. The highlights of that report indicate that our committee opposes cuts in the LEAA budget, favors state-city cooperation in crime control, urges modernization and simplification of state criminal codes, and urges Congress to fully fund the Juvenile Justice and Delinquency Prevention Act. Several of us submitted testimony to Congress on that; efforts to combat organized crime through state organized crime councils, statewide grand juries, stronger loan sharking and illegal gambling laws, criminal sanctions on state tax laws, and state wiretapping statutes with proper constitutional safeguards.

We urge federal funding of state efforts to fight drug abuse, urge States to establish criminal justice standards and goals, urge the adoption of a uniform extradition act, oppose any cuts in National Guard appropriations, and oppose federal regulation mandating States to provide independent computer systems for criminal justice information.

A letter has been circulated if you wish to sign it addressing that position, opposing the National Institute of Justice as unnecessary.

We have a resolution on the conservation of energy in law enforcement and criminal justice activity, which may be the only energy resolution we'll get passed this morning.

We urge federal compensation for innocent victims of violent crimes and of funding at the state level in support of that. We oppose the application of the Kennedy Anti-racketeering Statute to the state lotteries, legal state lotteries, and urge Congress to prohibit employment of illegal aliens, and to enact legislation creating an agency for consumer advocacy.

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

CHAIRMAN RAMPTON: You have heard the motion. May I have a second?

GOVERNOR EDWARDS: Mr. Chairman, I have an amendment I'd like to propose—

CHAIRMAN RAMPTON: Let me have the second first.

GOVERNOR EXON: I second it.

CHAIRMAN RAMPTON: It is moved and seconded that the committee report be adopted. According to Article VII of the Articles of Organization, this requires a two-thirds vote. I recognize Governor Edwards of South Carolina for the purpose of proposing an amendment.

GOVERNOR JAMES EDWARDS: Mr. Chairman, on the report of the subcommittee on the National Guard, I have a proposed amendment.

CHAIRMAN RAMPTON: That's Item A.-9.

GOVERNOR JAMES EDWARDS: That's correct. At the bottom of the page, which begins with "The National Governors' Conference" and ends "state-federal mission," deleting the words "equipment modernization" from the fourth line, and inserting in place thereof, "a substantial increase in manpower..."

CHAIRMAN RAMPTON: I'm having trouble following you. It's at the bottom of Page 11?

GOVERNOR JAMES EDWARDS: A.-9, in the paragraph that starts "The National Governors' Conference strongly opposes," in that paragraph, delete the words "equipment modernization" from the fourth line, and insert in place thereof the words "a substantial increase in manpower, modernization of equipment to a par with the regular services." So that it will read "and urges instead that additional federal support be provided to the National Guard in the form of a substantial increase in manpower, modernization of equipment to a par with the regular services, and membership incentives to enhance the Guard's ability to perform its dual state-federal mission," and basically what it does, gentlemen, is, today our National Guard is training with 25-year-old equipment, and it updates their training capabilities to be able to handle the modern equipment.

CHAIRMAN RAMPTON: Do you wish to speak to your amendment?
Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I strongly support the amendment. I have brought it to the attention of Governor Edwards. I feel that it is very important that we do give consideration to the possible increase of the manpower in the National Guard, especially when we understand that we have potentially a higher morale and greater intelligence in the National Guard than you will find in the active services.

Furthermore, most of our Guard units are working with equipment that is 20 or more years old, and if we have to, and heaven forbid, engage in a

war, especially a nuclear war, the National Guard would not be trained to handle any of the modern equipment, and that's why we are suggesting that as fast as possible we bring it up to par with the active services.

CHAIRMAN RAMPTON: Are there other comments on the proposed amendment?

GOVERNOR THOMSON: Question.

CHAIRMAN RAMPTON: The motion has carried. The motion now is on the adoption of the report of the committee. Is there further comment? Governor Holshouser.

GOVERNOR HOLSHOUSER: Just a point of parliamentary inquiry. I take it we are required to vote either up or down on the entire report.

CHAIRMAN RAMPTON: That is right, and that takes a two-thirds vote to pass the report. If you have further amendments, of course, that are germane, they can be offered at this time.

GOVERNOR HOLSHOUSER: I take it that the language on Page 18 of the report under A. -16 under "Consumer Protection Agency" is new?

GOVERNOR BYRNE: Yes, it's new, Governor.

CHAIRMAN RAMPTON: I am told that it is new. Did you wish to make some proposal to change that?

GOVERNOR HOLSHOUSER: I will just move to delete it.

CHAIRMAN RAMPTON: That's policy statement A.-16, the motion of Governor Holshouser is that the entirety of No. A.-16 be stricken from the report. Do you wish to speak to that?

GOVERNOR BOWEN: I will second his motion.

CHAIRMAN RAMPTON: Governor Holshouser.

GOVERNOR HOLSHOUSER: Mr. Chairman, I think everybody is familiar with this general area. They probably had their minds made up before they came down here. I just express my own feeling.

CHAIRMAN RAMPTON: Is there any other comment?

GOVERNOR BYRNE: Question.

CHAIRMAN RAMPTON: The motion to amend is lost. Are there further motions to amend?

GOVERNOR BOWEN: Question.

CHAIRMAN RAMPTON: The report of the Committee on Crime Reduction and Public Safety is accepted. The motion carries. The next order of business will be the report of the Committee on Executive

Management and Fiscal Affairs, Governor Lucey, Chairman.

Report of the Committee on Executive Management and Fiscal Affairs

GOVERNOR LUCEY: Thank you, Mr. Chairman. The Committee on Executive Management and Fiscal Affairs met as scheduled Monday afternoon. The staff work had been going on for several months. We agreed at our meeting on Monday to 19 resolutions that are included in the report you have before you. We had a resolution on arts and culture that was rejected or tabled. At the time there were only four of us in the room. I have since talked to all five who eventually attended the meeting and, by unanimous consent, they have agreed that the resolution on arts and culture, which was originally introduced by Governor Rampton, be included in the report. So while it is not in your booklet, I will read it at the end so that you will know what it contains, and I hope that the Governors will agree to include it as part of the report of the committee.

The Committee on Executive Management and Fiscal Affairs, therefore, offers a total of 20 resolutions for your consideration. For the most part, the policy statements constitute a reiteration of the policies adopted at last year's Conference. Where appropriate, the committee has seen fit to update the policy statements. In other instances, policy statements were deleted when they were judged to be out of date.

As you go through your book and take into account the very tight debate limitations that we imposed on ourselves, you will note that Statements B. -2 through B. -9 are either totally unchanged or are simply updated to reflect changed circumstances.

The same is true of Statements B. -11 through B. -15, so that ought to narrow the area of controversy here considerably.

B. -1, which is the most important statement in the report, is the one, of course, that deals with the attitude of the Conference on the question of general revenue sharing. It calls on the Congress to renew revenue sharing during this calendar year, so that the state governments can have adequate lead time in preparation of their budgets.

The policy statement calls, as well, for a revenue-sharing program that is free from categorical requirements and cumbersome administrative

guidelines. It states the proposition that revenue sharing should be a permanent program, with funding based on a fixed percentage of federal income tax collections. The resolution urges all Governors to begin early preparation of their views on the program, and to communicate those views to their respective congressional delegations.

And again, as yesterday, I would recommend for your reading the section of the speech by the Mayor of St. Louis where he points out just how desperately important it is that the action by the Congress occur during calendar year 1975.

I urge the Conference to adopt the revenue-sharing resolution, I urge individual Governors to encourage their representatives in the Congress to cosponsor the revenue-sharing legislation. For revenue sharing to fail of re-enactment during the current fiscal difficulties being faced by so many States would be a disaster indeed.

Another item that we made some changes on is B. -10, which has to do with public employee relations. What we really did here was to take two previous statements on this subject and combine them. The statement that I have offered to you, or that the committee is offering to you, reiterates our opposition to any federal legislation which would interfere with the ability of States and localities to manage their own personnel programs. It specifically opposes federal action which would mandate collective bargaining for all jurisdictions unilaterally, superseding long standing state and local personnel standards, and would oppose any imposition of wage and hour law provisions on state and local government.

B. -16, this policy is a new position urging the federal government to abide by its own rules in administering its programs. It asks that, whenever possible, the federal government streamline its grant procedures so as to limit the administrative burden on the States, and it asks the Congress to eliminate from its legislative proposals requirements which needlessly reinforce wasteful administrative practices.

B. -17 deals with the subject that Mrs. Hills devoted a good deal of time to yesterday, the question of 701 planning funds. This policy position expresses the support of the Conference for the 701 comprehensive planning program administered within the Department of Housing and Urban Development. The resolution calls for a funding level of \$150 million in fiscal 1976. Funding for this year is \$100 million. In the past, 701 planning

funds have provided important assistance to States and localities in improving their planning and management capabilities.

In Mrs. Hills' presentation yesterday, the Secretary of Housing and Urban Development included a long list of creative projects that have originated in the States through the use of 701 funds. Planning grants such as those available under the 701 program are essential if we are to streamline state governments to make them more effective agents for delivery of service to our people.

B. -18 has to do with state-federal audits. This policy position discusses the costly and time-consuming duplication of efforts which is often a part of the federal grant-in-aid procedure. It urges the federal government to rely on state audits wherever possible, and to supply financial assistance to state audit agencies when that is appropriate.

I think it is significant that someone from the General Services Administration attended our committee hearing to say, yes, that he would appreciate our taking this position so that it would strengthen his hand in making this demand of the line agencies of the federal government.

No. 19, a proposal offered by Governor Anderson of Minnesota, deals with economic recovery. This policy position addresses itself to the severe fiscal crunch faced by States and local governments as a result of the current economic crisis. It urges the federal government to enact programs which will stimulate employment and economic growth, calls for a maintenance of federal matching support for essential public programs of the States so that the state and local governments will not be faced with ever greater demands on their shrinking revenue base.

This concludes my report, except for B. -20 which I mentioned earlier, that has to do with arts and culture. The copy of B. -20 is in your hands and, therefore, unless there is a request that I do so, I will not read the entire resolution at this time.

The four pertinent points, I think, are these. It says that state governments should recognize the arts as requirements for increasing quality of life in America and work to provide all their citizens with additional artistic and cultural experiences; two, States should be encouraged to pledge increased support to state arts agencies in their efforts to bring the arts to the people; three, States should show their advocacy to excellence of art throughout the environment by supporting the preservation of historic

buildings and encouraging zoning laws which will improve the total environment; and four, States should include a percentage of funds for government structures to be set aside for works of art to be carefully integrated into the design of those buildings.

This, as I said, was reviewed by the five members of the committee who are at this Conference and, by unanimous consent, I am including it in the committee report.

With that, Mr. Chairman, I would move the adoption of the report of the Committee on Executive Management and Fiscal Affairs.

CHAIRMAN RAMPTON: Is there a second?

GOVERNOR GODWIN: Mr. Chairman, I will second the motion.

CHAIRMAN RAMPTON: The motion is seconded by Governor Godwin. Governor Noel.

GOVERNOR NOEL: Mr. Chairman, I'd like to offer an amendment to the committee report, but I—

GOVERNOR LONGLEY: Point of order, please.

CHAIRMAN RAMPTON: Governor Longley raises a point of order.

GOVERNOR LONGLEY: Mr. Chairman, I submitted on Sunday, at the Sunday meeting, an amendment, and I think it has priority over any previous amendment for consideration here.

CHAIRMAN RAMPTON: I would think it does not if the committee did not report it. If the committee did not report it, and evidently they didn't, you have the opportunity to do so here, and I'll get around to recognizing you so you will have an opportunity.

GOVERNOR LONGLEY: A further point of information, Mr. Chairman. It is my understanding the amendment that is now going to be submitted was, in fact, submitted to the committee and rejected on Sunday, and the chairman of this committee, Governor Lucey, I would submit to you, sir, that you indicated that this was the first amendment submitted for consideration, but I'll leave it to your judgment, the Chair.

CHAIRMAN RAMPTON: I wasn't aware of that, and I don't think priority of time is going to affect how you do or fail to do on your amendment, and I will recognize you in proper order.

GOVERNOR LONGLEY: Mr. Chairman, I say this is being a posited question at this point. The amendment we are about to consider, you know, has been flown in and out of Washington so often with the wires and the

telephones, I'm saying that this is one of the problems we've got at this Conference, sir.

CHAIRMAN RAMPTON: I don't follow you on a point of order here. You're arguing the motion now.

GOVERNOR LONGLEY: All right.

CHAIRMAN RAMPTON: Governor Noel.

GOVERNOR NOEL: Mr. Chairman, this committee report, under B. - 19, "Economic Recovery," on Page 34, immediately at the bottom of Page 34, has new language that would be inserted immediately after the next to the last paragraph which ends, "in the American economic system."

CHAIRMAN RAMPTON: On what page?

GOVERNOR NOEL: Page 34 of the committee report, under Section B. -19 entitled "Economic Recovery."

GOVERNOR RAMPTON: All right.

GOVERNOR NOEL: I move to amend this report by inserting the language that I have circulated among the Governors that refers to an intergovernmental counter-cyclical assistance program, three paragraphs. If the Chair would prefer, I would read the three paragraphs. If the Chair feels it's not necessary, I won't.

CHAIRMAN RAMPTON: Where do you propose that it be inserted?

GOVERNOR NOEL: The next to the last paragraph reads as follows: "The National Governors' Conference calls upon the Congress to enact, and the White House to approve, responsible federal programs that will seek to reduce unemployment substantially and quickly to levels that provide growth rather than stagnation in the American economic system."

I am proposing that we make this amendment immediately following that language, because this amendment will put this Conference on record as being in support of a specific program to do just what is now being considered by the Congress of the United States.

Intergovernmental counter-cyclical assistance would give us a program where the nation could place its scarce resources in those areas of the nation—

CHAIRMAN RAMPTON: Just a moment, Governor. Are you reading the amendment you propose to put in now?

GOVERNOR NOEL: No. Do you want me to?

CHAIRMAN RAMPTON: Does everyone have a copy of the proposed

amendment? If you do, then I won't require that it be read. May I have a second to the motion to amend?

GOVERNOR MILLIKEN: I second it.

CHAIRMAN RAMPTON: I will recognize you for comments on the motion to amend.

GOVERNOR NOEL: Thank you, Mr. Chairman. Very briefly, it is a specific program that's now being considered by Congress. I think it for the first time represents a problem, an attempt by Congress to enact a program that maximizes scarce resources that are available to fight recession and to fight to put people back into active employment, and I think that it is very meaningful that in this statement about economic recovery, that this Conference go on record as being in support of something specific rather than simply making general statements. That's why I propose this amendment.

CHAIRMAN RAMPTON: Governor Milliken.

GOVERNOR MILLIKEN: Mr. Chairman, I would simply like to support the motion or the amendment offered by Governor Noel. I think it is very significant legislation which is now being considered in the Congress. It selectively deals with problems quickly and effectively at a time when assistance in the various States having unusual difficulties is needed. I would strongly urge the support of this Conference of that amendment, and I repeat again that if the Conference does support it, it can have a significant effect in Washington right now.

CHAIRMAN RAMPTON: Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I just want to ask if it would be in order to have the amendment read. In this wealth of papers I have here, I haven't been able to locate it.

CHAIRMAN RAMPTON: Sure. Governor Lucey has a copy here.

GOVERNOR LUCEY: "A program of federal aid to state and local government during national recessions should become a permanent feature of our intergovernmental fiscal system. Such a program, however, is in no way a substitute for the permanent and generously funded general revenue-sharing program, the extension of which remains the first priority of the Governors.

"The National Governors' Conference supports the concept underlying the proposed Intergovernmental Counter-cyclical Assistance Act, under

which state and local governments would receive supplementary federal assistance during periods of high national unemployment.

"The Conference recommends that the legislation be structured such that the reliability of state and local fiscal planning is not impaired. A gradual triggering mechanism should be employed to preclude the possibility that a large authorization might be suddenly generated by a small increment in the national unemployment rate."

GOVERNOR THOMSON: Thank you.

CHAIRMAN RAMPTON: Governor Holshouser, North Carolina.

GOVERNOR HOLSHOUSER: Mr. Chairman, this is not quite the same language, but it comes pretty close to the original resolution that I proposed to the Conference. I am not, as most of you know, an advocate of new, big federal programs, and generally would be highly reluctant to see us endorsing expanded federal efforts in many areas, but I think there are several points that need to be made regarding this particular area of congressional potential responsibility.

First of all, we've seen in recent months a very strong reaction by the Congress, the federal administration, to our current economic problems, and there is always a tendency because of the very serious political pressures that build up around the country in time of unemployment, and they are human pressures as well, we shouldn't take them just as statistics, to over-react.

It seems to me that an early action that is triggered by the unemployment statistics could build in a systematic response that would avoid the kind of overreaction that unnecessarily spends federal dollars, and perhaps by an early response avoid more serious action that might be required later for lack of an early response.

I also feel it is very, very urgent that we say to the Congress that we would hope that they would in no way consider this as a substitute for general revenue sharing, and I also point out that the resolution in Paragraph 2, or the amendment now in Paragraph 2 points out that we support the concept. There are a great many details that would have to be worked out, and I'm not sure that you can ever support a final proposal until you see it all fleshed in. We are just simply talking about the concept that's being presented to the Congress at this time.

CHAIRMAN RAMPTON: Is there other comment on the motion to

amend? Governor Evans.

GOVERNOR EVANS: Mr. Chairman, let me speak to a couple of concerns I have, perhaps not about the concept itself. I think we had better be very careful what we do along this line. This program, as I understand it, really depends for its triggering on unemployment rates and, from my own experience and considerable study of the way in which we calculate unemployment rates across the country, that's a pretty slender reed on which to depend.

Let's face it, we are going to have higher unemployment, at least listed unemployment, over the next several years, even in a time of what we might consider economic recovery. We simply are faced with the statistics of the war babies of yesterday now growing up and entering the work force in a much greater flood than in past years, coupled with the rapidly increasing number of women who seek full-time employment. We could be in great danger of creating a program here dependent on listed rates of unemployment, which really do not reflect the true state of the national economy.

We had an experience in our own State just a few months ago, where I looked at the monthly rates of unemployment, to find, to my astonishment, that in a one-month period, our listed rate of seasonally adjusted unemployment had increased by 1.1 percent, and I knew very well that our economy had not turned downward, but rather was proceeding in the other direction.

I found that we had a listed increase of 80,000 in the work force, and 80,000 in unemployment, and that came simply because the federal Congress had once again reinstated an extended unemployment insurance program. Many people suddenly came out of the woodwork to qualify and to draw unemployment. They were all listed, then, as being back in the work force, listed as being unemployed, and once having completed drawing all of those benefits, retreated once again out of the work force.

I just want to draw this real warning, and I'm afraid that we could get ourselves into a program which was dependent on national rates of unemployment which are not a very good measure, in many instances, of the true economic circumstances of individual States or of the nation as a whole, and we could get into a counter-cyclical program, that as it grew, could in itself begin to have some economic impacts that I'm not sure we

fully understand yet.

CHAIRMAN RAMPTON: Governor Longley.

GOVERNOR LONGLEY: Basically, I also support the concept. This is Senator Muskie's bill, but I think that we should be aware that despite the caveat indicating that it should not affect revenue sharing, it, nevertheless, has to have some impact on revenue sharing.

I think also we should be very much aware that Governor Muskie, if he were Governor again, would be very much concerned about further centralization of power from the standpoint of jobs and discretionary allocation of funds within the respective States. I don't know whether they would be receptive to amendment or not, but I support the concept on the basis that if we would amend this motion to provide that it should, in fact, be coordinated by the Governors of the respective States, and avoid as much as possible another federal bureaucracy—

CHAIRMAN RAMPTON: Are you proposing an amendment?

GOVERNOR LONGLEY: I would propose that amendment, yes.

CHAIRMAN RAMPTON: All right, let me get it down.

GOVERNOR LONGLEY: On the basis that if Senator Muskie were back in the chair as Governor—

CHAIRMAN RAMPTON: No, I mean the language. How do you propose to amend?

GOVERNOR LONGLEY: Following unemployment rate, simply add: "This program is to be coordinated by the Governors of the respective States and avoid, as much as possible, the creation of another federal agency."

CHAIRMAN RAMPTON: Is there a second to the amendment to the amendment?

GOVERNOR MANDEL: I will second it.

CHAIRMAN RAMPTON: There is a second of the amendment to the amendment. Is there further debate on the amendment to the amendment? Governor Holshouser.

GOVERNOR HOLSHOUSER: I wonder if the distinguished Governor of Maine would yield to a quick question.

GOVERNOR LONGLEY: Yes.

GOVERNOR HOLSHOUSER: When you say "coordination by the Governors," what did you have in mind?

GOVERNOR LONGLEY: I meant someone other than in Washington.

GOVERNOR HOLSHOUSER: I mean what do you want him to do?

GOVERNOR RHODES: Appropriate the money and let us spend it.

GOVERNOR LONGLEY: I want them to coordinate this from the standpoint of distribution to the cities. This act is designed, really, to allow discretion in Washington for aid directly to the cities, the New York Cities, the Detroit, if I may, and it's conceptually good, but I'd like to see this coordination on the state level rather than erode any further any responsibility we carry.

GOVERNOR HOLSHOUSER: Mr. Chairman, I would submit his language doesn't do that. I think his idea may be sound, but he says "the program."

GOVERNOR LONGLEY: This Governor will accept your language, if it will clarify it.

CHAIRMAN RAMPTON: I want to know what language we are voting on. Until you change the language, I assume we're voting on the amendment as you stated it a few minutes ago.

GOVERNOR LONGLEY: Would adding "coordination and responsibility for administration" satisfy the Governor from North Carolina?

GOVERNOR HOLSHOUSER: If he simply said "coordination of the disbursements or distributions to local government should be coordinated by the Governors."

GOVERNOR LONGLEY: I accept that.

CHAIRMAN RAMPTON: Where would that go, Governor Longley?

GOVERNOR LONGLEY: After "coordination."

GOVERNOR HOLSHOUSER: I think it is simply adding "coordination of the distribution to local governments" there in the first couple of words.

CHAIRMAN RAMPTON: "A program of federal aid to state and local government," is that where it goes?

GOVERNOR HOLSHOUSER: No, sir. His amendment, I believe, begins "The program," and just change that to "distribution to local governments."

GOVERNOR LONGLEY: Let me read it. "This program is to be coordinated in distribution to local governments by the Governors of the respective States and avoid as much as possible the creation of another federal agency."

CHAIRMAN RAMPTON: Governor Milliken.

GOVERNOR MILLIKEN: Mr. Chairman, and Governor Longley, I honestly do not see the need for your amendment. I think the federal legislation would clearly provide a triggering in mechanism which, when certain conditions had been obtained, would then make funds available in selective States, and under no set of circumstances do I see the creation of a large federal bureaucracy for the administration of the act. The act itself would provide the language which would send the dollars where they are needed quickly and effectively, and when they are no longer needed, they would be withdrawn, and I don't see the purpose of the amendment. I don't think it would achieve any objective which is not already a part of the act which would be enacted by the Congress. I understand what you are trying to do, but I don't see the need for doing it.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWARDS: I simply want to say that I compliment the Governor of Maine for his free enterprise independent description of a social program, but you're going to have that whether you like it or not, and I simply say that the thrust of this thing is simply to have the federal government spend dollars which they do not have from wage earners, who can no longer pay in order to artificially stimulate the economy, which is not going to, in the long run, do any good at all. I suggest that the whole thing should be scrapped.

CHAIRMAN RAMPTON: I am going to recognize Governor Godwin, and then I am going to call for a vote on the amendment to the amendment. Governor Godwin.

GOVERNOR GODWIN: Mr. Chairman, this matter, not the particular amendment, but the concept to which this amendment is directed, was discussed by the committee Monday, at some length, and was rejected not once but several times that afternoon, after modifying various—

CHAIRMAN RAMPTON: You're talking to the amendment now?

GOVERNOR GODWIN: No.

CHAIRMAN RAMPTON: I'll get back to you in a moment, then. Before us now is Governor Longley's amendment to the amendment.

GOVERNOR EDWARDS: Question.

CHAIRMAN RAMPTON: The motion was lost.

We are now on the amendment as written. Governor Godwin, you wanted to comment on that?

GOVERNOR GODWIN: Yes, just for one minute, Mr. Chairman, and gentlemen.

This matter was discussed the other day in the committee, and the original resolution was rejected. Attempts to modify it while it was before the committee were likewise rejected. We have now another amendment being offered which is presently under consideration.

We are endorsing, in effect, the concept that they are talking about here. The concept means many different things to many different people. I don't believe we all understand what the concept is, or that we all agree on what the concept is.

The bill before Congress, as it was explained to us the other day in the committee, would cost \$2.3 billion. The question is whether we want to go on record here as favoring a concept that's going to add to the deficit that's presently so huge, and commit this Conference to a vote on a new program. It seems to me we are in the position of either adding a new program that's going to cost this many dollars, or we are endorsing a concept that, if approved and passed, will take the money out of the federal revenue sharing we're getting. You can't have your cake and eat it both.

CHAIRMAN RAMPTON: Governor Rhodes.

GOVERNOR RHODES: I just want to ascertain, does this program cost two billion nine hundred?

CHAIRMAN RAMPTON: I'll refer your question to Governor Noel.

GOVERNOR NOEL: The program that we are endorsing has no price tag. Certainly the legislation that's in the Congress has a price tag. One version of this legislation would cost approximately three billion. I point this out, though, and I'd like to answer the Governor's question, if I may, by pointing out that right now, for every 1 percent that unemployment rises above 4 percent in this country, it costs us \$15 to \$16 billion.

CHAIRMAN RAMPTON: I think you're not answering—I'll get back to you if you care to make a comment. Governor Rhodes, did you get an answer to your question?

GOVERNOR RHODES: Not completely. I just want to get some description. We talked about a hundred million yesterday, and about three-fourths of you were aghast, shocked. Does someone want a hundred million to get energy to get people to work? The whole problem in unemployment happens to be energy. I have all the compassion for people who want to give

handouts, but I think we ought to take care of the energy problem first, which we have not, we've ignored it, we've gone completely around it, so, therefore I move that we lay the amendment on the table.

CHAIRMAN RAMPTON: You have heard the motion to lay the amendment on the table.

GOVERNOR WALLER: I second it.

CHAIRMAN RAMPTON: Is there any comment?

GOVERNOR RHODES: Question.

CHAIRMAN RAMPTON: All in favor of the motion to lay on the table say "aye;" opposed say "nay." The "nos" appear to have it, the "nos" have it.

GOVERNOR EDWARDS: Roll call.

CHAIRMAN RAMPTON: All in favor of laying the amendment on the table indicate by a raised hand. Nineteen in favor. All opposed indicate by raising their hand. Nineteen in favor of laying on the table, seventeen opposed. The amendment is to lay it on the table.

GOVERNOR CARROLL: Mr. Chairman, parliamentary inquiry.

CHAIRMAN RAMPTON: Governor Carroll.

GOVERNOR CARROLL: Does not the laying of the amendment on the table take the major subject with it?

CHAIRMAN RAMPTON: I think not. I would rule otherwise.

GOVERNOR CARROLL: Well, you best rule otherwise, because I think Robert's Rules of Order provide otherwise.

CHAIRMAN RAMPTON: I cannot see why it would, Governor Carroll.

GOVERNOR CARROLL: Well, you have ruled, and that's sufficient. It saves it.

CHAIRMAN RAMPTON: Are there further amendments to offer to the report of the committee? Governor Longley.

GOVERNOR LONGLEY: I have submitted an amendment to B. -16.

CHAIRMAN RAMPTON: Would you read it.

GOVERNOR LONGLEY: Perhaps Governor Lucey would read it. He has a copy.

GOVERNOR LUCEY: B.-16, the amendment to B.-16 offered by Governor Longley says: "Full disclosure by incumbent office holders of any and all involvement by staff members directly and/or indirectly in political campaigns involving other than the immediate elected official for whom they constitute paid staff. This disclosure shall include but not be limited to

the name of the staff member; rate of compensation; extent of involvement including travel and expense schedules and all other details deemed pertinent to the question of whether or not taxpayer dollars are being utilized directly or indirectly for political campaigns of any candidate for public office." This is to be inserted where under B.-16?

GOVERNOR LONGLEY: Paragraph E.

GOVERNOR LUCEY: Paragraphs are not lettered. Can you tell me what the preceding paragraph begins with?

GOVERNOR LONGLEY: Under A., "Loophole-free campaign," B., "Stringent ethical codes," C., "Open meetings of all public decision-making bodies," D., "Registration and full disclosure of lobbying activities," and E. is "Full disclosure."

CHAIRMAN RAMPTON: I'm having trouble identifying these. I can't find this.

GOVERNOR LONGLEY: It's in the committee report, page 27.

CHAIRMAN RAMPTON: You want that after which letter, following Paragraph D.?

GOVERNOR LONGLEY: Right.

CHAIRMAN RAMPTON: You have heard the motion to amend by Governor Longley. Governor Longley, I will recognize you.

GOVERNOR LONGLEY: Very briefly. It is part of a disclosure approach that is so badly needed in this country today, and we have heard the Governors here discuss, with legislation not only in our respective statehouses, but in the Congress, to do anything and everything possible to restore faith and confidence in government, and I think, on that basis, it should stand on its merits.

CHAIRMAN RAMPTON: Are there other comments on the motion to amend by Governor Longley?

GOVERNOR MANDEL: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Mandel.

GOVERNOR MANDEL: I have read it three times now. Does this mean that I can have my staff people work for me in an election and I don't have to disclose it, but if they work for someone else, I have to disclose it?

GOVERNOR LONGLEY: I'm presuming, Governor Mandel, that your staff directly or indirectly works for you, and so this is an attempt to eliminate any question whatsoever from the standpoint of constituent

service, but when your staff is working for a congressional candidate or a candidate for other public office, then this is a much more measurable factor. It is on that basis that it is submitted.

GOVERNOR MANDEL: Thank you.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWARDS: I question which of the Governors would be willing to file a report stating how much tax dollars are used by the staff in campaigning for people in political campaigns, and I don't have an adequate staff, you know, to police something like this. I have enough reports to file as it is, and I want to know how much it is going to cost, who is going to pay for the staff member who is going to file the report for me and, secondly, I don't want to assume the responsibility, I don't want to know what all of my staff are doing in the area of campaigning. Sometimes I'd rather not know about it, and there's a lot of things I'm definitely not going to write about.

CHAIRMAN RAMPTON: Are there other comments? Governor Askew.

GOVERNOR ASKEW: I'd like to ask the Governor of Maine a question. I can't find where this recommendation includes full financial disclosure by public officials. Are you saying that the staff members are fully disclosed but their principal shouldn't? Are you in favor of full financial disclosure, Governor, of all elected officials?

GOVERNOR LONGLEY: Yes, and I have made full financial disclosure.

GOVERNOR ASKEW: I have, too, sir, but my question is that this appears to be requiring it for all of those people working on their staffs, but it says "other than the immediate elected official for whom they constitute paid staff," and I'm just wondering if we shouldn't have a provision in Section B. in which it indicates what we should do, and to put a provision in it for full financial disclosure, including the filing of copies of income tax returns and statements of net worth by all candidates and public officials. Then, of course, I think that will be properly done.

GOVERNOR LONGLEY: Mr. Chairman, if I can treat that as a question?

CHAIRMAN RAMPTON: Go ahead.

GOVERNOR LONGLEY: I support Governor Askew's concept. However, it does not treat the amendment. The amendment, in response to

Governor Edwards, simply says, sir, that the public shall make the determination, not you, not me. We give the public the opportunity to determine whether or not Governor Edwards' staff members are using taxpayer dollars to elect other office holders, and I want the public to make the determination, not you, your staff or my staff.

CHAIRMAN RAMPTON: All right. Are there further comments?

GOVERNOR EDWARDS: I now know why there is only one Independent Governor.

GOVERNOR LONGLEY: I submit there'll be more unless we have more housecleaning like this, sir.

CHAIRMAN RAMPTON: We have run out of the time that we may allot for this for debate under the rule already adopted.

GOVERNOR LUCEY: I second it.

GOVERNOR ASKEW: Question.

CHAIRMAN RAMPTON: The motion was lost. Are there further amendments? The motion now is to adopt the report of the committee, and that requires a two-thirds vote.

CHAIRMAN RAMPTON: The committee report is adopted.

GOVERNOR ASKEW: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Askew.

GOVERNOR ASKEW: I'd like to indicate for the record opposition to the change in the formula for apportionment under the Multi-state Tax Compact proposed in B.-3. While I supported the committee report, I am in opposition to a change in that report. That would indicate giving equal apportionment between salaries, property and sales, equally one-third, one-third and one-third, and I would favor retaining 25 percent property, 25 percent salaries and 50 percent sales.

CHAIRMAN RAMPTON: Your comments are noted in the record. The next order of business is the Report of the Committee on Human Resources; Governor Andrus, Chairman.

Report of the Committee on Human Resources

GOVERNOR ANDRUS: Thank you very much, Mr. Chairman, fellow members of the Governors' Conference.

The Human Resources Committee, like the rest of you, experienced

time problems for our meetings when the time was used that had previously been allotted for committee meetings. I do not believe that it has caused undue harm to the committee report, but I do think, in all fairness to the members of the committee, that I should recognize that perhaps, had we had more time, some of the questions that you posed to us could have been given a little more consideration. However, those will be maintained until the Midwinter Conference.

It has been a very busy year for the Human Resources Committee. Most of you are aware within your individual States that it is the subject matter of this committee that involves more federal funding and state funding than in any other area, because of the human programs, because of the health programs in which we are involved, both at the state and at the federal levels.

Before I get directly to the report, I would like to express my appreciation to those stalwarts on the committee who are always there serving, with the time that it takes, giving of themselves in order to make it possible for all of us to be represented, not only at committee meetings but before Congress: Governor Dan Evans of Washington, Governor "Wendy" Anderson, Dick Kneip from South Dakota, and Phil Noel from Rhode Island.

Each of us has appeared before congressional hearings on your behalf in the past year and, yes, we did probably call upon Phil more than others because of his proximity to Washington, D.C. Maybe that explains why, as was mentioned yesterday, Rhode Island did find itself exempt from the Health Planning and Resource Development Act of 1974 but, nevertheless, these individuals I named have worked very, very hard, as well as staff, Joe Nagel of my staff and Allen Jensen.

Allen Jensen is leaving the National Governors' Conference after six years' service to this committee. His loss will be felt. We have not selected a replacement, but, in the interim, we are investigating this area, and Governor Evans is loaning a staff member to the National Governors' Conference in this regard, particularly in the health planning area.

Those of you who have interim problems dealing with the Human Resources Committee feel free to contact myself or Mr. Nagel of my office, until we get the staff at the National Governors' level.

Mr. Chairman, I received a request from our Chairman of the National Governors' Conference with regard to a request that a special committee be

set up for education. Education is not a part of the Human Resources Committee. The request came to the Chairman, he submitted it to our committee.

Mr. Chairman, the committee's recommendation to you and to the Conference is that this request be denied. I won't go into the detail of the reasoning, but there are other proposals before the over-all Conference now for changing the committee's make-up, and we felt that it was not sufficiently justified at this period of time, so the committee action is a denial of that request.

The policy statements have been condensed in your folders. You will see a great deal of material has been deleted. There are no great changes. Some of the verbiage has been removed.

I believe I should call your attention to at least C. -2, the Human Services Program Reform. The Human Services Program Reform on Page 7, the end of C.-2, with reference to food stamps, "calls upon the Secretary of Agriculture to design a simplified procedure for application for food stamps."

The reason for that change I don't think has to be explained. Everyone in your individual States has experienced problems with eligibility, with constituent concern for the food stamp program. The eligibility that is now required demands a great deal of time on our eligibility workers, and it would not be used in other areas.

We did have an interim study that was chaired by the lead Governor, Governor Dan Evans from the State of Washington, and there is a survey. I did not put it in this pile of papers that you have on your desk because we didn't want it to be lost between now and the time you arrive at home. We will mail it to your office directly.

We would ask that you fill out this questionnaire with reference to the food stamp program, and return it to the National Governors' Conference. It will be compiled, the committee will meet upon this matter prior to the Midwinter Conference, and then perhaps we can come out with definitive action with regard to this area. But the language that I referred to will have to suffice until we have the opportunity for you to return those questionnaires. Hopefully you will do it.

I urge the staff members who are seated behind their Governors to look for this material as it comes to your office. Please see that it is

completed and returned to the National Governors' Conference so we can better represent you at the Midwinter meeting.

The other area of major addition is in C.-5. On the cover it shows just "Health." This is the area of the Health Planning and Resource Development Act of 1974 that has caused consternation not only to the committee but to the individual Governors. I believe that commences on Page 12. The language that we put together at the Midwinter Conference is there.

Turning to the top of Page 14, the first sentence is: "The Secretary of HEW should adopt the health service area designation submitted by a Governor."

The reason for that is the accountability that we discussed yesterday, the lack of accountability, I should say, to the people of the individual States in the Health Planning and Resource Development Act of 1974. Our concern is that there are presently amendments that were introduced within the last two or three days by Senator Magnuson to change the rules of the legislation. That sentence really speaks to that and about two paragraphs down, the italicized material where we ask you to strongly support pending amendments to the health planning law to allow waivers for requirements. Basically, Governors, this deals with the 3 million population figure, again giving you, the individual Governors of the States, the opportunity to make some of these designations without being subservient to the Secretary of HEW.

So those happen to be the two major areas I would like to point to. I would like to once again urge you to contact your congressional delegations with regard to this on each of your—excuse me.

Again, Mr. Chairman, my lack of adequate information to you because of the shortness (of time) we had for the committee meeting, I find that the welfare reform survey has been put on the table in front of each Governor, the one I mentioned that we didn't want to lose. We are going to mail it to you at home. It is in that mess in front of you someplace, Governors, so before you move it to one side—I would yield to the Governor of Ohio.

GOVERNOR RHODES: Mr. Chairman, I think you are doing a very noble job in taking a good look at welfare. We don't need welfare reform. Welfare in the past five years has tripled. That's the average of the States presently. In the next five years, some of the States are going to be wrecked financially.

I think this Conference took the lead in having the federal government take over other welfare of the disabled and the blind. I think the time is now, and as some direction in this, and to Dan Evans' task force, that the federal government take welfare over completely.

Now, it has gotten completely out of hand. Every one of the Governors here has been subjected to a margin of error from 20 to 50 percent, some of them as high as 14 to 28 percent of the people on welfare illegally. You have to, by the Supreme Court, give every individual a hearing before you can get them off.

We cannot operate the next five years with the growth in the increase of welfare we have had in the past five years. My input on it is that 50 percent of all of the social work done with the recipients is paperwork, and welfare is completely out of hand.

I want to say it is unmanageable in the State of Ohio. I would be for sending the money directly to the recipients and the recipients would get more money. We have more bureaucrats in welfare than in all of the other federal organizations combined. I would like to see us, this Conference, go on record that the federal government take over the administration totally of welfare because they have created the problem by rules and regulations in HEW that are impossible to live by in the industrial States.

GOVERNOR ANDRUS: In response, keep in mind I am in the middle of the committee report now.

Governor, you are a member of our committee. Had you been in attendance, we would have appreciated having the opportunity to receive this information in the normal committee routine.

Permit me to point out that what you have just said is concurred with by the entire committee, including the chairman. This survey is designed to give that information back to us in a form which we can use.

GOVERNOR RHODES: Mr. Chairman, I was at the meeting yesterday. You were waiting on a Governor to report and you were in generalities and platitudes. I asked whether you were going to bring this up and they didn't know at that time. I'm sorry.

GOVERNOR ANDRUS: Thank you very much. Now to continue with the committee report, I would point out that this survey is vitally important to correct just the concerns that have been raised by the Governor of Ohio. Hopefully, you will complete them, get them in to us, and we will be in a

position then to give you the benefit of the compilation of your individual concerns.

I won't go into it in depth now, but I would point out that you do have a letter from Governor Dan Evans with reference to the amendments before Congress now in the Health Planning and Resource Development Act. Hopefully you will take the recommendations to heart from your committee and you would then follow the lead.

Because we only meet twice a year and because, members of this Conference, this legislation comes up continually, we do not have time to make the determination as to the support of this entire Conference before we represent you in regard to this legislation. We try to take a consensus of our committee. We select a Governor or Governors to testify, and we will continue to do this.

We have also adopted what we call the Lead Governor Committee for Interim Study. We had three of them:

Governor Kneip was on OEO and Community Action. This report is a very good one and it will be mailed to each of you so that you will have it for staff recommendations and to use as you see fit;

Governor Noel was Lead Governor on Unemployment Insurance. We had a discussion of that some moments ago. There are recommendations that will be forthcoming at the Midwinter Conference. Our position or policy statement has not changed in the packet from the Midwinter Conference.

As I mentioned, Governor Evans was the Lead Governor on Food Stamps.

Mr. Chairman, on the committee report, let me complete with two new areas of concern that have been brought to us. We have selected a Lead Governor for an Interim Committee on the Intermediate Care Facility Rules and Regulations. Governor Anderson of Minnesota is the Lead Governor, but I would like to point out that the Governor of Georgia, Governor Busbee, and the Governor of Oklahoma, Governor Boren, have both contacted our committee and have given us their input, their concern in this regard, on the intermediate care facilities, where the regulations are being changed. Many of your individual States will be called upon for a large capital outlay of funds to meet some of these changes.

There admittedly are other States among our Conference that desire

to have improvements in square footage, in full-time staff. This Interim Committee will report to you on this at the Midwinter Conference. I understand there is legislation that will be considered in the interim. If we can get a consensus of opinion from the Governors, we will testify.

Since the medical malpractice, crisis seemed to erupt in the month of February, a considerable amount of time has been consumed by you as individual Governors, by the legislatures of the States. There are bills actively being pursued in the Congress of the United States. They could have dramatic impact upon your individual States.

Whatever action is taken, I'd want to be certain that every action, whatever it might be, by the federal government, should be considerate of States' rights.

So if you Governors have any doubt about the medical malpractice problem being a problem, let there no longer be doubt. We have a Lead Committee for recommendation. I would simply state it very briefly, Mr. Chairman, to move along with this. We will have regional representation and hearings in this regard to attempt to compile for you the necessary information so it can be considered before or at the Midwinter Conference. It is a joint proposal from Governor Milliken of Michigan, Phil Noel from Rhode Island, and myself from the State of Idaho. We will attempt to have regional input, solutions that have worked in other areas or maybe have not worked but have been considered, and we will put them before you.

But the actual policy statement, Mr. Chairman, with the two exceptions I pointed out to you here as the main changes, is now before the Conference and I would move the adoption of the committee report.

GOVERNOR NOEL: I second it.

CHAIRMAN RAMPTON: It has been moved and seconded that the committee report be adopted. The Chair recognizes Governor Boren of Oklahoma.

GOVERNOR BOREN: A question in regard to the language on Page 14. Governor Andrus, is the committee here recommending not only that we have input, more input, as to the designation of the areas of HSA, but does the language also imply it would authorize testimony before Congress in favor of giving us more input as to the agency selection so that we can assure that the Secretary doesn't simply bypass the Governors and designate an HSA which is in no way accountable to the public?

GOVERNOR ANDRUS: Governor, we fought that battle in the past and we lost. We are attempting now to create the amendment that will give you just that, that it should be mandated it will follow the designation of the individual Governor. You are absolutely right as to the problem area.

CHAIRMAN RAMPTON: The motion is on the adoption of the report. Is there any further comment?

All those in favor of the adoption of the report indicate by raising your hand. Twenty-nine. Opposed raise your hand. There are no opposed votes. The committee report is accepted.

Next we will have the Committee on Natural Resources and Environmental Management.

Report of the Committee on Natural Resources and Environmental Management

GOVERNOR SALMON: Mr. Chairman, Members of the Conference. First, a preliminary matter. My committee was charged with the responsibility of pursuing the Rhodes amendment, the Rhodes motion, of yesterday (regarding) the \$100 million for gas shale.

We did look into that and we do have a report. However, Governor Rhodes informs me this morning that an administrative accord has been achieved. That means he has talked with the White House and they have assured him they will take care of his problem and he has indicated that the motion should be considered withdrawn. Is that correct, Governor?

GOVERNOR RHODES: Correct.

GOVERNOR SALMON: The report will be as brief as we can make it and will be in three parts essentially.

The first part will be consideration of the document which you have before you; a second consideration as a separate item of the committee's recommendations relative to the Ways and Means, the Ullman proposal now before the Congress; and, thirdly and separately, a resolution offered by Governor Waller to our committee, approved this morning, which is before you, relative to the expansion of the energy supply.

First we will consider the document in chief, which is before you. I would choose to comment only on the most substantive issues, the issues of the most distinct change within this document.

First and foremost, we have added some significant language, in our view, in D.-9 on energy conservation, which relates to the exercise of the Federal Energy Administration which began following our Washington meeting in February.

In D.-10 we have reiterated and reaffirmed our rejection of federal pre-emption on the utility siting question; in D.-20 we have reaffirmed our desire that the federal government find ways and means to expedite the inordinate red tape that is found in the processing of environmental impact statements.

D.-24 represents a fairly major revision arising out of the inaccurate identification of special flood hazard areas in the emerging field of national flood insurance and national flood policy.

D.-25 represents a new statement on water pollution designed to meet new concerns; D.-26 similarly considers air quality amendments which are substantially rewritten.

We have a new proposal on beverage containers, that's D.-26. That is a new amendment, a substantial rewrite of the Conference's previous policy on this subject. It was brought to our committee by Governor Straub. It urges on a State-by-State basis a strong commitment to the notion of refillable containers for our soft drinks and malt beverages in this country based on results especially in the State of Oregon and also in the State of Vermont, which have gone this route effectively.

D.-28 deals with the navigable rivers problem, a problem especially brought to our attention by Governor Exon in light of a recent federal court decision which enlarges substantially the jurisdiction of the Corps of Engineers to waterways that have any capacity at all to support commerce or in the past in any respect may have supported commerce, even to the point of supporting a canoe that has carried furs down a stream.

In highly abbreviated form, Mr. Chairman, having in mind we have two separate items to follow, I would move the adoption of this report.

CHAIRMAN RAMPTON: May I have a second?

GOVERNOR BOWEN: I second it.

CHAIRMAN RAMPTON: I will now recognize Governor Edwards to speak on the report or offer an amendment. Do you have any further questions?

GOVERNOR LONGLEY: I have a question. We don't have the energy

problem as Governors. All we do is take the paper home we have here in front of us and burn it, but how do we find what we are talking about right now?

CHAIRMAN RAMPTON: What are you wanting to find?

GOVERNOR LONGLEY: Are they referring to the original report they filed at the time we arrived?

CHAIRMAN RAMPTON: You had distributed to you this morning the report. There is a considerable amount of paper, I will agree, but we have attempted to put it in form so you can identify it. Go ahead.

GOVERNOR EDWIN EDWARDS: Mr. Chairman, if we could harness the energy exhibited by Governor Salmon on the dance floor last night, we'd have no problem. At this time I'd move to delete Section D.-4 and substitute in lieu thereof the following language:

To help you in following it, this three-page memorandum contains the language which I will now read.

CHAIRMAN RAMPTON: Has that been distributed?

GOVERNOR EDWIN EDWARDS: It has been distributed. If I may, in an effort to shorten time, simply say that I will not read the total language, since it is distributed to you, unless someone makes an objection.

I will simply say that there are four basic theories with which one can approach the energy situation. If you are to get this nation to be self-sufficient in energy on the long- and short-term basis, you have to address yourself to four problems:

One, conservation of the use of existing sources of energy;

Two, use of existing sources of energy;

Three, production of existing and anticipated new reserves of energy;
and

Fourth, research, not only in how to better conserve energy but in how to develop additional sources of energy.

The proposal which we have just made addresses itself to all four of these problems, rifles in on the problem, and designates how I think this Governors' Conference should say to the national Congress, in formulating a national energy policy, how we should address ourselves to the people in this country as to what we think can and should be done to resolve the problem.

I move, Mr. Chairman, the adoption of this amendment.

GOVERNOR RHODES: I second the motion.

CHAIRMAN RAMPTON: You have heard the motion, it has been seconded. The debate is now on the motion to amend. I will recognize first the Chairman of the committee to comment on the amendment.

GOVERNOR SALMON: Very briefly, Mr. Chairman, this amendment, of course, is offered in the good spirit and the finest of intentions by the host Governor of Louisiana, but it would result in some very serious ramifications, in my view. It would say essentially that a highly proficient staff on the Energy Committee of the National Governors' Conference has been working double time over the past months, 12 advisors who represent 12 Governors of this country carefully selected so that every single region is adequately represented, and a document that is fairly long but has been given a whole of a lot of thought in terms of the placement of every single comma should be rejected out of hand in favor of a resolution that does fairly severe damage to what is now in place.

Without belaboring the text and the substance of the Governor's proposal of amendment to death, let me suggest this, that there are a whole of a lot of people in this country who don't believe the price of energy is artificially low at this time. A number of them happen to—

GOVERNOR RHODES: Name one, name one.

GOVERNOR SALMON: Most of my constituents in one of the lowest per capita income States in the Union, Governor.

GOVERNOR RHODES: You are going to be out of gas there by January 1.

GOVERNOR NOEL: May I ask for a point of parliamentary order. I would like to be recognized.

CHAIRMAN RAMPTON: A point of order.

GOVERNOR NOEL: Right. Are we all participating in this Conference and working under the same rules or can some people speak whenever they want to? I have never had any experience in the legislature. I was a Mayor and now I'm a Governor. I think I have a little knowledge how the Senate and the House work now. I try to comply with the rules, but other Governors just pop off and say whatever they want to say whenever they want to say it.

Now, we are either all going to play by the same rules, or we are not going to play by any rules, and I think the Chair has to make a ruling. We either recognize people under Robert's Rules of Order, or our own rules of

order, or this is going to become chaotic, because I'll say whatever I want to say whenever I want to say it if there aren't going to be any rules.

CHAIRMAN RAMPTON: I will ask that nobody speak unless they are recognized by the Chair and their microphone is turned on. I have been acquainted with the Governor of Ohio much longer than you have and that is going to be a difficult ruling to impose, but I will try to do it.

GOVERNOR SALMON: Mr. Chairman, let me keep this as brief as possible. There has been some sort of assumption at this Conference that the goals of energy conservation and the goals of energy production, the goals of energy research and development of energy use may somehow be mutually exclusive. Let me suggest to you here today that they are mutually complementary.

Now, we can call to the high heavens, as the Governor from Louisiana calls, for letting the lid off the price of all energy products in this country, as he suggests in Paragraph 1, but let me suggest one of the ramifications in my view as the chairman of this committee to such precipitous action by this group here today, if the Ullman bill or a reasonable facsimile of the Ullman bill comes into law, in my State at least, gasoline is going to be 80 cents a gallon.

When you deregulate all oil, add at least a dime based on the analysis that has been done by this committee. If you deregulate the price of natural gas at the wellhead, just multiply by three and that's what it is going to cost the hard and long-suffering consumer of this country.

If you read the papers lately, you can see the OPEC countries are about to increase the price of a barrel of oil, and you put it all together and we have trouble. That's Trouble that starts with a capital T, and it is the long-suffering consumer of this country who is going to have to pick up the tab.

What I am now suggesting to you is that it is absolutely and irrevocably unacceptable to the average guy who works in this country to pay a buck a gallon for gas. That's what Paragraph 1 in this resolution says.

A great deal of damage is done to the Outer Continental Shelf issue. There are at least ten Governors in this room who have testified before the Congress on this. It is inordinately complex, but we worked through a resolution that we think we can live with.

Unfortunately, as I suggest, when you talk about suspending all

environmental rules on air pollution, regrettably sulphur dioxide kills people, and especially it has the capacity to kill and do severe damage to people in the urban centers of this country, and the resolutions in this book reflect that fact.

I'm in sympathy with this resolution. Let me say without equivocation that I think a price mechanism must be included as an integral part of any rational, comprehensive national energy program, but not a buck a gallon of gas.

CHAIRMAN RAMPTON: The matter before the body is the motion of Governor Edwards to strike and to substitute language for D.-4. Governor Thomson.

GOVERNOR THOMSON: Mr. Chairman, I would like to speak to the motion. I would point out that when I became a Governor I joined the New England Governors' Conference. One of the first things we had to consider was the question of whether we would be supportive of the Alaska pipeline. At that point, more than two years ago, I was amazed that there was actual antipathy to the support of the Alaska pipeline in the New England region.

I recall when I came to my first National Governors' Conference at Lake Tahoe, we argued for more than half an hour about the Alaska pipeline. Bill Egan, then Governor of Alaska, pleaded with this body to support it, and we at that time, although we passed a motion supporting it, did not give him the clearcut motion that he wanted.

It was only when the OPEC countries put on their embargo that we finally, and Congress, went ahead with an Alaska pipeline.

This whole energy crisis has been before us for more than three years. It was pointed out to us that we had an energy crisis by President Nixon on April 17, 1973, and what have we done since then? What have we done about getting new refineries? We find that the oil companies now are refusing to build refineries. We have tried along the Atlantic Seacoast, for the past three years, to site six refineries and had them all turned down.

Here in this particular area you people are fortunate, you have oil here, and you then criticize us on the East Coast because we haven't done anything and, for the most part, we are deserving of that criticism. But we have an opportunity now. We have, in my judgment, an obligation, not as Democratic Governors, not as Republican Governors or Independent Governors, but as American Governors, to show the way for the rest of the

country that Congress hasn't come up with a proposal that means anything in terms of production.

Now, the real problem here is production. We need to conserve but, if we don't get about the business of producing, we are not going to be able to level this thing off at a dollar a gallon on gasoline. The OPEC countries will have us at their mercy again, and many more times in the future, and the only answer is for us to call in the free-enterprise system and get to work producing it.

This particular resolution now, in deference to some of the Governors who have problems on the Pacific Continental Shelf and the Alaska Gulf, suggests that we begin operation on the Atlantic Continental Shelf. Whether it be 100 million gallons we are talking about, as Governor Edwards said the day before yesterday, I believe, or whether it be 35 billion barrels, as some reports indicate, there is a tremendous supply out there in three great regions, the Georges Bank, also the Baltimore Canyon and in the Georgia Plain. We also know that there is over 100 trillion cubic feet of natural gas out there.

In the State of Rhode Island, the Governor and his people have taken the initiative to point out how close they are to the Georges Bank and how they can provide services if we get out there and begin doing something.

And what do we have in Congress? I went to testify against the Jackson bill and against the Tidings bill. Why? Because these would delay for another four or five years any activity on that Continental Shelf.

We have to decide, I think, as American Governors, whether we want to see America go forward. We can do it, in my judgment, and I have taken the trouble to go to the North Sea and investigate deep-sea drilling, much deeper than they have in the Gulf, and they are doing it successfully. It is the only thing that is holding Great Britain together because they have finally brought in gas in large quantities and are beginning to bring in oil.

I think that we should address ourselves to production and to conservation and set a policy here that will have its ramifications and its effect upon the Congress and upon the Administration so that America will go forward. I certainly endorse what the eminent Governor from Louisiana has introduced here.

CHAIRMAN RAMPTON: Governor Mandel of Maryland.

GOVERNOR MANDEL: Mr. Chairman, I think many years ago in this

very Conference, way before the crisis of the energy problem arose, there were meetings warning of a coming energy crisis which asked the federal government to establish a national energy policy.

These warnings were ignored. We had meetings asking for a national energy policy. We never got it.

I think our problem today, and I'm in sympathy with most of the recommendations in this, I don't think we are moving. I don't think we are getting anything done. But I think part of the reason we are not getting anything done is that no one is being honest with us. We can't really get any answers from anyone. The public out there is wondering, is there a real energy shortage or isn't there a real energy shortage?

We were warned last year that, unless there was a decontrol of the price of gas at the wellhead, our State was going to be way short of natural gas and we were going to have a real crisis on our hands. It didn't develop because we said let's have an investigation and find if this is true or not. The result was there was no shortage of gas.

Now we are being threatened again that there is going to be a shortage. Somewhere somebody has to tell the truth to everyone involved, the public and all of us. What is the situation? Is it a question of profit? Is it a question that, if you turn on the dollars, we will have all of the energy we need? Is that the real problem? This is what it seems to be because, as the price goes up, more and more energy is available.

There is no shortage of gas in our State. Fortunately three or four years ago we passed some laws requiring a monthly report from every oil company that comes into the State, and we have an accurate computerized report on every gallon that is in our State every month. I can tell you we have more supplies in the State of Maryland today than we have had in the past ten years. I can tell you that the major oil companies are threatening the dealers to get out and sell or we are going to take your franchise away. Yet the price is going up, production of domestic product is going down, importation from the foreign countries is going up.

Why? Because more money can be made. I am not so sure that we are not building these facilities because the companies don't want to build them because it is cheaper to go into Puerto Rico or some of the other places and build their refineries there and just bring it over here by tanker at a higher price.

Someone has to tell the truth. I don't know what the truth is, but I wish somewhere in the federal government we could find out. I think if we did and had a complete, honest picture of what the situation is, we would not be faced with these problems and we could make decisions. But how do you make decisions when you can't get the truth?

CHAIRMAN RAMPTON: Governor Briscoe of Texas.

GOVERNOR BRISCOE: Mr. Chairman, I would like to speak in support of Governor Edwards' resolution, as opposed to that of the Natural Resources Committee, based upon the fact that this resolution is specific and deals, I think, with the specific problems, the energy problems that affect us today.

It seems to me that it is a rather simple matter. If we are going to solve the energy problem in this country, it will be solved only through allowing the economic basic law of supply and demand to prevail, instead of government intervention, creating shortages as it has in the case of natural gas.

It seems to me a large part, if not the major part, of the problem that exists today can be traced to the fact that the federal government placed an unrealistically low price on natural gas many years ago, thereby disallocating and putting out of adjustment the price, the competitive price, of other sources of energy.

Basically, to solve this problem I think we have to get the government out of the energy business and let the law of supply and demand take over. This in my opinion is the only way to prevent gasoline from going to a dollar a gallon, to allow it to be in the field of free enterprise with the prices set in that manner.

I strongly support, and I hope that this Conference will support, a specific resolution that speaks directly to the immediate problem, the major problem that faces this country.

CHAIRMAN RAMPTON: I am going to ask that everyone hold their remarks to one minute because we have some time problems. Governor Shapp, Pennsylvania.

GOVERNOR SHAPP: Mr. Chairman, I would like to address this problem in a different way. I am concerned about two things, one, the removal of the environmental restrictions on coal. We come from a State that is a coal-producing State. We have the toughest strip-mining laws in

the country. I want to say emphatically that these strip-mining laws in no way affect production of coal nor raise the price. The price of coal has gone up and gone up tremendously in the past few years strictly because oil has gone up and the coal operators have raised their prices.

I do not in any way and could not support Paragraph 4 to remove the restrictions that we now have.

CHAIRMAN RAMPTON: You are talking about Paragraph 4 of the amendment?

GOVERNOR SHAPP: Yes, sir. I'd like to turn to the price of oil. I submit to the Governor of Louisiana that he may very well have a self-defeating program that would lead directly to nationalization of our oil and gas industries.

The people in this country are tired of being "ripped off" and they do not think that there has been a real shortage of oil or of gas. Prices have gone up tremendously, and the one thing I hear the most in Pennsylvania—I think most of the Governors have the same thing in their States—that is, the cost of utilities.

We have the fuel adjustment clauses on our utility bills that sometimes are two, three, or four times the amount of the ordinary utility bill. If you allow gas and oil prices to be deregulated, the next thing that will happen, coal will go up, as will the cost of all of our energy sources, and we will have greater fuel adjustment prices and the people are just not going to take it.

I submit that if you deregulate oil and gas prices, as has been suggested in this resolution, you are taking the first step to a growing public demand that these industries be taken over and nationalized.

CHAIRMAN RAMPTON: Governor Boren, Oklahoma.

GOVERNOR BOREN: I'd like to speak to some of the concerns that have been raised here. I think I can understand how those of you who are not from energy-producing States have concern about what would happen if we had total deregulation.

I think if we are genuinely interested in the consumer I can point to the example of our own State, which is very much a consuming State as well as a producing State, about the impact of deregulation on natural gas within our State. Of course we have no regulated price intrastate.

Under an unregulated price intrastate, which has developed an adequate supply for the past six years, the increased cost on utility bills to

the average residential user in Oklahoma has been an increase of four and a half percent per year over the past six-year period, much less than the national rate of inflation.

I think that this experience points up very well that, if you are going to help the consumer, the only way to do it in the long run—and we are talking here about long-run consumerism, not short-term—is to increase the supply.

Because we have had the concerns here expressed, I would like to ask Governor Edwards now if he might not yield to the suggestion that he modify his proposal to this extent, that instead of calling for outright deregulation we suspend the regulation on new contracts entered into for a five-year period on natural gas.

What this would do is give us the opportunity to demonstrate to the Governors in other States that it will not have the inflationary impact they assume it will have. It will hold the average rate of increase down, because only the new contracts would be affected. Perhaps this is a middle ground which could be followed.

I think it will also give them a chance to look at something else. They get their natural gas through pipelines. These pipelines have a \$2 billion debt right now which must be amortized. If you under-utilize these pipelines now and put very little natural gas through them, the increased cost of that pipeline to the consumer goes up per unit of energy. In other words, we are dealing with the situation if we don't modify it some way, through suspension or deregulation, which could hold down the supply of natural gas, and because of pipeline amortization and other factors would actually be causing more cost to the consumer with whom we are so concerned, while keeping down the supply of natural gas in this country.

I would hope that we might find a middle ground, those of us from States which are involved both in production and consumption, which might reassure those from consuming States and might enable this Conference to go on record in favor of a positive approach to doing something to help the consumer in the long run. I wonder if the Governor might be amenable to that. I have some language written if he might be.

CHAIRMAN RAMPTON: I am going to ask Governor Edwards to indicate whether he will accept that change in his amendment and then I'd like to vote on this. We are getting well along. Go ahead, Governor Edwards.

GOVERNOR EDWIN EDWARDS: Thank you. Let me say, without any fear of being misunderstood, it is perfectly all right with me, as the Governor of the largest gas-producing State in the 50 United States, to leave the regulation of natural gas as it is. It works to the interest of my State, but it is definitely against any long-range, productive policy of energy production in this country. I am perfectly willing to just leave it as it is now, because we are producing enough gas in Louisiana—

CHAIRMAN RAMPTON: Governor Edwards, would you indicate, first, and then I will give you an opportunity later, if you will accept his proposal, rather than striking regulation entirely, to suspend it for five years, or do you not?

GOVERNOR EDWIN EDWARDS: I gladly accept this but I suggest that it is counter-productive.

CHAIRMAN RAMPTON: I assume you are not accepting it, then; you would like to have your original proposal voted on?

GOVERNOR EDWIN EDWARDS: No, I accept it gladly in the interest of my State.

CHAIRMAN RAMPTON: The proposal will be, then, that, rather than removing regulation entirely, regulation be suspended for five years. Governor Boren.

GOVERNOR BOREN: May I word this and see if the Governor would agree with it? On No. 4, it would read this way: "All restrictions and limitations on price, including"—let's just say a wellhead price on natural gas—"limitations on wellhead price of natural gas should be suspended on contracts entered into during a five-year period."

I mean during that five years it would be forever unregulated and the controls on prices of all fossil fuels should be phased out. Then I think perhaps we could prove to the other Governors that there is not going to be the inflationary impact they fear.

CHAIRMAN RAMPTON: Do you have that language written, Governor Boren?

GOVERNOR BOREN: Yes, I do.

CHAIRMAN RAMPTON: If you will give it to the reporter. Is there anybody who desires any rereading or clarification of it?

You wanted to close, Governor Edwards, but Governor Lamm has something that he wanted to say, apparently in response to this new

proposal. I think I had better open again on that. Governor Lamm.

GOVERNOR LAMM: Very briefly, Mr. Chairman, I would like to speak to the procedure, rather than the substance, because I know there is valid concern expressed by Governor Thomson and Governor Edwards and everybody else.

Having sat on this committee, I would like to point out that there were 12 different States serving in an advisory capacity, from a very divergent geography, 12 States, and then we also had nine Governors from various points.

I would merely point out what we all know from our legislative days, that the committee system is a balancing system. We brought people in from Washington, we put all of these resolutions together and, I think, tried to make sure that we had a mosaic that made sense in the totality.

I think the problem with amendments from the floor, as valid as the concerns expressed are, is that they do disrupt the totality of the whole of the resolution.

I point out to you in these resolutions, for instance, by Governor Edwards, he talks about a Manhattan Project. Well, we discussed this in the committee. We felt that, in fact, that was getting the government into the free-enterprise system. I think most of us supported the fact it ought to be private industry, not government, developing energy resources in this country.

We discussed suspending of the use of coal. We spoke, I think, very well in this resolution. In the total resolution we talked about the offshore drilling, and we have that in here. If we substitute this for D.-4, we are going to take out any language we have for new fuel sources.

We felt very strongly, Governor Edwards, that we ought to speak to new fuel sources, oil shale and coal liquification. So I just ask you, before you substitute this, to really consider not only what is in here, but also what you take out and what violence it does to the total thoughtful structure that, to my mind, to my memory, was unanimously agreed upon by both the advisory committee and those nine Governors.

CHAIRMAN RAMPTON: Gentlemen, it is 11 o'clock, and we have several reports yet to go through and this one to finish. I am going to cut off debate on this now, except for a closing statement by Governor Edwards, and if you would hold yourself to one minute, please.

GOVERNOR EDWIN EDWARDS: Gentlemen, you are in my home State, and I really love to please you, but I prefer to save you.

The truth of the matter is we are running out of gas. We have only a six-year supply in this country. Fifteen years ago, there was a 22-year supply of gas. I don't care if you leave the regulation of natural gas on. There is enough industry in Louisiana and Texas and Oklahoma, here or coming, that is willing to pay a dollar and a half for gas, and we are not going to allow it to be shipped to your States for 50 cents. The Canadians have raised the price to two dollars per thousand cubic feet, and it is in your interest, not in mine, that you deregulate natural gas if you want it at a reasonable price.

Those of you from the New England States should recognize 90 percent of the oil comes from the Persian Gulf, which costs \$15 a ton to transport, and you are paying, going to pay after September, about \$16 a barrel. You are sitting on billions of barrels of oil that can be produced for less than \$5 just 60 miles from your shores.

Don't be concerned about this bugaboo about it ruining your shores. An offshore well is not some ugly, belching, noisy implementation that has to be circumnavigated by a swimmer off your coast. This is going to be 60 miles in the Gulf in 200 feet of water. You couldn't see a rig out there from the top of the Empire State Building on a clear day, if you had a clear day in New York.

We have to get to the Outer Continental Shelf as a major thrust to this problem. It should come by sweet reason, but I suggest to you, gentlemen, and I close on this, sooner or later it is going to come, if not by foresight and planning and rational thinking, it will come from angry mobs in the streets who can't turn on light switches and find no gasoline stations. It is going to make the exodus of the children of Israel fleeing across the Red Sea look like a Boy Scout parade compared to the number of people who are going to be marching in your cities yelling for some relief from the very situation that is fixing to envelop this country.

CHAIRMAN RAMPTON: Governor Salmon, the chairman of the committee, wants to make an explanation. I will permit you to close the argument, but he wanted to point out some other places here where this is addressed. Tom, I will give you just 30 seconds to do it.

GOVERNOR SALMON: Very, very briefly, it is very difficult to

translate a number of significant points into a hefty document. Let me just assure you that several of the points Governor Edwards made are covered, in our view, in existing policy, and we have no quarrel.

There are some very substantive differences in your recommendations as opposed to what your committee has put together over the years, with special emphasis on suspending all of the rules on energy production, with special emphasis on OCS and the like.

I will not belabor the question, other than to say the choice here at this moment is relatively simple, to throw out the dead baby of an effort performed by 12 Governors and their staffs, representing every region in the country over a year, or to accept an amendment, however, well intended, that does, in my view, rather considerable damage to this effort.

CHAIRMAN RAMPTON: The vote is on the proposed substitution by Governor Edwards, as modified, with his consent, by Governor Boren. All in favor of the Edwards' language being substituted, raise your hands and keep them up until I have a chance to count.

Eleven favorable. Those of you opposed, raise your hands and keep them up until I have a chance to count them. Twenty-seven opposed. The motion is lost.

GOVERNOR EDWIN EDWARDS: May I have a roll call so I will have it available when Armageddon gets here.

CHAIRMAN RAMPTON: The record will show that Governor Edwards voted in the affirmative. Did you desire more than that?

GOVERNOR EDWIN EDWARDS: Yes, I would have desired about 17 others to join me.

CHAIRMAN RAMPTON: Are there further amendments to offer to the report of the committee? Governor Bond.

GOVERNOR BOND: Mr. Chairman, I move the deletion of Resolution D.-26 on beverage containers.

GOVERNOR WALLER: Mr. Chairman.

CHAIRMAN RAMPTON: Is there a second to that motion?

GOVERNOR WALLER: I second it.

CHAIRMAN RAMPTON: It has been moved and seconded that D.-26 be deleted. Governor Bond, I will recognize you for comments on the motion.

GOVERNOR BOND: I know we have spent, Mr. Chairman, a great deal

of time on the report of this committee, but, along with the other energy matters in here, the one which would prohibit the use of non-reimbursable beverage containers, demanding the use of refillable and recyclable containers, has within it some major questions which I challenge.

It says we can do it without economic disruption. It further assumes that this will end littering. Littering is a people problem. It is a problem that we face in our State and that we are working on in a number of different ways. I don't feel that everyone should mandate the abolition of non-redeemable beverage containers.

The States in which it is tried, I think, have their own experience. We feel there are other ways to proceed. Resource recovery is something we emphasize in our State, and I don't feel that the National Governors' Conference should go on record in support of what appears to be federal legislation to ban all non-redeemable beverage containers.

CHAIRMAN RAMPTON: Governor Straub.

GOVERNOR ROBERT W. STRAUB: Mr. Chairman, we have had a bottle bill in Oregon for three years now; they have also had one in Vermont for several years. We are tremendously satisfied with the way the bottle bill has been working in Oregon in two respects. One is that it does have a tremendous impact in clearing up litter along the highways and in recreation areas. Records show that 83 percent of the bottles and cans are no longer found along the highways and byways in the State of Oregon.

The bottle bill is a very popular bill in Oregon. Surveys show that 86 percent of the people in Oregon like the bottle bill and want to keep it.

Economically we find that the bottle bill is a very sound solution to a very serious problem of waste. We find that the average bottle is reused 20 times to be refilled and sent back to the consumer. We think this is a matter of tremendous national significance in terms of energy conservation.

In Oregon there is enough energy, enough BTUs saved in recycling bottles to heat 50,000 people. Now, if you multiply that nationally, that is enough to take care of the warmth in the winter time of 5 million American people.

I think we can have a bottle bill in this country that will be uniform and will not work to the disadvantage of any of the bottlers.

We have amended the bill as originally suggested by the staff so that this bottle bill now will also permit the use of cans. Cans can be recycled

and reused. So we think that it is uniform, we think it is beneficial, we think it is in the public interest, we think it will help clean up litter, we think it will help conserve energy, and we think that it will not work as a disadvantage against any of the bottlers. This has not been the experience in Oregon. It has not worked to the disadvantage of bottlers operating in the State of Oregon.

CHAIRMAN RAMPTON: Could I ask you a question, Governor Straub? I can't tell for certain here whether you are favoring the enactment of the proposed national legislation or whether you are proposing something in the nature of uniform state law.

GOVERNOR STRAUB: No, sir. I propose the resolution that is in our report that we have before us.

CHAIRMAN RAMPTON: This doesn't go to support of legislation before the Congress, then?

GOVERNOR STRAUB: No, sir; no, sir. This resolution has been amended and watered down, in effect, to make it more acceptable to industry and more workable from industry's point of view.

CHAIRMAN RAMPTON: Yes, but I think your original proposal, as I saw it, did favor federal legislation by Congress.

GOVERNOR STRAUB: That's correct, and that was changed in the committee.

CHAIRMAN RAMPTON: Governor Rhodes.

GOVERNOR RHODES: Mr. Chairman, we are unalterably opposed to D. - 26. This will create the loss of over 50,000 jobs of organized labor in the State of Ohio. We are No. 2 in steel and No. 1 in glass.

I want to make an amendment so that I can draw attention to imposing the will of one piece of legislation or two pieces of legislation upon other Governors.

In D.- 26, after the first paragraph, I want to show you how this affects every other State and how we have problems in the State of Ohio that Oregon is causing for us. After the first paragraph, I'd like to have this inserted as an amendment.

CHAIRMAN RAMPTON: I'm afraid that the motion to strike is not subject to another amendment. If the motion to strike fails, I will come back and entertain your amendment.

GOVERNOR RHODES: I will make a statement on D. - 26, then.

CHAIRMAN RAMPTON: All right.

GOVERNOR RHODES: The consumers of America and the homebuilding industry are deeply concerned with the increased cost of lumber.

WHEREAS IT would be in the public interest to bring about a lower home construction cost;

WHEREAS the export of large volumes of lumber products to other nations results in higher prices for lumber inside the United States;

WHEREAS the major portion of the increased cost of home construction is due to the sharply rising costs of lumber;

THEREFORE BE IT RESOLVED that the National Governors' Conference go on record against the shipment of any more lumber to Japan and other foreign countries for the next five years until we bring the cost of lumber within reach of everyone who wants to build a home in America.

That's how ridiculous this is.

We have Congressmen in our State who are talking about strip-mining. They'd like to do something about the stumps when cutting the wood in Oregon. They'd like to have plywood that would be fireproof. There is a lot we could say that Oregon produces for us. We do not want to do anything to hurt the economy of Oregon, Washington or any of the lumber-producing States in this nation, and we don't want them to do anything to our steel production or our glass production to hurt organized labor in the State of Ohio. I am against D. - 26.

CHAIRMAN RAMPTON: The vote is on the motion to strike D. - 26 from the report of the committee.

All in favor of the motion to strike, raise your hands and keep them up until I have an opportunity to count. Twenty-six in favor of the motion to strike.

All opposed to the motion to strike, raise your hands. The votes opposed are nine.

D. - 26 is stricken from the report. The motion has carried.

GOVERNOR EDWIN EDWARDS: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Edwards.

GOVERNOR EDWIN EDWARDS: Governor Straub, you might say that your idea has been bottled in bond.

CHAIRMAN RAMPTON: That's the last time I recognize you for the

whole Conference.

Are there further amendments to offer to the report? All in favor of the adoption of the committee report in its present form, indicate by raising your hand, and keep it up because I have to have a two-thirds vote here. Thirty-seven favorable.

All opposed, indicate by raising your hand. Only one in opposition—two, I beg your pardon, two opposed. The motion has carried. The report is adopted.

GOVERNOR ASKEW: Mr. Chairman.

CHAIRMAN RAMPTON: Governor Askew.

GOVERNOR ASKEW: While I voted for the report, I would like the record to reflect my opposition to D. - 28.

CHAIRMAN RAMPTON: The next order of business, I'm afraid, is going to require suspension of the rules to consider these if they are not part of your committee report. Are they committee report or are they not? I am told they were adopted by the committee. It will take a two-thirds vote to pass.

GOVERNOR HOLSHOUSER: Mr. Chairman, a point of order. I don't know what is going to be presented, but isn't the question on the suspension of the rules related not to whether it is something from the committee or not but whether it met the 30-day or 45-day deadline of getting out to the membership in advance?

CHAIRMAN RAMPTON: That is true, with this exception, I think, Governor Holshouser. Inevitably when the committee meets here they are going to amend some items, and, if that keeps them from the floor because the amendment is here, it would be very difficult to get a committee report out at all without unanimous consent. If they are germane to matters for which distribution has been made—and at least this first one, the resolution on the energy legislation, is germane—I think they can be part of the committee report.

I would rule that the resolution on pending federal energy legislation is germane to matters which have been distributed. I would hold that Governor Waller's resolution is not. I will permit the reading of this first resolution and then, Governor Waller, we will take up yours later.

GOVERNOR SALMON: Mr. Chairman, I will urge this Conference, by unanimous consent if required under technical rules, to consider Governor

Waller's resolution which was taken up by the full committee yesterday and again this morning and is before you in a readable form.

First, in light of the Chair's ruling, I direct your attention to a document entitled "Resolution on Pending Federal Energy Legislation." There is a typographical error. The date is June 1 on the document before you. It is a one-page document bearing my name at the bottom as Chairman of the committee on Page 2.

I won't belabor the content of this document. It is self-explanatory and I addressed myself to it yesterday during our spirited afternoon session. I will only say this: I reiterate the notion, in my belief, that every member of the committee believes that a suitable price mechanism should become an integral part of any emerging national comprehensive energy legislation and draw your attention to the words in the last paragraph on Page 1 that suggest we oppose at this time the specific bill in terms of the price mechanism title now pending before the Congress. With that, Mr. Chairman, I would move adoption of the resolution.

CHAIRMAN RAMPTON: Could I ask a question on this, Governor Salmon. Isn't this inconsistent with the information or the position that the Governors' Conference took yesterday and authorized me to convey to the majority whip?

GOVERNOR SALMON: Yes, Mr. Chairman, it is entirely consistent. If you will take a gander at Page 2, Paragraph 3, we exhort the Congress to permit gasoline taxes to pre-empt at least—

CHAIRMAN RAMPTON: That's inconsistent with what you told me yesterday.

Governor Mandel, would you take the Chair.

CHAIRMAN MANDEL: The Chair recognizes Governor Rampton.

GOVERNOR RAMPTON: I'd like to speak in opposition to this resolution. Yesterday a resolution was passed which authorized the Chairman to inform Congressman McFall that we would support the amendment which he had prepared and which is not introduced where the States would be permitted to pre-empt one cent of the first three cents of the gas increase under the Ullman bill and 20 percent of additional increases that come into effect because of the operation of the formula.

This proposal here would say we want 1.5 cents of the first 3 cents, plus half of the balance. That may be well and good, but let's recognize the

fact that it is not going to be easy to get. We do have substantial congressional support for the McFall amendment. It is in the Congress, it is being debated, but to come back a day later and say we have asked for this much today, the next day we are going to ask for so much more, I think, will defeat our chance of getting any pre-emptive part of that tax.

CHAIRMAN MANDEL: Governor Askew, Florida.

GOVERNOR ASKEW: Mr. Chairman, the Committee on Transportation, of which the distinguished Governor from Pennsylvania is Chairman, was asked to respond to this resolution yesterday afternoon. Our committee recommended in this particular resolution that you strike the two bottom paragraphs that address themselves to being against any use of the pricing mechanism at this time, and also to oppose any use of it in the President's tariff, and to strike the language on the top of Page 2, "over the objection of the Governors," which would, in effect, be more consistent with the action this body took yesterday because I think it is important for us to recognize that in the past we have discussed the question of price mechanism, and we have indicated that there has to be some use of that, along with allocation and conservation.

This was the thrust of the resolution at the last meeting of this Conference. But to say that we want it to come back and yet say that we are against any imposition of it, I agree with Governor Rampton, I think it is really inconsistent. So I would hope that we could strike those two paragraphs and rest on our previous statement of a recognition realistically that, in solving this problem, it is going to involve some price mechanism, regardless of the consequences down the road, is, I think, unrealistic.

CHAIRMAN MANDEL: The Governor of Georgia.

GOVERNOR BUSBEE: Mr. Chairman, we thoroughly discussed, in the Transportation Committee, as Governor Askew stated, the resolution that is now before you. I think if you will look at the resolution, we do endorse motherhood, but we are not doing anything as far as taking some firm position on the energy crisis.

Now, the thrust of this resolution is in the third paragraph, if you will refer to it, where we specifically endorse certain conservation efforts, addressing ourselves to the Ullman bill and, in effect, what we are doing is endorsing those concepts in the third paragraph and striking Title II which concerns pricing and saying we are unalterably opposed to it.

If you will look at that paragraph where it says: "Specifically, we endorse those legislative proposals now pending in Congress which support greater building efficiency and which provide standards for new construction," that is Title III-E of the Ullman bill; "which mandate greater auto efficiency," that's Title III-A; "which mandate more efficient appliances," that's Title V-C; and you go on down, "encourage replacement of petroleum and natural gas," that's Title III-F; and then the last one, that's Title I-A.

So what you are saying, if you adopt this resolution as is and without doing as Governor Askew says, is we endorse this conservation effort, but in the next two paragraphs you are saying we oppose what the President is trying to do as far as tariffs. We are opposed to what the House Ways and Means proposal, the Ullman proposal, is doing.

If you turn the page over, the first paragraph, "over the objection of the Governors," I wouldn't want to take that position.

The Transportation Committee studied this. You go to the next paragraph where it says, "States' highway trust funds," that's not the proper language. It should be States' motor fuel taxes.

I agree with Governor Rampton on the third paragraph, that we should change that to say one cent on the first three cents and be consistent with the action that we took yesterday.

So, if it would be in order, Mr. Chairman, I have no objection to endorsing motherhood features, since we aren't going to do anything else much, other than in conservation, by moving that the last two paragraphs on Page 1 of this amendment be stricken...; on Page 2, that the phrase "over the objection of the Governors" be stricken, and that we change the words in the second paragraph, "States' highway trust funds," to read "States' motor fuel taxes are seriously being depleted," and to change the figure "one half of the first 3 cents" to "one cent" to be consistent with our action of yesterday. Then I could approve or vote with this thing, but we are not doing anything other than recognizing the motherhood features.

I don't think it is right for us to say we don't agree with the President, we don't agree with Congress on the control mechanisms, and we do agree with this motherhood that is contained in the third paragraph.

CHAIRMAN MANDEL: Has the gentlemen offered an amendment?

GOVERNOR BUSBEE: I think under the rules it is optional with the

Chairman whether the amendment be in writing or not. They have the paper before them. I don't think it is necessary, Mr. Chairman, unless you would require it be in writing, simply to strike those two paragraphs and change those three sentences.

CHAIRMAN MANDEL: I say you are offering an amendment to strike the two paragraphs and change the sentences with the language that you read, is that correct?

GOVERNOR BUSBEE: Yes. My motion is that we strike the last two paragraphs of Page 1; that we strike the words "over the objection of the Governors" on Page 2; that we in the second paragraph where it says, "highway trust funds," say, "motor fuel taxes;" where it says "one half of the first 3 cents," we say, "one cent," to be consistent with our action of yesterday. I so move.

CHAIRMAN MANDEL: Is there a second?

GOVERNOR ASKEW: I second it.

CHAIRMAN MANDEL: The Governor of Maine.

GOVERNOR LONGLEY: It seems to me we have done a lot more in exhausting physical energy than in solving the problems at this meeting. I also as Governor don't know what to believe. Are the oil companies giving us the truth? Are the coal interests interested in advancing the coal interests despite other energy needs? Are oil interests interested in protecting oil interests? I plead with this Conference to address ourselves to some positives, and let's start eliminating roadblocks if they are in any way intended to protect any special interest.

I think Governor Salmon and his committee have done a fantastic job. They have had geographical representation on this committee. They have done everything possible to address themselves to the nation's problem of energy. They have come with some positive solutions, and all we are doing at this session, I submit, by and large, is trying to create some roadblocks to advance either coal or oil or whatever our own particular preference might be. I think this committee report addresses itself to the total problem of this nation and, hopefully, we will come out of this with some solutions to energy, rather than just continually exhaust our physical energy.

CHAIRMAN MANDEL: Governor Salmon has asked for the floor.

GOVERNOR SALMON: Mr. Chairman, very briefly in response to Governor Busbee's several recommendations.

Certainly no objection on Page 2 to "over the objection of the Governors," although it is over the objection of the Governors and the telegram yesterday so stated;

No objection to the motor fuels language in substitution on Paragraph 2, and an explanation, especially for the Chairman and the integrity of the Chairman in this Conference in terms of our communications with the Congress of the United States.

At our meeting yesterday, Governor Ray, on this issue, as we sought to weld the action taken into our program, moved that the language utilized read "at least one and one-half cents."

I wasn't advised yesterday that Governor Ray felt that was consistent with the choice of language in the resolution incorporated in the telegram that we adopted yesterday and did not intend that we strengthen that resolution. If that assumption is correct, Governor, we have no objection to the amendment.

CHAIRMAN MANDEL: Governor Ray, Iowa.

GOVERNOR RAY: Let me clarify that. I do not feel that that is a sufficient amount to come back to the States, but I thought we should be consistent with the action that we took yesterday or the day before; consequently, my motion was to make it read that it would be at least as much as what the McFall amendment called for, and I think that was the intent of those who sat in this committee meeting at the time. So I certainly would like to see that corrected to be consistent with the action this body took earlier.

GOVERNOR SALMON: No objection whatsoever in light of that explanation on that recommendation.

Speaking for the committee, I would respectfully dissent on the desirability of deleting the last two paragraphs of Page 1 from this resolution. The federal government of these United States is beginning to think energy conservation, but it has come after a very long, hard, difficult drive, and energy conservation is nowhere near the coal position at this point in time. In the next to the last paragraph, it underscores this fact and suggests that until it is the price mechanism should not come into play.

Significantly, the members of my committee, in voting for this resolution in its present form, do flat out oppose the tariff increments, do flat out oppose the three cents on the front end, with special emphasis on no

return to the States.

We feel this strengthens the resolution and should be included. Accordingly, in light of these remarks, Mr. Chairman, I would respectfully move that the question be divided on this issue, that we consider the three proposed amendments on Page 2 severally, collectively, and the amendment relative to the two paragraphs on Page 1 separately.

CHAIRMAN MANDEL: I think the Governor has a right to call for severance of the questions in the amendment. Does anyone else wish to be heard? The Governor of Nebraska, Governor Exon.

GOVERNOR EXON: I'd like a clarification, possibly from Governor Askew or Governor Busbee. I thought yesterday when we sent our wire to Congress, at least it was the general consensus of this body that we, as Governors, were opposed to increasing the taxes on gasoline.

It is not referred to in the report, but I think the thrust of the understanding in Washington, D.C., at least, was that we favored an allocation program, to try that method before we either went to increased gasoline taxes, on the one hand, or rationing, on the other.

My question is, am I assuming correctly, and why are we abandoning without ever mentioning it, what I thought was the previous consensus of this Conference, that we should try an allocation program first?

CHAIRMAN MANDEL: Governor Rampton.

GOVERNOR RAMPTON: You're right. We did adopt that position in Washington, and in the wire which I sent to the Congressman on Monday I pointed out that we still had a policy position against the use of price to control the consumption of gasoline, but on the assumption that that might be the solution Congress took we wanted the right to pre-empt one cent of the first three and 20 percent of the balance.

GOVERNOR EXON: Exactly, Governor, agreed. I guess my question is, are we not, if we follow the recommendations of Governor Askew and Governor Busbee here, giving up our position that we have always held, I think, that we should not use increased gasoline taxes at this time but should go back to some form of allocation? That's my second question. Who can answer that?

CHAIRMAN MANDEL: Gentlemen, in the interest of time, and to conserve a lot of energy here, I'm going to call on three more speakers I have seen who have their hands up and then I think we ought to move on the

question. The Governor of Georgia.

GOVERNOR BUSBEE: In answer to the question by Governor Exon, what the last two paragraphs say is that we are against all present proposals that are in Congress, unless they have a rationing program with which I'm not familiar, we are against the tariff, we are against the President's program, and we are against any pricing program which is in the Ullman bill. That is just the negative we've been doing, we are against those. But you don't say in here that the Governors would prefer to see gasoline rationing re-implemented in this country. If that's what you want, I think we ought to vote on it, but not just knock down everything that has been done by others. But if we have a program, let's come up with it. The only alternative I know is rationing, and I am not going to vote for it at this time.

GOVERNOR EXON: You are ignoring my question. What about the problem of allocation? Do you understand the difference between rationing, allocation and price increases on taxes?

GOVERNOR BUSBEE: Yes, I understand what allocation means, and I understand what rationing means and I know one follows the other.

CHAIRMAN MANDEL: Governor Salmon. No? One other Governor has raised his hand. Governor Ruth of American Samoa.

GOVERNOR EARL B. RUTH: Governor Busbee covered what I was going to say. Thank you.

CHAIRMAN MANDEL: If you have the amendment in front of you, the first question is the deletion of Paragraph 4. A vote in favor of the motion will delete Paragraph 4.

GOVERNOR BUSBEE: And 5.

CHAIRMAN MANDEL: Do you want to separate those two, Governor?

GOVERNOR SALMON: I'd just as soon vote on the two paragraphs as an entry and the three proposals to amend as an entry, unless there is objection.

CHAIRMAN MANDEL: Then Paragraphs 4 and 5, a vote of aye will delete Paragraphs 4 and 5, a vote of no will keep them in the resolution before you.

All those in favor of deleting Paragraphs 4 and 5, please raise your hands. Fifteen. Those opposed. Fifteen. The motion fails.

The next amendment before the body is the other three amendments offered by the gentleman, the change of language deletes "over the

objection of the Governors" in the first paragraph on Page 2—

GOVERNOR ASKEW: Mr. Chairman.

CHAIRMAN MANDEL: Yes.

GOVERNOR ASKEW: That has no significance by virtue of the previous motion failing.

CHAIRMAN MANDEL: If the gentleman will withdraw the amendment, I will be glad not to take a vote on it, otherwise I think we have to.

GOVERNOR ASKEW: I would suggest that he withdraw it, because that was just language to be consistent with the two other paragraphs.

GOVERNOR BUSBEE: Governor Askew, that would have been true the way they had the amendment yesterday. They changed this one before you today and it says "at this time," so I think, if the Congress decides; say, at a later time, I don't think "over the objection of the Governors" would continue. I think we still should strike that since they have put in "at this time."

CHAIRMAN MANDEL: The motion before the Conference is the adoption of the amendment, the second amendment, changing the language in the next three paragraphs. A vote of aye will change that language, a vote of no will keep the language in.

All in favor of changing the language, please indicate by raising your hand. Thirteen. All those opposed. Twelve. The language is deleted.

The question now is the adoption of the resolution as amended.

GOVERNOR RAMPTON: We have the matter of the one and a half cent change to one cent.

CHAIRMAN MANDEL: That was changed with the language in the amendment just adopted.

GOVERNOR RAMPTON: It is reduced to one cent.

CHAIRMAN MANDEL: The question now is the adoption of the resolution as amended. The Governor of Nebraska.

GOVERNOR EXON: The vote was 13 to 12 on that last motion.

CHAIRMAN MANDEL: Yes.

GOVERNOR EXON: Does that fail for lack of a quorum voting?

CHAIRMAN MANDEL: No. I think the rules provide that a majority of those voting, if a quorum is present, a majority of those voting, not of the quorum. The Governor of Florida.

GOVERNOR ASKEW: Mr. Chairman, I personally think that the resolution doesn't really have that much efficacy now, because what we are telling the President of the United States when we commended him last year for his willingness to at least start something going is that we are against his program because it involves some price mechanism because of the tariff. We are telling the Congress that we wanted them to adopt a policy and now that they have adopted the policy, because there is now one part we don't like which involves a price mechanism, we are against that.

Now we can say all we want to at this time, but the only time we ever live is at this time. I suggest to you, if we want them to adopt a policy and then say we won't support any portion of the policy that actually derives any funds that tries to get the job done, then I say it is an unrealistic position. As far as I'm concerned, I will vote against the resolution because I don't think it means anything.

CHAIRMAN MANDEL: Governor Evans of Washington.

GOVERNOR EVANS: I think this resolution has to be viewed in conjunction with the other policy statements from the Committee on Natural Resources and, if you look on Page 24, the bottom two paragraphs of our existing policy, which was policy passed at the midwinter meeting, it does talk about the priority of a major conservation initiative.

The whole reason for using the words "at this time" is that we still have had no real national effort at a major conservation program. I think this existing policy statement, in that bottom paragraph, says: "If additional measures are necessary to accomplish conservation objectives, then the price mechanism or allocation programs could be brought into play."

So I don't think we are bypassing this resolution, saying that we are necessarily at any time opposed to a price mechanism or even an allocation program. All we are saying is that this specific legislation at this time ought to emphasize the conservation aspects first. Somebody has to tell Congress and the national Administration, as well as our own state administrations, that a major conservation effort should precede the more dramatic and, in some cases perhaps more harmful to the economy, price mechanisms that might have to follow.

CHAIRMAN MANDEL: Governor Bond.

GOVERNOR BOND: I would merely support what Governor Askew has said about the negative impact of this resolution when Congress and the

President are at least considering some proposals. I would reiterate again that this proposal would put us in the ridiculous position of saying that there is such a thing as a free lunch. I think we ought to reject the resolution.

CHAIRMAN MANDEL: The question now is on the adoption of the resolution. A vote of aye will adopt the resolution as amended, a vote of no will defeat it.

All in favor of the adoption of the resolution indicate by raising your hands. Twenty-one. Opposed. Twelve.

Twenty-one to twelve. It takes a two-thirds majority to carry the resolution. I think the motion dies for want of a constitutional majority. If someone wants to do some fast arithmetic and tell me if I'm right, please let me know.

GOVERNOR ASKEW: You're right. Move on.

CHAIRMAN MANDEL: I think the motion fails for want of a constitutional majority.

A question has been raised as to whether everyone in the room voted or not. I think the rules and the vote depend upon the number of people voting, not those in the room, so according to the number of votes the motion has failed.

The next report will be from the Governor Milliken. I'm sorry, Tom. Are you finished?

GOVERNOR SALMON: Another item.

CHAIRMAN MANDEL: I'm sorry.

GOVERNOR SALMON: Subject to the ruling of the Chairman, as previously indicated, Governor Waller has an important message that was thoroughly considered by our committee. It is in resolution form, it is before you, and even if it requires unanimous consent, I am hopeful it will be forthcoming for this purpose.

CHAIRMAN MANDEL: Governor Waller.

GOVERNOR WALLER: Gentlemen, I'd ask that you find this resolution before you, a page and a half, styled "Resolution on Expansion of Energy Supply." If you do not have this, we have additional copies that we'd like for you to have. It would take two minutes of your time for me to read it. It has been carefully worked on, distributed first yesterday morning and then again today, and the environmental committee has worked on it in two different sessions. I think it is a proper matter to consider at this time.

Does anyone not have the resolution?

"The National Governors' Conference views the current energy shortage as a national emergency demanding immediate and extraordinary measures by Congress and the President to acquire a more nearly adequate supply of energy.

"The Governors urge creation of a special energy project to marshal and utilize the nation's resources in the discovery and expanded production of all energy sources available to or controlled by this nation.

"Upon creation of a special energy project, the Governors feel it is mandatory that the project work with States in developing the best possible utilization of all energy sources in all areas of the United States' ownership or dominion. The Governors recognize the necessity for immediate expanded efforts in development of new energy sources such as solar, water, nuclear and coal, wind and geothermal, but also recognize the need to maintain a balance between other world and national needs such as agriculture produce.

"The Governors further urge that such a project include expanded efforts to assess and develop the environmental technology necessary to allow the least detrimental development of an adequate national energy supply. Such a project to expand supply must uphold environmental quality and must continue efforts to totally assess natural resources. The order of priority for such leasing and exploration should be based on proximity to United States markets and the degree of environmental risk involved.

"The Governors urge that such a project be designed to promote and not hinder the operation of the free enterprise system. The United States government should not compete with private business in the exploration and production of energy.

"The Governors recognize that a piecemeal approach to the energy crisis—based simply on conservation and penalty tax—will not suffice to serve the pressing needs of our people and that a major effort must be undertaken to develop new sources of energy."

Briefly, this was put before the committee, it was studied overnight, amended to include some objections from the western States, and I think it is a composite of the thinking of the geographical representation previously alluded to and serving on that committee with Governor Salmon.

It was handed to you yesterday and again this morning so I know of no

inordinate or irregular procedure except one, and that is it was not filed 30 days in advance, but it has been circulated, it has been adopted by the committee.

With that, Mr. Chairman, I place the resolution before the Conference and ask that you carefully evaluate the rule under which it can be considered, because I personally feel that it can be considered in routine order as other committee reports.

CHAIRMAN MANDEL: The gentlemen moves the adoption of the resolution.

GOVERNOR EDWIN EDWARDS: I second it.

CHAIRMAN MANDEL: Is there any objection to the introduction of the resolution? The motion has been made and seconded for the adoption of the resolution. The motion has carried. The resolution is adopted.

Next is Governor Milliken, for the report of the Committee on Rural and Urban Development.

Report of the Committee on Rural and Urban Development

GOVERNOR MILLIKEN: Thank you, Mr. Chairman. The report of the Committee on Rural and Urban Development will be very brief.

In the past year the committee has been active on policies and regulations of the executive branch, primarily regulations implementing recently passed community development, public works, economic development and disaster assistance legislation.

In the 1975 Winter Meeting in Washington, the committee concentrated on developing new policies on food production and unemployment, and these positions which were adopted at that time, very briefly, dealt with suspension of imports on agricultural products for which domestic producers are presently receiving less than their cost of production, raising target prices of loan rates on grain and dairy products, re-evaluation of disaster relief programs, and a mixture of public jobs and public works programs as a step toward ending recession related to unemployment.

The committee subsequently has been working to review the policies and has made certain changes which it has considered to be necessary. I am

not going to review these in detail at all, except to refer specifically to two sections.

E. - 4 is a revision of existing policy on new communities. E. - 5 is a revision of existing policy on national economic development which would, in effect, entitle the Appalachian Regional Commission and Title V Regional Commissions to congressional action at the same time in the coming year.

This is the essence of the report of the Committee on Rural and Urban Development and, Mr. Chairman, at this time I move the adoption of the report by this Committee.

GOVERNOR EXON: I second it.

CHAIRMAN MANDEL: It has been regularly moved and seconded by the Governor of Nebraska for the adoption of the policy report of the committee. Is there any discussion?

GOVERNOR EDWIN EDWARDS: Question.

CHAIRMAN MANDEL: The motion has carried. The report is adopted. The next report is the Committee on Transportation, Commerce and Technology, Governor Shapp, Pennsylvania.

Report of the Committee on Transportation, Commerce and Technology

GOVERNOR SHAPP: Mr. Chairman, I wish to give the report of the Committee on Transportation, Commerce and Technology.

Major efforts of the committee during the year have focused on urban mass transit, the release of impounded highway trust funds, the impact of fuel prices, the economy of state transportation funds, the problems facing the railroads, proposed gas taxes and developing new legislation for airport and airway development.

During the Winter Meeting in February, the committee met with the Secretary of Transportation, Bill Coleman, and with other members of the Transportation Department and discussed most of these problems, including proposed highway legislation and the continuation of the Highway Trust Fund.

Committee members have also discussed the financial plight of the nation's railroads with Mr. Lewis, Chairman of the United States Railway Association, and other officials of that association.

At a meeting on Capitol Hill, the committee pressed for waiver of the state matching requirement for federal highway funds. The meeting was exceptionally well attended by members of relevant Senate and House committees.

In March, Governors Noel, Salmon and I testified before the House Public Works Committee on NGC's policy calling for a complete two-year waiver of the highway funds matching requirement, and Governors Rampton, Blanton and Mandel testified before the Senate Public Works Subcommittee on Transportation. Legislation was subsequently passed by both Houses allowing States to postpone payment of the matching requirement for a limited period.

Members of the committee had, and other Governors have had a series of meetings and provided this public testimony on the financial deterioration of the railroads in various proposals regarding the present situation.

This past weekend 12 Governors met with President Ford and top federal advisors on the railroad problem. We have been at work during the year and also here at this Conference and we have many changes to make in the transportation policy. However, the changes are not too substantive in many respects but are clarifications of language.

I have a whole series of these I could read to this Conference but, in the interest of time, I would just like to make two statements.

First, there are two resolutions that have been introduced that have been supported by the committee; one deals with the airport situation and the other is the resolution that Governor Waller has introduced. On both of these I will ask Governor Waller and Governor Busbee to speak to those resolutions. At this particular moment I urge adoption by the Conference of the report on transportation.

GOVERNOR CARROLL: I second it.

CHAIRMAN MANDEL: It has been moved and seconded that the report of the Committee on Transportation be adopted. Is there any discussion? Governor Bowen of Indiana.

GOVERNOR BOWEN: I would like to speak to F. - 7, Pages 19 through 26, concerning railroads. From today's discussion and from previous discussions, I doubt that many will totally agree with the remarks that I have, but I feel very strongly about my position and desire to have this statement on record.

In general I approve of the resolution, except that part that deals with the moratorium on abandonments, and I think it is time that we faced reality with respect to the problems of the bankrupt railroads.

I have some disagreement now with the plan of the United States Railway Association. It proposes abandonment of some lines that I believe should be retained and I believe that there is a need for modification of the system design. I also believe that there may be a need for modification of the financing to give greater assistance to the viability of the new system, and I believe that transitional programs, such as subsidies, need to be made a little bit more flexible.

But I am opposed to delay and I am opposed to the notion that we are supposed to retain a large number of lines that are heavy money losers.

Detailed studies by my administration in Indiana show that 47 percent of the railroad miles in Indiana are in bankruptcy and that nearly 500 miles of these bankrupt lines in Indiana are so unprofitable and represent such a drain on rail operations and on rehabilitation costs that they actually should be abandoned. These lines have been a cause of the bankruptcy problem.

We received very little criticism for that stand, and I doubt that Indiana's branch line situation is unique. I think that every day we delay the reorganization compounds our problems. Our shippers have been in limbo since the Department of Transportation's report 18 months ago. They cannot plan for the future. Expansion plans are also being deferred, jobs are being lost.

Delay will increase the cost of repairing the system. Delay will further dilute the economics of branch line operations. Delay will cost the taxpayer more than a billion dollars a day because Congress has pre-empted the normal process and now must guarantee service in the interim.

Several alternatives are being offered, and each one does have some flaws. I am not bound to the general planning approach of the USRA, but I haven't yet seen anything that I like any better.

The eastern railroad system will not improve until we get the reorganization off of dead center and I do not consider the USRA plan to be set in cement.

As the years pass of course, changes will be needed. We must get on with it and we must stop the accelerating deterioration of the systems. We must give our rail users clear signals about the future of their service. We

must direct our money toward rebuilding, not continue to squander it to cover the various operating losses. Thank you.

CHAIRMAN MANDEL: Governor Milliken, Michigan.

GOVERNOR MILLIKEN: Mr. Chairman, I am reluctant to disagree with my colleague from Indiana, Governor Bowen, on this question of delay but I would simply point out, as he knows I will point out, that, if we were to proceed with the plan as recommended by the railway association, in my judgment it would work enormous economic disaster in many areas of my State.

In Michigan we seriously question the criteria which was used by the association in determining the profitability of lines. We believe it is essential to have a two-year period of moratorium and, frankly, I have gone beyond that and have requested an extension to ten years on a matching basis with the federal government and the States, but to have a two-year period of moratorium to review all of the criteria that were used to be able to determine the soundest and best way to go.

There is no question in my mind, as Governor Bowen has said, that it will be necessary to abandon some of the secondary lines. I don't question that at all. But I seriously question the degree to which the association has gone in its recommendations and I submit that not only in Michigan but in many of the other 17 States affected it would have serious, long-range and short-range economic implications for those States at a time when we can certainly not afford any further impact in a negative sense on the economy of our respective States.

So I am strongly supportive of the language of the resolution and I hope the resolution itself will be adopted.

CHAIRMAN MANDEL: Governor Shapp.

GOVERNOR SHAPP: I agree with the Governor of Michigan in this respect. I too, would like to see a longer period than two years because I think it is essential, but we have agreed in the committee on the two year moratorium.

Basically, the branch line abandonment theory of USRA is really a red herring, because the branch lines, although serving many shippers, are not the main cause of the losses that the railroads are sustaining in the northern quadrant of the United States, and to abandon these lines at the request of the railroads would simply throw thousands of people out of work.

In Pennsylvania we would lose some 20,000 jobs directly and sometimes up to 50,000 jobs for a short period of time of direct unemployment.

The branch line theory of abandonments, I think, wholly disregards the economy of the States that are served by these railroads and, therefore, I support at least a two-year moratorium.

CHAIRMAN MANDEL: The question now, unless the Governor of Indiana wants to make a motion on the subject matter that he discussed, is the adoption of the committee report. The Governor of Indiana.

GOVERNOR BOWEN: I have no motion to make. I will support the resolution, but I want it recorded that I oppose this portion of it.

CHAIRMAN MANDEL: Governor Rampton.

GOVERNOR RAMPTON: Mr. Chairman, I move to delete from the report the last paragraph found on Page 10 of Section F.-3. The language I move to delete reads as follows: "Should Congress establish any additional user taxes, 50 percent of the funds derived should be directed to the States or pre-emption to the same degree should be allowed to offset any reduction in highway funds caused by such a program."

We have already been through that twice. That is inconsistent with the motion, with the letter, with the wire that we sent to the Congress. It is also inconsistent with the resolution that came in from the Natural Resources Committee where the amount was one third rather than one half.

CHAIRMAN MANDEL: The motion now before the body is to delete the language as outlined by Governor Rampton. Is there any discussion? Governor Holshouser, North Carolina.

GOVERNOR HOLSHOUSER: Mr. Chairman, I wonder if the Governor of Utah would yield for a question.

GOVERNOR RAMPTON: Surely.

GOVERNOR HOLSHOUSER: Governor, if we adopt your motion to delete that language, does that leave us with no position as far as pre-emption by the State is concerned?

CHAIRMAN MANDEL: Governor Rampton.

GOVERNOR RAMPTON: No, it does not. We have the resolution that was passed on Monday and, in addition to that, we have a resolution which was adopted this morning as an appendage to the report of the Committee on Natural Resources.

GOVERNOR HOLSHOUSER: I was thinking that that appendage was the one that was deleted.

GOVERNOR RAMPTON: You may be right, but at least the resolution on Monday covers that point.

CHAIRMAN MANDEL: Governor Waller of Mississippi.

GOVERNOR WALLER: I would like to support the retention of that paragraph because, one, it is a work product of the committee and, two, we have been speaking in respect to sharing the penalty tax in relationship to the Ullman legislation pending in Congress.

As a member of the Natural Resources Committee, the vote that we took was for 50 percent. The telegram or the letter that the chairman sent was for one third, I believe. So I urge the retention of the paragraph that is sought to be deleted, so that the Governors and the state government will go on record as being in favor of at least 50 percent of the penalty tax being rebated to the States. Otherwise I do not know of a policy statement that we have in that area since the report of the Natural Resources Committee offered by Governor Salmon was deleted.

CHAIRMAN MANDEL: Governor Rampton.

GOVERNOR RAMPTON: I talked a moment ago to Congressman McFall on the phone and restated to him what was in the wire the other day. I restated it to him on the basis of the fact that an agreement to change it this morning either failed or was abandoned. Now, I am not going to call him again and tell him that we are not going to support the McFall amendment. If anybody is going to call him, it had better be you, Bill.

GOVERNOR WALLER: My point, Cal, is not the Ullman legislation. My point is that after the bill failed in the House, it hasn't even reached the Senate yet, or after it is amended to that and there are 150 amendments pending, what is the policy of the National Governors' Conference in respect to permanent rebate to the States of the penalty tax? We do not have one at this time. There is no statement from the National Governors' Conference.

CHAIRMAN MANDEL: Governor Askew of Florida.

GOVERNOR ASKEW: Mr. Chairman, I wonder if we could just strike "50 percent of the" and put "sufficient funds," which would indicate our position and yet would not be inconsistent, Governor Rampton, with the McFall amendment.

GOVERNOR RAMPTON: I would accept that.

GOVERNOR ASKEW: Then I think what this would do is help Governor Waller because, until now, we really haven't made that statement clearly in any policy.

CHAIRMAN MANDEL: The motion has been made by Governor Askew to substitute the language "sufficient funds" and eliminate "50 percent of the."

GOVERNOR RAMPTON: I would accept that in lieu of the motion to strike.

CHAIRMAN MANDEL: The amendment to the amendment is now before the body. The "ayes" have it. The amendment now is before the body. The amendment again will change "50 percent of the funds" to "sufficient funds." The "ayes" have it. The amendment is adopted.

Now before the body is the adoption of the committee report.

GOVERNOR ASKEW: Question.

CHAIRMAN MANDEL: The motion has carried. The committee report is adopted. Thank you.

CHAIRMAN RAMPTON: That completes the committee reports. There are some resolutions that have to be addressed. However, one essential thing that we have to do is to elect new officers. In the fear that we will lose a quorum, I am going to change the order a little bit and take the report of the Nominating Committee at this time. Governor Bond.

Report of the Nominating Committee

GOVERNOR BOND: Thank you, Mr. Chairman. The other members of the Nominating Committee were Governor Moore, Governor Anderson, Governor Noel and Governor Askew.

The Nominating Committee offers as its nominees for the eight members on the 1975-1976 Executive Committee the names of Governor Mills Godwin of Virginia, Governor James Holshouser of North Carolina, Governor Christopher Bond of Missouri, Governor Calvin Rampton of Utah, Governor Hugh Carey of New York, Governor Brendan Byrne of New Jersey, Governor Ray Blanton of Tennessee, Governor Reubin Askew of Florida.

The Nominating Committee, after long deliberation, offers as its nominee for the Chairmanship of the National Governors' Conference the

name of the distinguished Governor of Iowa, the Honorable Robert Ray.

On behalf of the Nominating Committee, I move the adoption of this report and the election of the people named therein.

CHAIRMAN RAMPTON: May I have a second to this motion.

GOVERNOR MOORE: I second it.

CHAIRMAN RAMPTON: It has been moved and seconded that the report of the Nominating Committee be accepted.

CHAIRMAN RAMPTON: The motion has carried. The recommendation is adopted. I will ask Governor Ray the new Chairman, to address you briefly and then we will get back to the agenda. Governor Ray.

GOVERNOR RAY: Mr. Chairman, I think at 12:15 on the last day of this Conference is hardly the time for me to make a speech. I can tell you that I appreciate very much the way in which you handled this election. I find, running in Louisiana, it is a lot easier to get elected than it is to get nominated.

I think maybe you are going to make the announcement, but let me say that I would like very much to meet with all of the old and new executive committees immediately following the adjournment of this meeting. We will meet in the Gold Room. If you get there quickly, we will not keep you very long. Thank you very much.

CHAIRMAN RAMPTON: I would like unanimous consent for Governor Ariyoshi to present a resolution in memoriam. Is there objection to this procedure? Governor Ariyoshi.

GOVERNOR ARIYOSHI: Mr. Chairman, on April 5, 1975, the State of Hawaii lost a great citizen and I lost a dear friend. Because of the press of time, I would like simply to offer and move the adoption of the following resolution:

Honorable John Anthony Burns, In Memoriam.

"The National Governors' Conference expresses its sorrow at the loss of one of its most senior and respected members, Governor John Anthony Burns of Hawaii. His good will, integrity and courage during his tenure as Governor inspired us all and will not be forgotten.

"To his family and the lovely and unfailing, the gracious Bea, we convey our respect, our affection and our sense of loss."

GOVERNOR RHODES: I second it.

CHAIRMAN RAMPTON: It has been moved and seconded that the

resolution be adopted. Is there anyone who desires to speak?

May the Chair just say a word without relinquishing the Chair. Over the past 11 years, Dan Evans and I have served with 142 men and women who have been Governors of the States. I think I can say for myself and probably for Dan, too, that there has not been one of them who was warmer, more able, more gracious, and more faithfully serving to his State and this organization than John Burns.

GOVERNOR WALLER: Question.

CHAIRMAN RAMPTON: The motion has carried unanimously.

There have been a number of resolutions which have been distributed before noon yesterday by various Governors who wanted them brought before the Conference under suspension of the rules. It will be necessary for the Governors to be recognized to move for the suspension of the rules and then to present their motion if the rules are suspended. There are several of you who have brought in these resolutions. I think, Governor Noel, you had two or more of them, did you not?

GOVERNOR NOEL: I am going to pass, Mr. Chairman. Is that in the rules?

CHAIRMAN RAMPTON: If you don't move the adoption, I suppose it will die.

Are there others of you who brought to the staff before yesterday resolutions that you intended to present and who want to present them at this time? Are there other matters to come before this Conference?

GOVERNOR NOEL: Mr. Chairman, I would like to be recognized for the purpose of reading a resolution of appreciation to the host state.

CHAIRMAN RAMPTON: This is a resolution of appreciation. May I have unanimous consent for Governor Noel to read this? The Chair hearing no objection, consent is given.

GOVERNOR NOEL: Mr. Chairman, Fellow Governors, I'd like to introduce for your consideration this resolution of appreciation:

"The National Governors' Conference offers a grateful salute to Edwin and Elaine Edwards, Governor and First Lady of the Pelican State, for the constant and gracious attention to all of us present at this 67th Annual Meeting. Never have we felt more welcome and at home in a host State.

"To the Host Committee, its Chairman, Jim Griffith, and Director, Dick Sharp, we pay tribute for their diligence in putting together and

administering a superb program of events that will be long remembered.

"Mayor Moon Landrieu and the City of New Orleans have made our stay in the Crescent City utterly pleasant.

"We also wish to express our deep appreciation to the officers and men of the Louisiana Highway Patrol and of the National Guard for assisting so well in every aspect of transportation and security arrangements.

"To our program speakers and guests, we extend special thanks for their contributions to a most spirited and exciting series of discussion items.

"Members of the news media have outdone themselves in reporting fully and accurately the deliberations of the Annual Meeting.

"Finally, and by no means least, we thank the Honorable Calvin L. Rampton for his firm and friendly leadership of the National Governors' Conference during the past year, with the able assistance of the Executive Committee."

Fellow Governors, I move passage of this resolution of appreciation. I will move that this resolution be adopted unanimously.

GOVERNOR BOND: I second it.

CHAIRMAN RAMPTON: It is so adopted by acclamation.

GOVERNOR EDWIN EDWARDS: You have honored our State by your presence and we were pleased to have you and want you to know how gracious we feel all of you and your families and first ladies are and how much we respect and admire you. We have enjoyed the companionship and the fraternity of being with you at the social times.

In the business sessions we fought as men. I hope we will now make peace as brothers and go back to the States we represent because the family of States makes up the United States of America.

CHAIRMAN RAMPTON: Thank you. I would remind you that both the old and the new Executive Committees are to meet in the Gold Room immediately after the session.

I beg your pardon. Governor Shapp has a word to say about next year's convention.

GOVERNOR SHAPP: First, Governor Edwards, I want to thank you for what you have done here. You have certainly set a standard that is going to be difficult to beat in 1976 but Pennsylvania accepts the challenge.

The 1976 convention will be on the 4th of July, actually the 5th, 6th and 7th will be the Conference dates, but on July 4 the President of the

United States will be in Independence Hall, the Congress will be there, and all of the Governors are invited to be at Independence Hall in Philadelphia as we start the celebration of our country's bicentennial.

The convention or Conference itself will be at Hershey, which is about an hour and 15 minutes to an hour and a half driving time, depending upon which speed limit you are accepting, from Philadelphia. There we hope, and I suspect, we will be able to equal and surpass this year's Conference with one exception, unless Tom Salmon agrees to sign a contract for dancing in 1976, to repeat his performance of 1975, we will be at a distinct disadvantage. To all of you, we welcome you to Pennsylvania next year.

CHAIRMAN RAMPTON: Are there any other matters to come before this Conference? May I have a motion to adjourn?

GOVERNOR ASKEW: I so move.

GOVERNOR MANDEL: I second it.

CHAIRMAN RAMPTON: The motion has carried. The Conference is adjourned.

#

APPENDICES

Appendix I

THE GOVERNORS, JUNE 1975

<i>State or other jurisdiction</i>	<i>Governor (D) Democrat (R) Republican (PD) Popular Democratic Party (I) Independent</i>	<i>Length of Present regular term in years</i>	<i>term began January</i>	<i>Number of previous terms</i>	<i>Max. consecu- tive terms allowed by constitution</i>
Alabama	George C. Wallace (D)	4	1975	2(a)	2
Alaska	Jay S. Hammond (R)	4	1974(b)	—	2
American Samoa	Earl B. Ruth (R)	(c)	1975(d)	—	—
Arizona	Raul H. Castro (D)	4	1975	—	—
Arkansas	David H. Pryor (D)	2	1975	—	—
California	Edmund G. Brown, Jr. (D)	4	1975	—	—
Colorado	Richard D. Lamm (D)	4	1975	—	—
Connecticut	Ella T. Grasso (D)	4	1975	—	—
Delaware	Sherman W. Tribbitt (D)	4	1973	—	2(e)
Florida	Reubin O'D. Askew (D)	4	1975	1	2
Georgia	George Busbee (D)	4	1975	—	(f)
Guam	Ricardo J. Bordallo (D)	4	1975	—	2
Hawaii	George R. Ariyoshi (D)	4	1974(g)	—	—
Idaho	Cecil D. Andrus (D)	4	1975	1	—
Illinois	Dan Walker (D)	4	1973	—	—
Indiana	Otis R. Bowen (R)	4	1973	—	2
Iowa	Robert D. Ray (R)	4	1975	3(h)	—
Kansas	Robert F. Bennett (R)	4	1975	—	—
Kentucky	Julian M. Carroll (D)	4	1974(i)	—	(f)
Louisiana	Edwin Edwards (D)	4	1972(j)	—	2
Maine	James B. Longley (I)	4	1975	—	2
Maryland	Marvin Mandel (D)	4	1975	1(k)	2
Massachusetts	Michael S. Dukakis (D)	4	1975	—	—
Michigan	William G. Milliken (R)	4	1975	1(k)	—
Minnesota	Wendell R. Anderson (D)	4	1975	1	—
Mississippi	William L. Waller (D)	4	1972	—	(f)
Missouri	Christopher S. Bond (R)	4	1973	—	2(e)
Montana	Thomas L. Judge (D)	4	1973	—	—
Nebraska	J. James Exon (D)	4	1975	1	2
Nevada	Mike O'Callaghan (D)	4	1975	1	2
New Hampshire	Meldrim Thomson, Jr. (R)	2	1975	1	—
New Jersey	Brendan T. Byrne (D)	4	1974	—	2
New Mexico	Jerry Apodaca (D)	4	1975	—	(f)
New York	Hugh L. Carey (D)	4	1975	—	—
North Carolina	James E. Holshouser, Jr. (R)	4	1973	—	(f)
North Dakota	Arthur A. Link (D)	4	1973	—	—
Ohio	James A. Rhodes (R)	4	1975	2(l)	2
Oklahoma	David L. Boren (D)	4	1975	—	2
Oregon	Robert W. Straub (D)	4	1975	—	2
Pennsylvania	Milton J. Shapp (D)	4	1975	1	2
Puerto Rico	Rafael Hernández-Colón (PD)	4	1973	—	—
Rhode Island	Philip W. Noel (D)	2	1975	1	—
South Carolina	James B. Edwards (R)	4	1975	—	(f)
South Dakota	Richard F. Kneip (D)	4	1975	2(h)	2
Tennessee	Ray Blanton (D)	4	1975	—	(f)
Texas	Dolph Briscoe (D)	4	1975	1(h)	—
Utah	Calvin L. Rampton (D)	4	1973	2	—
Vermont	Thomas P. Salmon (D)	2	1975	1	—
Virginia	Mills E. Godwin, Jr. (R)	4	1974	1(m)	(f)
Virgin Islands	Cyril E. King (I)	4	1975	—	2
Washington	Daniel J. Evans (R)	4	1973	2	—
West Virginia	Arch A. Moore, Jr. (R)	4	1973	1	2
Wisconsin	Patrick J. Lucey (D)	4	1975	1	—
Wyoming	Ed Herschler (D)	4	1975	—	—

FOOTNOTES

- (a) Previous terms 1963-67; 1971-75.
- (b) Alaska Constitution specifies first Monday in December as Inauguration Day.
- (c) Indefinite term.
- (d) February 1975.
- (e) Absolute two-term limitation.
- (f) Governor cannot serve immediate successive term.
- (g) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (h) Two-year terms.
- (i) Governor Carroll, as Lieutenant Governor, became Acting Governor in December 1974, when former Governor Wendell H. Ford resigned to become United States Senator.
- (j) May 1972.
- (k) Governors Mandel and Milliken also served prior partial terms.
- (l) Previous terms 1963-67; 1967-71.
- (m) Previous term 1966-70.

Appendix II

ARTICLES OF ORGANIZATION*

ARTICLE I

NAME AND MEMBERSHIP

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

Membership in the Conference shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa and the Commonwealth of Puerto Rico. The Conference shall maintain its headquarters in Washington, D.C.

ARTICLE II

FUNCTIONS

The functions of the Conference shall be to provide a medium for the exchange of views and experiences on subjects of general importance to the people of the several States; to foster interstate cooperation; to promote greater uniformity of state laws; to attain greater efficiency in state administration through policy research and analysis on issues affecting all levels of government and the people, and a strong program of state services; to facilitate and improve state-local and state-federal relationships; to vigorously represent the interests of the States in the federal system, and the role of the Governors of the American States, Commonwealths and Territories in defining, formulating and expressing those interests.

ARTICLE III

MEETINGS

The Conference shall meet semi-annually. A Winter Meeting shall be held in Washington, D.C., and a Summer Meeting, which also shall be known as the Annual Meeting, shall be held at a time and place determined by the Executive Committee. The proceedings or summary of the semi-annual meetings shall be properly reported to the membership and others, as directed by the Executive Committee.

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

Twenty-five members present at the semi-annual meetings of the Conference or any special meetings of the Conference, as may be called by the Executive Committee, shall constitute a quorum.

*As amended and adopted at the sixty-seventh Annual Meeting, New Orleans, Louisiana, June 11, 1975.

ARTICLE IV

CHAIRMAN

The Chairman of the National Governors' Conference shall be elected by the Conference at the final business session of the Summer Meeting.

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

The Chairman shall hold office until the adjournment of the succeeding Summer Meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the committee. Such vacancy shall be filled by an Executive Committee Governor of the same political party as that of the Chairman who has vacated the position.

The Chairman shall preside and vote at meetings of the Executive Committee and at the semi-annual meetings of the Conference, as well as any special meetings called by the Executive Committee.

The Chairman of the Conference shall appoint the members of the standing committees of the Conference, designate their chairmen and vice chairmen, and appoint members and chairmen of any special committees, special projects or study committees authorized by the Executive Committee or by the Conference.

The Chairman of the Conference shall with the assistance of the Executive Director of the Conference prepare the agenda for all Executive Committee meetings. The Chairman shall, with the advice and counsel of the Executive Committee and with the staff assistance of the Executive Director, prepare the agenda of the semi-annual meetings, and any special meetings called by the Executive Committee.

The Chairman of the Conference shall periodically inform all Governors of the status of current and proposed activities and projects of the National Governors' Conference.

The Chairman shall appoint a Nominating Committee to serve at the Summer Meeting. The Nominating Committee shall consist of five members, three of whom shall be of a political party other than that of the person who shall be elected as next Chairman of the Conference. The Nominating Committee shall present a single slate of nominees for the offices of Chairman and members of the Executive Committee. Additional nominations may be made from the floor, and election shall be by secret ballot in all cases where the number of nominees exceed the number of officers to be elected.

ARTICLE V

EXECUTIVE COMMITTEE

The Executive Committee of the National Governors' Conference shall consist of

the Chairman of the Conference and eight other members elected at the final business session of the Summer Meeting.

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

Members of the Executive Committee shall hold office until the adjournment of the succeeding Summer Meeting and until their successors are chosen, except as follows: The currently retiring Chairman and three other members of the currently retiring Executive Committee shall be returned to serve on the new Executive Committee. Regarding these four automatically selected members of the new Executive Committee, no more than two such members shall be of the same political party.

Vacancies in the Executive Committee may be filled by the Chairman subject to ratification by the remaining members of the committee by mail ballot or by vote at the next subsequent meeting of the committee.

The Executive Committee shall meet not less than four times each year. It shall have authority to act for the Conference in the interim between semi-annual meetings.

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

ARTICLE VI

EXECUTIVE DIRECTOR

The Executive Committee is empowered to employ and fix the salary of an Executive Director who shall serve at the pleasure of the Executive Committee. The Executive Director shall be the principal administrative officer of the Conference and shall have responsibility for the administration of all Conference functions and activities established by the Executive Committee.

The Executive Director shall employ, fix the salaries of, and direct such personnel as may be required to carry out the purposes of the Conference in accordance with budgets adopted by the Executive Committee and shall provide the Conference with periodic reports on the activities and projects of the Conference and its personnel.

The Executive Director shall be the Secretary of the Conference and shall attend and keep a correct record of all meetings of the Executive Committee and of the Conference; safely keep all documents and other property of the Conference which are committed to him; and shall perform all other duties appertaining to his office which may be required by the Executive Committee.

The Executive Director, subject to direction and oversight by the Executive Committee, shall also serve as Treasurer of the Conference. The Treasurer is authorized to utilize accounting and fiduciary services of the Council of State Governments or other organizations to assist in meeting the fiscal needs and responsibilities of the Conference. The Treasurer or his agent as may be authorized by the Executive Com-

mittee shall have custody of the funds of the Conference, and shall deposit the funds of the Conference in its name, annually reporting at the close of each Conference fiscal year, or as soon thereafter as is deemed feasibly possible and prudent, all receipts and disbursements and balances on hand. Financial rules not otherwise expressed or implied by these provisions may be incorporated in financial rules which may be adopted by the Executive Committee or by the Conference.

The Executive Director shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties, the cost of such bond to be borne by the Conference.

ARTICLE VII

ORGANIZATIONAL AFFILIATION AND ADMINISTRATIVE SUPPORT

The Executive Committee is empowered to enter into agreements with the Council of State Governments and its Executive Director for the administration and implementation of services to the Conference and its members. Such services may include, but not necessarily be limited to, general logistical support for Conference activities, research on special projects, publications and general staff support. The Executive Director of the National Governors' Conference shall negotiate and administer the terms of such agreements as are entered into with the Council of State Governments for the provision of supportive services to the Conference. Any such agreement shall be subject to continuing oversight and supervision by the Conference's Executive Committee.

Subject to specific recommendations of the Conference's Executive Committee and acceptance by the Conference at a semi-annual or at a special meeting, the Conference may affiliate with other organizations or may accept the request of other organizations to affiliate with the Conference.

ARTICLE VIII

POLICY STATEMENTS

Statements reflecting policy positions or resolutions of the Conference shall be in the form of summary statements prepared by standing committees, special task forces, or other special committees authorized by the Chairman, with the approval of the Executive Committee, to prepare or issue such proposed policy positions or resolutions. The Executive Committee shall determine the jurisdiction of each committee and may assign, reassign or withdraw special policy issues from or to any committee.

Proposed policy statements developed pursuant to the procedure stated in the preceding paragraph shall be submitted to the Executive Committee and to all Governors at least 15 days in advance of any meeting where their adoption is sought. Adoption by the Conference shall require an affirmative vote of not less than two-thirds of the Governors present and voting. Submission of a recommended policy

statement to the full Conference may be made either by a committee authorized to prepare and issue policy statements or by the Executive Committee by majority vote of its members. Amendments to any policy statement may be offered from the floor and will require the same majority as is required to adopt the statement.

Between the meetings of the Conference, both the Executive Committee and standing committees of the Conference are empowered to adopt policy statements not inconsistent with existing policy adopted by the Conference. Such policy statements are subject to review by the Conference at its next meeting. A policy statement considered in the interim by the Executive Committee or a standing committee shall be considered adopted if it receives an affirmative vote of at least two-thirds of its members, except however, a policy statement adopted by a standing committee is subject to review by the Executive Committee as well as the Conference.

Any individual Governor desiring to have a policy statement considered by an authorized committee of the Conference shall do so by transmitting the substance of such policy proposal to the Executive Director of the Conference not less than 45 days prior to the meeting of the Conference, at which time such issue would be expected to receive consideration. In such cases, the Executive Director shall transmit promptly the substance of such a proposal to the Chairman of the Conference and to the chairman and all members of the appropriate standing committee of the Conference.

ARTICLE IX

DUES

Each member shall contribute such amounts as may be necessary to finance the programs and operations of the Conference, in accordance with contribution schedules approved by the Conference. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Conference and an independent audit shall be conducted not less than once a year by a reputable firm of certified public accountants.

ARTICLE X

AMENDMENTS

The Conference at any meeting may amend these Articles of Organization by a majority vote of all Governors present and voting. Notice of specific amendments together with an explanatory statement shall be mailed to all members of the Conference at least 30 days prior to submitting an amendment to vote at a meeting. In the absence of such notice, a three-fourths majority vote shall be required for the adoption of any proposed amendment.

ARTICLE XI

SUSPENSION

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

ARTICLE XII

DISSOLUTION

In the event of the dissolution of the National Governors' Conference, any assets of the Conference shall be distributed to the members (as defined in Article I) in the proportion which each member contributed to the support of the Conference in the year preceding dissolution. Any assets so distributed to a member shall be used for a public purpose.

APPENDIX III

RULES OF PROCEDURE*

Preamble

1. These Rules of Procedure shall be in specific conformity with the Articles of Organization of the National Governors' Conference and, to the extent practicable, shall be consonant with precedents and traditions of the Conference.

2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, *Mason's Manual of Legislative Procedure* shall be the standard authority, when applicable.

Rule I—Policy Statements and Resolutions

1. Policy statements or resolutions shall come before the Conference in the manner set forth by Article VIII of the Articles of Organization. Policy statements or resolutions adopted by the Conference shall remain in force and effect until rescinded or superseded by the Conference.

2. Subject to the review of the Conference at its next semi-annual meeting, standing committees and the Executive Committee may adopt interim policy statements or resolutions carrying the full weight of regularly adopted conference policy. To be adopted, such policy statements or resolutions must receive the affirmative vote of two-thirds of the members of the committee. Interim policy statements or resolutions adopted by a standing committee are subject to review by the Executive Committee at its next meeting as well as the Conference at its next semi-annual meeting.

3. In order to consider any policy statement or resolution that has not been prepared and presented in accordance with Article VIII, the Conference may suspend the Articles of Organization by a three-fourths majority vote. The motion to suspend is not debatable. Under such suspension, the proposed policy statement or resolution may be debated, amended and adopted upon a similar majority vote of the Conference.

4. Any member intending to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution shall give notice of such intention and shall distribute to all members present a copy of such proposal at least one session before such motion is put to a vote.

Rule II—Ordinary Business

1. Any proposal or motion necessary to carry on the business of the Conference may be approved by a simple majority vote.

Rule III—Motions to Amend

1. Motions to amend most propositions are in order. An amendment may be

*Adopted at the 67th Annual Meeting, New Orleans, Louisiana, June 9, 1975.

amended. Amendments shall be adopted by the same proportionate vote as is required on the main motion being amended.

2. Every amendment proposed must be germane to the subject of the proposition to be amended. To be germane, the amendment is required only to relate to the same subject, and it may entirely change the effect of the proposition. An amendment to an amendment must be germane to the subject of the amendment as well as to the main proposition.

3. Any amendment must be in writing if the Chairman so requests.

Rule IV—*Motions to Table*

1. The purpose of a motion to table is to eliminate further consideration of any pending matter. Such motion is in order to either the entire question or on a pending amendment, and the member offering the motion should identify the breadth of his motion. A motion to table is not debatable. Adoption requires a simple majority vote. Motion may be renewed after progress in debate.

Rule V—*Previous Question*

1. The purpose of a motion for the previous question is to close debate and vote immediately on either the pending amendment alone, or on all amendments and the main question seriatim. A member offering the motion should identify the breadth of his motion. A motion for the previous question is not debatable. Adoption requires a two-thirds vote. Motion may be renewed after progress in debate.

Rule VI—*Postpone Indefinitely*

1. The purpose of a motion to postpone indefinitely is to reject a main proposition without the risk of a direct vote on final passage. It may not be applied to an amendment and may not be renewed. The motion is debatable. Adoption requires a simple majority vote.

Rule VII—*Roll Call Votes and Other Matters*

1. A roll call vote may be requested by any member on any pending question. The roll shall be called upon a show of hands by ten members.

2. Whenever the roll is called, all members present shall be entitled to vote. No proxies shall be permitted.

3. The proportion of votes required for adoption of any motion, as set forth in these Rules of Procedure, refers to the number of members voting Yea or Nay on the motion, a quorum being present. Members are entitled to indicate that they are present but not voting, or to explain their vote.

Rule VIII—*Adoption, Amendment and Suspension of Rules*

1. These Rules of Procedure may be adopted or amended at the first business session of any semi-annual or special meeting of the Conference by a simple majority vote. Thereafter, for the duration of any such meeting, amendment or suspension of the rules shall require a three-fourths vote.

Appendix IV
TREASURER'S REPORT

BALANCE SHEET
JUNE 30, 1975

ASSETS

Current Assets	
Cash in Bank	\$ 44,650.40
Petty Cash	750.00
U.S. Treasury Bills, at cost which approximates market value	824,344.98
Accrued Interest Receivable	4,074.20
Miscellaneous Receivable	286.23
Due from Restricted Fund— Grants and Contracts	<u>160,844.94</u>
Total Assets	<u>\$1,034,950.75</u>

LIABILITIES AND FUND BALANCE

Current Liabilities	
Due to the Council of State Governments	\$ 81,334.25
Due to Restricted Fund	
Franklin Mint Corporation Royalties	\$675,936.99
Add: Interest Income on Securities	<u>29,571.45</u>
Total Liabilities	<u>\$ 786,842.69</u>
Fund Balance, July 1, 1974	\$296,036.90
Add: Excess of Revenue over Expenditures	<u>(47,928.84)</u>
Fund Balance, June 30, 1975	<u>\$ 248,108.06</u>
Total Liabilities and Fund Balance	<u><u>\$1,034,950.75</u></u>

These statements include a full accrual of all expenses incurred during the fiscal year ended June 30, 1975 and are subject to audit adjustments.

STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES
FOR THE PERIOD JULY 1, 1974-JUNE 30, 1975

Revenue	
Dues from the States	\$360,335.00

Interest on Securities	27,703.00
Sale of Publications	<u>9,927.00</u>
Total Revenue	\$397,965.00

Expenditures

Personal Services	\$320,146.00	
General Office Expense		
Supplies	12,225.00	
Postage and Delivery	18,595.00	
Communications	11,875.00	
Printing and Reproduction	31,220.00	
Books and Periodicals	1,426.00	
Miscellaneous	1,539.00	
Personal Property Tax	<u>271.00</u>	
Total General Office		\$ 77,151.00
Rent and Property Maintenance	43,530.00	
Equipment	15,191.00	
Consulting and Contractual	11,940.00	
Travel and Conference	40,807.00	
Winter Meeting	9,978.00	
Expenses of Chairman	24,071.00	
Task Force on Future Operations	<u>18,397.00</u>	
Total Expenditures		\$561,211.00

Less Indirect Expenses Reimbursed

by Grants and Contracts	<u>\$115,317.00</u>
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Net Expenditures	<u>\$445,894.00</u>
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Excess Revenue over Expenditures	<u><u>\$(47,929.00)</u></u>
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Appendix V

ANNUAL MEETING OF THE NATIONAL GOVERNORS' CONFERENCE

1st	Washington, D.C.	May 13-15	1908
2nd	Washington, D.C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D.C.	December 14-16	1916
		No Meeting	1917
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	September 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944
37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bat Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969
62nd	Lake of the Ozarks, Missouri	August 9-12	1970
63rd	San Juan, Puerto Rico	September 12-15	1971
64th	Houston, Texas	June 4-7	1972
65th	Lake Tahoe, Nevada	June 3-6	1973
66th	Seattle, Washington	June 2-5	1974
67th	New Orleans, Louisiana	June 8-11	1975

Appendix VI

CHAIRMEN OF THE NATIONAL GOVERNORS' CONFERENCE, 1908-1975*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Peery, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52
Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55
Governor Arthur B. Langlie, Washington	1955-56
Governor Thomas B. Stanley, Virginia	1956-57
Governor William G. Stratton, Illinois	1957-58
Governor LeRoy Collins, Florida	1958-59
Governor J. Caleb Boggs, Delaware	1959-60
Governor Stephen L. R. McNichols, Colorado	1960-61
Governor Wesley Powell, New Hampshire	1961-62
Governor Albert D. Rosellini, Washington	1962-63

Governor John Anderson, Jr., Kansas	1963-64
Governor Grant Sawyer, Nevada	1964-65
Governor John H. Reed, Maine	1965-66
Governor William L. Guy, North Dakota	1966-67
Governor John A. Volpe, Massachusetts	1967-68
Governor Buford Ellington, Tennessee	1968-69
Governor John A. Love, Colorado	1969-70
Governor Warren E. Hearnes, Missouri	1970-71
Governor Arch A. Moore, Jr., West Virginia	1971-72
Governor Marvin Mandel, Maryland	1972-73
Governor Daniel J. Evans, Washington	1973-74
Governor Calvin L. Rampton, Utah	1974-75
Governor Robert D. Ray, Iowa	1975-76

* At the initial meeting in 1908, President Theodore Roosevelt presided.

Appendix VII

APPROVED POLICY STATEMENTS

Crime Reduction and Public Safety

A. - 1

ADMINISTRATION AND IMPLEMENTATION OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT

The National Governors' Conference commends the Law Enforcement Assistance Administration for its extensive and helpful cooperation with the States in implementing the Omnibus Crime Control and Safe Streets Act of 1968 as amended by the Crime Control Act of 1973. Its actions in fostering the development of qualified staff at the state level, providing wide latitude to the States in developing plans for improving the entire criminal justice system, promoting a spirit of cooperation between the various criminal justice disciplines, and generally supporting the state partnership required in a block grant program set an outstanding example that could well be emulated by other federal departments.

Therefore, the Conference expressly reaffirms its confidence in the LEAA program and urges Congress to form a partnership with the Governors in working to strengthen the LEAA to assure effective intergovernmental action to deal with one of the nation's most serious domestic problems.

The Conference is concerned that proposed reductions in the budget for the programs of the LEAA may adversely affect the progress that has been made in improving law enforcement and reforming the criminal justice system. Thus, the Conference urges restoration of the reductions and appropriation of the full amount authorized by Congress in the Crime Control Act of 1973.

A. - 2

STATE-CITY COOPERATION

The National Governors' Conference restates and re-emphasizes its commitment to vigorous and effective action to control the burgeoning crime problems in the urban areas of our States. Recognizing that the plague of crime knows no jurisdictional boundaries, the Governors pledge their active support to the comprehensive planning and intergovernmental action called for in the Omnibus Crime Control Act of 1968. The Governors are firmly committed to the need for a working partnership with elected and other policy-making officials in the counties and municipalities of our States to accelerate efforts in developing comprehensive metropolitan crime control programs and facilities.

The Conference recognizes the need and shares the concern of large cities and counties for additional crime control funds. The States are responding to this need by continuing to make additional block grant funds available to cities and counties through the state planning agencies.

A. - 3

CRIMINAL CODE REVISION

The National Governors' Conference finds that one of the most critical needs in the improvement of many States' criminal justice systems is in the revision, modernization and simplification of the criminal code. The Governors pledge their commitment to request the state legislatures, in cooperation with the appropriate state and local criminal justice officials and members of the bar, to review and, where necessary, revise the state criminal code immediately, and at least once each decade thereafter.

To facilitate revision efforts, the Conference urges the United States Department of Justice to establish a clearinghouse for state criminal code revision efforts, to serve as a source of advice and information sharing among the States.

A. - 4

THE PREVENTION AND CONTROL OF JUVENILE DELINQUENCY

In recognition of the key role which state governments play in the intergovernmental effort to prevent and control juvenile delinquency, the National Governors' Conference urges each State to act as the focal point for the coordination of planning and services of all state and federal agencies which contribute to the prevention, control and treatment of juvenile delinquency.

To achieve that objective, greater emphasis should be placed on coordination of effort between the numerous federal agencies with juvenile delinquency programs and between federal and state agencies.

Recognizing that juvenile delinquency is a problem broader than the criminal justice system, planning for programs should promote coordination and utilization of private and public, social and educational services to youth to the maximum extent feasible.

Further, recognizing that the key to a meaningful reduction in juvenile delinquency lies in its prevention, each State should emphasize and strengthen its commitment to basic prevention programs giving particular emphasis to home, school and community centered programs aimed at youth in danger of becoming delinquent.

The National Governors' Conference commends Congress for enacting the Juvenile Justice and Delinquency Prevention Act as a vehicle for the achievement of the objectives set out in this policy. However, recognizing that the success of the program is dependent upon the availability of fresh resources, the Conference urges appropriation of the full amount authorized by the act.

ORGANIZED CRIME

The National Governors' Conference pledges full support and cooperation in the intergovernmental war to eradicate organized crime and urges the States to consider the following actions to improve our capacity to deal with organized crime:

1. Establishment of State Organized Crime Prevention Councils to study organized crime in the State and to recommend legislative, administrative or other means of addressing the problem and to build public support for the effort.
2. Enactment of legislation to protect legitimate business from infiltration by organized crime.
3. Enactment of legislation to authorize statewide investigative grand juries under special circumstances.
4. Enactment of legislation to provide criminal proscriptions against loansharking.
5. Enactment or strengthening of legislation prohibiting illegal professional, commercial or syndicated gambling.
6. Enactment of legislation providing criminal penalties for tampering with or coercing witnesses. Legislation or administrative procedures may also be necessary to provide for the physical safety of and relocation of witnesses who testify for the government in organized crime cases.
7. Strengthening of state revenue departments' capacity to enforce criminal sanctions in the States' tax laws.
8. Statutory authorization for wiretaps, with proper constitutional safeguards, has proved an effective weapon in the struggle against organized crime in many States. Conscious of the need to ensure the protection of individual liberties, the National Governors' Conference recommends that those States which presently do not authorize wiretapping give serious consideration to the enactment of such legislation with appropriate safeguards as a valuable tool in the fight against organized crime in America.

To assist the States in the organized crime programs, the Law Enforcement Assistance Administration should broaden its technical assistance and training programs to assist in the development of competent staff for state and local jurisdictions, and increase its financial support for the development of state intelligence systems.

Building on the work of the National Advisory Commission on Criminal Justice Standards and Goals, the LEAA should develop and broaden standards and goals for the guidance of federal, state and local governments in improving their effectiveness in dealing with organized crime.

DRUG ABUSE

The National Governors' Conference is concerned with the proliferation of narcotics and drug abuse problems. The Governors recommend that the following action be undertaken at the federal level:

- A. Efforts already under way to coordinate federal drug abuse programs and to develop goals, objectives and priorities should be continued and strengthened.
- B. Diplomatic pressure to halt the illegal importation of narcotic substances should be intensified and programs to reduce the production of such substances should be promoted.
- C. Successor legislation should be enacted to the Drug Abuse Office and Treatment Act of 1972 providing sufficient funding to enable all States to address the problem of drug abuse treatment and prevention in a comprehensive and effective manner. Such legislation should:
 - 1. Create an office of drug abuse prevention policy to coordinate and provide policy direction for the federal drug abuse effort.
 - 2. Continue and strengthen the state planning capability and channel all federal grants for drug abuse prevention through the single state agencies.
 - 3. Designate the National Institute on Drug Abuse as the grant funding authority under the act.
 - 4. Provide for standardization and streamlining of the grant application procedure to facilitate prompt and efficient funding of state and local projects.
 - 5. Implement a nationwide system of block grants and contracts to the States to facilitate coordinated management of federal and state programs.

The Governors recommend that the following state action should be undertaken:

- A. Enactment of the Uniform Controlled Dangerous Substances Act, as well as other legislation which would grant courts and correctional authorities sufficient flexibility to permit individualized sentencing and treatment for users and appropriately severe sentences for sellers for profit.
- B. Unification of all state drug control programs and coordination of public and private drug control efforts.
- C. Disorderly and other criminal conduct accompanied by drunkenness should remain punishable as separate crimes. Public drunkenness should be decriminalized and addressed as a health problem.

A. - 7

CRIMINAL JUSTICE STANDARDS AND GOALS

The National Governors' Conference considers the establishment of standards and goals for the criminal justice system essential to the achievement of a meaningful reduction in crime and delinquency. To facilitate this process, the Conference urges each State and unit of local government to begin evaluation of its law enforcement and criminal justice system. The Governors in conjunction with the individual State Planning Agencies are urged to take the lead in this effort.

The Conference endorses the goal of reducing in ten years the rate of high-fear crime by 50 percent from its 1973 level. As used in this context, high-fear crime refers to homicide, rape, aggravated assault, burglary and robbery committed by people who are strangers to their victims.

To reach this goal, the Governors pledge their best efforts and leadership to improve and reform the criminal justice system.

A. - 8

EXTRADITION REFORM

The continued existence of disparities in extradition law and procedure from State to State is a significant barrier to effective law enforcement in the face of rising crime and the high mobility of fugitives from justice.

The National Association of Extradition Officials is involved in a continuing effort to achieve uniformity in state extradition laws and procedures. The National Governors' Conference supports the association in this undertaking, and recommends this action by the States:

Adoption of the Uniform Extradition Act as proposed by the National Conference of Commissioners on Uniform State Laws.

Adoption of and use by the States of the uniform extradition document and forms drafted and proposed by the National Association of Extradition Officials.

A. - 9

THE NATIONAL GUARD

The Army and Air National Guard of the several States is a force of 500,000 trained and disciplined men and women, organized in more than 4,000 units from 2,600 communities. The Governors of the several States rely on this force to provide succor and support to their citizens during times of disaster and strife. Moreover, the National Guard is the least costly of our armed forces, providing 16 percent of the nation's organized military forces for only 2.6 percent of the total military budget.

The Department of Defense has proposed to Congress that it authorize the reduction of the Army National Guard from 400,000 to 389,848 and the Air National Guard from 95,000 to 89,128. It has also proposed to Congress that it authorize a reduction in the number of Air Guard flying units from 91 to 86.

The National Governors' Conference strongly opposes any reductions in manning or force structure of the Army National Guard and Air National Guard, and urges instead that additional federal support be provided to the National Guard in the form of a substantial increase in manpower, modernization of equipment to a par with the regular services and membership incentives to enhance the Guard's ability to perform its dual state-federal mission.

A. - 10

CRIMINAL JUSTICE INFORMATION SYSTEMS

Recognizing that certain basic standards are needed to assure the confidentiality and security of criminal history data, the National Governors' Conference urges development of legislation establishing minimum standards for the development, structure and operation of criminal justice data systems. The legislation should define the kind of information to be contained in the system, provide for the inclusion of dispositional data, opportunity for review and expungement of outdated or inaccurate data and sanctions for the misuse of confidential information. Access to individually identifiable information should be strictly limited. States should, however, be permitted to exceed such minimum standards through their own legislation and to have such standards prevail over less restrictive federal or sister state standards.

In the case of automated data systems, States should be permitted to determine whether information should be stored in a shared or dedicated facility.

Any federal legislation pertaining to the privacy and security of criminal justice data should expressly provide for full participation by States in the development and promulgation of regulations and in the administration of the act.

A. - 11

PROPOSAL FOR A NATIONAL INSTITUTE OF JUSTICE

The proposal to create a National Institute of Justice would undermine state and local control of law enforcement and the administration of justice and would endanger the federal assistance role created by Congress in the Omnibus Crime Control and Safe Streets Act of 1968. The National Governors' Conference, therefore, opposes this measure as it would any other direct or indirect federal effort to control or regulate state courts.

A. - 12

ENERGY CRISIS

The National Governors' Conference recognizes that energy shortages will have a profound and continuing effect on all governmental institutions including those

related to law enforcement and criminal justice. The Governors further recognize that to the greatest extent possible, energy supplies should be conserved and shared equitably. Therefore, insofar as it is consistent with the requirements of public safety, the nation's Governors will support an intergovernmental effort to improve the energy utilization efficiency of law enforcement and criminal justice agencies.

A. - 13

COMPENSATION TO VICTIMS OF CRIME

In order to reduce the financial burdens on victims of crime, to encourage full reporting of crime and to assure cooperation with police, 12 States have instituted programs to compensate individuals who have been injured as a result of a violent crime. Many of these state programs have functioned effectively and relatively economically for a number of years.

Legislation to establish such compensation programs is pending in other States, but the fiscal burden upon the States of meeting existing financial obligations has caused many new valuable programs to be deferred.

The National Governors' Conference, therefore, urges Congress to enact and fund legislation to be administered by the Law Enforcement Assistance Administration providing support for existing state victim compensation programs and to other such programs as may be enacted in the remaining States.

A. - 14

STATE LOTTERIES

State lotteries in the States which operate them play an important role in the support of education and other fundamental state services. In view of this contribution to the public welfare, the National Governors' Conference reaffirms the traditional view that state lotteries are not subject to excise or occupational taxation by the federal government. The Conference recognizes that those States which operate lotteries should be allowed to do so in a manner which will ensure their greatest possible financial contribution to the welfare of the people, and opposes any federal action, through taxation or otherwise, which would tend to discourage or obstruct their successful operation.

A. - 15

ILLEGAL ALIENS

Recognizing that the number of illegal aliens coming into this country seeking employment has increased dramatically and that this flood of immigrants exacerbates unemployment problems in both rural and urban areas, the National Governors' Conference urges the federal government to commit the resources necessary to ensure that legal limits on immigration are observed.

To further discourage immigration and exploitation of such illegal aliens the Conference recommends enactment of legislation to prohibit the knowing employment of illegal aliens. However, enforcement of these sanctions should be consistent with the free exercise of the civil rights of all people.

A. - 16

CONSUMER PROTECTION AGENCY

Because of concern that consumers presently lack effective representation before federal regulatory agencies and because this lack of positive representation has resulted in a system of federal regulations that do not adequately reflect interests of consumers, the National Governors' Conference supports legislation that would create an independent, non-regulatory federal consumer protection agency.

Executive Management and Fiscal Affairs

B. - 1

GENERAL REVENUE SHARING

The National Governors' Conference reaffirms its strong support for the General Revenue Sharing Program and the principle that the federal government share a portion of its revenues with the States, unfettered as to functions for its use.

The Conference urges Congress to renew the program this calendar year to give States adequate lead time for proper budget preparation. States are also particularly concerned that the program continue to be kept free of categorical restrictions and cumbersome administrative guidelines.

The Conference applauds language in the act which calls for reliance on the laws and procedures used by state and local governments in administering their own funds as the basis for administering revenue sharing. The Conference feels this language to be the basic foundation of general revenue sharing and thus all administrative regulations and procedures should build upon this principle. Federal administrative regulations should not be superimposed on existing state budget, accounting and reporting practices.

Re-enactment of general revenue sharing should include features sought by the National Governors' Conference during debate over the current program. These include: Funding based on a fixed percentage of federal income tax collections, a permanent program not requiring periodic re-enactment, and a clear statement of congressional intent that the program not be viewed as a substitute for existing categorical grants-in-aid.

The Conference urges all Governors to begin early preparation and communication of their views of the program to their congressional delegations and the National Governors' Conference staff.

B. - 2

STATE AND LOCAL BONDS

The municipal bond market is a vital source of funds for financing the capital expenditure requirements of state and local governments. In order to meet the strong and growing demand for new and expanded capital facilities faced by these governments, it is imperative that this market provide a dependable source of funds at reasonable rates of interest. To this end the National Governors' Conference recognizes the desirability of broadening the market for state and local bonds.

Specifically, at the federal level the Conference urges Congress to enact legislation to permit mutual funds holding municipal bonds to pass the exemption through to their stockholders and to require a portion of the reserves of the Unemployment Trust Fund to be invested in municipal securities.

At the state level the Conference encourages where feasible and relevant the examination of state initiatives such as: The state bond bank; constitutional and/or statutory changes in debt and interest rate limitations; collateral deposit requirements in municipal bonds for insurance companies; direct issuance of low denomination bonds; and public finance assistance departments.

The last several years have witnessed a growing number of bills introduced in Congress which would shift state and local borrowing from the tax-exempt to the taxable market. In most of these cases, federal line agencies would act as intermediaries between state and local governments and the public in marketing municipal bonds. Regarding further congressional action in this area, the Conference recommends the following criteria:

- A. Use of any federal credit assistance programs by state and local governments should be entirely voluntary.
- B. Such assistance should be free of federal interference and intervention in matters of state and local concern.
- C. Such assistance should be simple, dependable and free of delay.
- D. Such assistance should not be viewed as an alternative to federal grant assistance where the latter is appropriate and necessary.

The Conference reasserts that any proposal should not in any way impair the access of state and local governments to the tax-exempt market or infringe upon these governments' independence in debt financing or repeal or limit the exemption of state and local government bond interest from federal taxation.

The National Governors' Conference calls upon the Secretary of the Treasury to provide in the implementation of the Tax Reform Act of 1969 opportunity for state and local governments to make reasonable investments and derive reasonable returns on proceeds of tax-exempt bonds. The Conference opposes the use of tax-exempt bonds to earn unreasonable "arbitrage" profits through investment in taxable obligations. However, the Conference urges the Secretary of the Treasury to recognize the necessity to cover legitimate administrative costs associated with certain kinds of important revenue-producing public improvements, including student loans and lower income housing. The Conference calls upon the Secretary to provide, through administrative regulations, for a permissible yield sufficient to cover reasonable costs incurred in the operation of these and similar programs. Finally, the Conference recommends that current exemptions from Industrial Development Bond provisions of the Internal Revenue Code not be deleted or further restricted by Congress.

B. - 3

INTERSTATE TAXATION OF BUSINESS

For a number of years the National Governors' Conference has expressed opposition to federal legislation which would restrict the taxing jurisdiction of the State and provide preferential tax immunity to favored multi-state business, and has expressed full support for legislation which would give congressional approval to the enactment of the Multi-state Tax Compact by the States.

This Conference now goes one step further in supporting an expanded and/or specific version of a congressional consent bill for the Multi-state Tax Compact to allay expressions of concern in Congress that the original consent bill set out only a broad statement of purpose, and to counter claims that the States were seeking a sort of blank check in the area of multi-state taxation.

The Conference therefore urges Congress to enact legislation, drafted by the Advisory Commission on Intergovernmental Relations in collaboration with the Council of State Governments, which incorporates the Multi-state Tax Compact and expresses congressional consent to enactment by the States of a compact substantially the same thereto, plus the following additional provisions:

- A. The three-factor formula (Uniform Division of Income for Tax Purposes Act), developed by the National Conference of Commissioners on Uniform State Laws, is made mandatory for net income taxes upon States which have not enacted the compact by July 1, 1971;
- B. States are given jurisdiction to require collection of sales tax by sellers making interstate deliveries into a State if the seller makes regular household deliveries there; and
- C. Income taxes may be imposed on congressional salaries only by the district and State represented by the Congressman.

B. - 4

FEDERAL ROLE IN STATE PLANNING

Planning has always been a vital element in the decision-making process, and in recent years much effort has been made at the federal and state levels to improve the methods by which it is done. The federal government has shown its concern and interest by many programs of assistance to state and local governments for planning. However, many problems have arisen: A multiplicity of planning grants with different federal requirements; uncertain funding; and no integration of plans, especially at the federal level.

The National Governors' Conference urges that:

Congress and the Administration take immediate action to correct the confusing, contradictory, duplicative and overlapping mass of federal requirements and definitions concerning both long-range and annual operational plans. Federal agencies should recognize the Governor as the chief state policy-maker and planner responsible for the coordination of all statewide and multi-jurisdictional sub-state planning. The elected heads of local government should be recognized in the same capacity for all state and federal programs operating within their jurisdictions.

An appropriate share of the funds of each functional federal grant program should be made available to the Governor for the purpose of relating functional plans to each other, to statewide goals and policies and to local development policies.

Major federal planning assistance programs should provide for forward funding on a two- or three-year basis; minimum annual funding for each State;

interprogram service agreements; evaluation machinery; technical assistance, training and tuition fees as eligible project costs; and minimum standardization and coordination of federal planning definitions and requirements.

B. - 5

FEDERAL-STATE INFORMATION SYSTEMS

There is a critical need of a better exchange of information between levels of government as a result of the continuing growth of federal assistance programs. Great progress has been made by the States in creating information systems for their decision-makers. Additional progress has been made by the federal government under the Intergovernmental Cooperation Act of 1968 and subsequent implementation guidelines. The enactment of the Congressional Budget and Impoundment Control Act of 1974 and the issuance of OMB Circular A-107 both recognize the need for adequate information for assessing the impact of federal actions upon the States.

However, it is increasingly clear that further progress could be greatly enhanced by developments at the federal level which are unifying and coordinating in effect. Clear commitment from the Office of Management and Budget, with strong support from the States, could result in substantial progress in the following areas:

- A. Early involvement of the States in federal spending decisions directly affecting state budgeting, through continuing information flow to policy levels.
- B. Action toward uniform data requirements and formats among federal agencies.
- C. Technical assistance to state and local governments in developing uniform information systems and more effective management techniques. Vigorous assistance from the federal level would implement the States' desire for information systems which are compatible both among the States and between States and the federal government.
- D. Sustained funding for model projects whose purpose is to develop techniques and systems for effective management in many areas of government.
- E. A continued emphasis on the elimination of federal agency policies requiring single purpose or designated use of federally-supported data processing facilities. At present, state central management staff may be denied the use of state functional agency equipment because of regulations promulgated by counterpart federal agencies.

The National Governors' Conference calls upon the Office of Management and Budget, the Congressional Budget Office and the General Accounting Office to develop quickly, in conjunction with the States, automated systems which will allow the exchange of governmental data as well as provide information with respect to the impact of federal programs and budget actions upon States.

FEDERAL GRANT-IN-AID OMNIBUS

The National Governors' Conference acknowledges the importance of federal grants-in-aid in the financing of state and local programs. These aids now amount to nearly one-fifth of the total federal domestic budget and one-fifth of total state expenditures. Aid programs have proliferated in the past several years and now number more than 1,000 separately-funded activities.

The number of programs and the large amounts of dollars involved make imperative the proper administration of these programs so that the national objectives toward which they are aimed can be achieved. Many of the policy statements of this Conference deal with this issue with respect to individual programs. The federal government -- the President, Congress and the administering agencies -- should work closely with state officials in developing appropriation and administrative procedures to provide maximum flexibility in carrying out program objectives and maximum certainty of federal action. Specifically, the Conference endorses the following concepts:

- A. Utilization of the block grant approach for new aid programs in support of broad national purposes.
- B. Fundamental reorganization of a large number of existing programs into several broad areas on a permanent basis. Grouped programs should be those that share a consistent pattern of purpose. The following provisions represent concepts embodied in this type of proposal:
 - 1. Automatic allocation of grant funds by careful and meaningful formula rather than narrow project specifications.
 - 2. Flexible and dependable formulas for passing certain funds directly to local governments.
 - 3. Deletion of matching and maintenance of effort requirements as a prerequisite to receiving aid.
 - 4. Clear definition of the State as critical to program coordination planning and evaluation, with gubernatorial review replacing cumbersome federal approval processes.
 - 5. Reasonable transitional stipulations such as hold-harmless clauses, which would guarantee state and local jurisdictions at least as much revenue from each new program as from the total of the old programs being consolidated.
- C. Continued expansion of joint funding simplification programs, to allow federal agencies to cooperate with state requests to combine several grants in the administration of one state program.
- D. Appropriations consonant with authorization, to provide a greater degree of certainty in the amount of funding to be expected.

- E. Advance funding for at least two years, especially for construction projects, so that the necessary contracts can be let with assurance of fulfillment.
- F. Annual appropriations before the start of the fiscal year, to provide the States sufficient lead time for planning the program and hiring the staff.
- G. Full consideration by Congress of the special needs of Puerto Rico, the Virgin Islands, American Samoa and Guam in the distribution of fiscal aid funds.
- H. Continued decentralization of federal agency decision-making and program administration to the 10 standard federal regions, with particular emphasis on providing regional federal agency administrators with broad authority to tailor the administration of programs to meet the unique and diverse needs of the States within each region.

The National Governors' Conference asserts that any changes in the grant-in-aid system must be directed toward the simplification of procedures and the minimization of regulations and restrictive program requirements. The mechanisms of federal assistance must not be allowed to impede the intent of that assistance. The Conference supports any federal efforts directed toward the streamlining of the administrative mechanisms used to process and distribute federal funds. Further, the Conference asserts that economic, social and ecological challenges can be dealt with at state and local levels, and that operational changes in aid programs must allow and encourage problem-solving ability at these levels.

B. - 7

SUB-STATE DISTRICT DEVELOPMENT

Sub-state districting is an issue of growing concern to state and local elected officials. The concept is an organizational one. It proposes a structure which cuts across the array of substantive programs enabling elected officials to coordinate effectively the use of federal, state and local resources in solving areawide problems.

The following principles are recommended in the development of such systems:

Multi-jurisdictional planning and policy development organizations should be public bodies with governing boards composed at a minimum of a majority of elected officials, selected by and representing general purpose local governmental units, representing at least a majority of the population of the region served. There should be clear authority for localities to work toward boards made up entirely of elected officials if the localities choose.

Umbrella multi-jurisdictional organizations should be the general purpose organization in a given region, providing a forum for locally-elected officials to address problems, issues and functions of an areawide nature. Such organizations

should be empowered to make decisions in order to resolve competing objectives and to set regional priorities which should be recognized by federal and state funding agencies.

Functions of an umbrella multi-jurisdictional organization should include:

- A. Development and coordination of areawide policies and plans;
- B. Coordination of the policies and plans of separate functional organizations;
- C. Promotion of mutual problem-solving and exchange of information; and
- D. Other services as requested by local governments.

Federal and state policies should recognize a single umbrella multi-jurisdictional organization as the desirable objective for each designated region of the State. Until the desirable objective is attained, it may be necessary to fund separate multi-jurisdictional organizations within the same region; if so, the governing board of such separate organizations should be composed predominantly of elected officials.

The umbrella multi-jurisdictional organization should function as the review and comment agency for all federal and state-funded programs and projects that will have an impact within the region.

Federal, state and local governments should contribute funds for the operation of the umbrella multi-jurisdictional organizations. State governments should to the extent possible:

- A. Provide broad, flexible enabling legislation for umbrella multi-jurisdictional organizations;
- B. Conform state planning areas to the regional boundaries of the umbrella multi-jurisdictional organizations;
- C. Conform administrative areas of state programs which are exclusively administered by States to the regional boundaries of the umbrella multi-jurisdictional organizations;
- D. Provide general policy guidance and reasonable criteria for umbrella multi-jurisdictional organizations; and
- E. Cease the establishment of separate, single-purpose, multi-jurisdictional organizations, except where the purpose is directed to an area that is compellingly unique.

Federal and state programs administered on an areawide basis should move toward integration with the umbrella multi-jurisdictional organization. Such programs should include specific requirements for coordination with multi-jurisdictional organizations in accordance with the Intergovernmental Cooperation Act of 1968.

The weighting of the votes of the representatives on the umbrella multi-jurisdictional organization boards should be left to the determination of the localities represented on the board.

Boundaries of the umbrella multi-jurisdictional organizations should be set by the States, but acceptable to local general purpose governments.

In interstate urban areas, the thrust of federal programs concerned with areawide planning and intergovernmental coordination should be on increasing the abilities of local and state governments to act effectively in a concerted fashion, notwithstanding the multi-state character of the area. Toward this end, priority among federal programs in large interstate areas should be to strengthen the ability of the interstate, umbrella, multi-jurisdictional organization to deal with areawide problems. In small interstate urban areas, due recognition and coordination should be given to the affected state planning and development agencies.

B. - 8

EDUCATION FINANCE REFORM

The state role in financing elementary and secondary education is the most vital issue currently facing the States. Education is and must continue to be a state responsibility. State action to achieve equal educational opportunity must begin immediately, progress rapidly and have the aggressive leadership of elected officials in state government.

The National Governors' Conference urges all States to undertake immediate action toward equalizing educational opportunity. There is great variety in educational finance systems available to States as they seek to achieve this objective. Review of the issues and approaches underscores one critical point -- the wide variety of alternatives prevents a "best solution." Nevertheless, States must focus on one prime objective -- elimination of local wealth as the major determinant in educational opportunity.

In order to meet the States' responsibilities for providing equal educational opportunity and at the same time to avoid serious financial and administrative disruptions and the potential misuse of resources involved in immediate full equalization, it is recommended that each State develop plans, programs and a specific timetable to accomplish this reform with all deliberate speed.

While achieving educational equality is primarily the responsibility of individual States, it is likely that new federal assistance will be proposed to assist States in doing this. Federal programs developed to provide such assistance should include the following principles:

- A. New assistance should not be aimed at encouraging a single federally prescribed approach to educational equalization. Differing state political traditions and fiscal situations must be recognized, since an attempt to impose a national structure which violates these variations will hinder rather than advance equalization.
- B. The States should not be by-passed in federal education legislation, directives or policy decisions since States have constitutionally and historically maintained ultimate responsibility for education.

- C. Federal assistance toward equal educational opportunity should not be tied to other objectives such as property tax relief. Local tax relief and reform is a state concern and must ultimately depend upon state action.
- D. Federal financial assistance for education should continue to be appropriated from the general revenues of the U. S. Treasury to assure flexibility in the face of changing needs.

B. - 9

NATIONAL LEGISLATION FOR PENSION PLAN REFORM

The Conference recognizes the vital importance of adequate and assured pension plans for employees of both the private and public sectors.

Since the regulation of public pension plans is the sole responsibility of state government and since most States already provide regulations for public pension plans, the Conference agrees that national legislation should not regulate public pension plans. The Conference urges each State to re-examine its regulations to provide for adequate and assured pension plans for both the public and private sectors.

B. - 10

PUBLIC EMPLOYEE RELATIONS

Gubernatorial discretion and flexibility in the management of state personnel programs is essential to effective state government.

The imposition of personnel standards by the federal government ignores the diversity of the States and disrupts state and local government institutions, laws and traditions.

Nationally-mandated uniform personnel standards will hamper efficiency and stifle development of innovative personnel management techniques and limit administration over the major component of state and local government.

The National Governors' Conference opposes federal action which would: Interpose federal controls upon the ability of States and local public employees to organize and bargain collectively pursuant to state laws; specify merit system standards which are inconsistent with the broad principles outlined in the IPA; unilaterally supercede long-standing state and local personnel standards; or impose wage and hour law provisions on state and local governments.

The Conference fully supports the concept, inherent in the federal system, that interference by the national government in matters of state and local internal personnel administration should be strictly contained.

The Conference, in adopting this policy, takes no position on the principle of collective bargaining for public employees, but reaffirms its commitment to the view that government personnel management is a function best left to the jurisdiction of the several States and localities.

PROPERTY TAX RELIEF AND REFORM

The National Governors' Conference notes increasing interest in the issue of property tax reform and relief. Studies and recommendations of the Advisory Commission on Intergovernmental Relations, the Education Commission of the States, and the Subcommittee on Intergovernmental Relations of the U. S. Senate underscore the importance of action aimed at strengthening and at the same time improving public acceptance of this important revenue device.

The Conference believes that the administration of the property tax is and should remain the responsibility of the States and their local governments.

However, the Conference recognizes the federal interest in limiting the adverse impact of the property tax on certain classes of excessively burdened taxpayers. We believe that a federal effort in this area should avoid requirements for arbitrary national uniformity in use, impact and/or administration since such requirements would be an undesirable federal intrusion.

We further believe that federal incentives which would promote better assessment administration, or encourage the States to assume greater responsibility for property tax matters are desirable.

Therefore, the Conference supports a federal program to assist States in alleviating the regressivity of their property tax systems, and calls upon Congress to explore means by which the States may be encouraged to assume greater responsibility with respect to more equitable administration of property tax assessments and appeals.

The Conference further calls upon all States to review the policies and procedures which guide use of the property tax by all taxing jurisdictions within each State. Such a review should focus at a minimum upon:

- A. Policies, practices, and standards of assessment and general administration;
- B. Devices used to provide relief to certain classes of property taxpayers;
- C. Identification of state and local programs financed by the property tax which would more equitably be financed by other sources of revenue;
- D. Identification and measurement of the property tax base that has been eroded by exemption; and
- E. Alternate remedies for appealing assessments and adjustment of excessive assessments.

Improvements in state and local policies and procedures surrounding use of the property tax are critical if administration of the tax is to be fair, equitable and effective.

IMPOUNDMENT BUDGET REFORM

The National Governors' Conference commends Congress for its efforts to reform its budget procedures. In viewing these congressional efforts, the Conference emphasizes the need for Congress to recognize the growing interdependence of federal and state budgets. Most important to the States is the ability to know in advance the funding levels for federal aid programs. Such advance knowledge will be of major assistance in the preparation of state and local budgets which rely heavily on federal assistance funds. Accordingly, the Conference encourages Congress to adopt and utilize budgeting procedures, which allow multi-year advance appropriations for federal aid programs.

In addition, the Conference urges Congress to assure that its budgetary procedures include analysis of the impacts of major changes in funding levels upon state and local programs.

Finally, the use of impoundments as a tool to achieve fiscal policy objectives causes major problems in state and local budgeting. Sudden and unplanned shifts in the availability of federal funds introduce unacceptable uncertainty into the delivery of state and local services. Accordingly, the National Governors' Conference:

- A. Opposes the use of impoundment as a means of imposing executive rather than congressional priorities;
- B. Calls upon the President to release currently impounded funds;
- C. Supports responsibly adopted spending limits as an alternative to impoundment, and urges congressional action to re-establish its role in controlling federal spending; and
- D. Authorizes and directs the Executive Committee to initiate appropriate legal action to resolve the impoundment issue.

WORKMEN'S COMPENSATION

Since their inception at the turn of the century, workmen's compensation programs have been the responsibility of state government. The provision of adequate compensation for workers who are disabled, killed or afflicted with occupationally-related diseases as a result of their employment is a continuing state concern.

In its 1972 report, the National Commission on State Workmen's Compensation Laws concluded that while many state programs were in need of updating, "the States' primary responsibility for the program should be conserved." The National Governors' Conference supports this view.

NATIONAL ECONOMY

The condition of the national economy has direct and significant impact upon state governments and our citizens. The costs of state government operations, effectiveness of ongoing programs and pressures for creation of new programs are directly linked to economic decisions at the national level.

There is not now in existence a procedure or forum through which the economic policies of the federal government can be evaluated in terms of their impact upon States, or coordinated with appropriate state decisions aimed at minimizing adverse economic impacts on our citizens.

The National Governors' Conference calls upon Congress and the President to recognize the impacts of national economic policies upon the States and to cooperate with the Conference in evaluating and reacting to these impacts.

Further, the Conference directs the NGC Staff, through its newly-created Center for Policy Research and Analysis, to develop a procedure through which States can have an effective influence upon national economic decisions.

ETHICS IN GOVERNMENT

Two centuries ago, the American people went to war in order to assure open and accountable government. Now, as we approach our Bicentennial, there is a growing citizen distrust of elected officials and government on all levels that has been the inevitable result of too many years of public decision-making in private, of political processes abused and misused, of justifications where justice was called for. The first obligation of every elected official in this nation is to lead the fight to restore citizen confidence in government.

As Governors, we are proud of the fact that almost every State has acted to reduce the influence of money and secrecy in their policy processes. Building on this foundation, we now urge and promote action at all levels of government to ensure:

- A. Loophole-free campaign finance regulations that provide for a limit on campaign contributions and expenditures and their complete and timely disclosure; selected pilot projects to determine feasibility of financing; independent enforcement procedures, with strong statutory penalties.
- B. Stringent ethical codes for government officials which clearly define conflict of interest, assure appropriate and timely disclosure of personal finances by public officials and candidates, and set up an independent enforcement procedure.

- C. Open meetings of all public decision-making bodies, except in limited, specific circumstances; penalties for officials who do not comply; and advance public notice and written minutes.
- D. Registration and full disclosure of lobbying activities by all special interest groups.

As Governors, as elected officials, and politicians, we reaffirm our faith in the capacity of our democratic system to reform and renew itself in a time of crisis, and to maintain the confidence of the governed as well as the consent of the governed. We pledge our most vigorous efforts toward that end.

B. - 16

INTERGOVERNMENTAL PROGRAM MANAGEMENT

It is to the mutual advantage of federal and state governments to simplify management practices, revise and reduce the proliferation of rules and regulations, minimize administrative costs and encourage the responsiveness of government to the needs of its constituency.

The federal government, with firm state support, has sought to improve the management of intergovernmental programs through the adoption of the Intergovernmental Cooperation Act, the Joint Funding Simplification Act, revenue sharing and block grants, as well as through the issuance of management-oriented circulars such as OMB A-95, FMC 73-2, 74-4 and 74-7.

However, commitment to these concepts and follow-through on their implementation have been inconsistent and in many instances non-existent. Committees of Congress, the Office of Management and Budget, the Department of the Treasury and the General Services Administration have attempted to obtain compliance, but they have not received the full support and cooperation of the entire federal government.

As a result, States are continually confronted with programs having inter-related objectives or serving the same constituency which are not coordinated with one another. Each program tends to develop independently with its own peculiar body of rules, procedures and practices. Often these rules are in conflict, frequently duplicative and always costly.

While the day-to-day operations of government are not characterized by high profile or political glamour, they are essential to the proper functioning of our system of grant-in-aid programs. The extent to which these routine activities are well-meshed and smoothly maintained will determine whether the public will find government responsive, comprehensible and helpful or complicated, confusing, excessively bureaucratic and costly.

The National Governors' Conference believes that full dedication by the federal government to the simplification of program management through the reduction of regulations and the enactment of statutory changes to improve efficiency, effectiveness and productivity is of the highest priority to our federal system.

The National Governors' Conference, therefore, urges the Executive Branch of the federal government to commit itself fully to a vigorous and total application of uniform policies aimed at better management.

No federal agency should be excused from compliance with intergovernmental coordination acts, and each federal agency should strive to relieve the States of the administrative burdens arising from uncoordinated management of grant-in-aid programs.

At the same time, the Conference petitions Congress to eliminate from legislation overly-detailed requirements that needlessly add program costs, promote expansive regulations and institutionalize wasteful administrative practices.

B. - 17

PLANNING - 701

The National Governors' Conference is in support of a \$150 million appropriation in FY 1976 for the 701 Comprehensive Planning Program administered within the Department of Housing and Urban Development.

Effective planning and management is needed at all levels of government, and 701 plays a vital and unique role to this end. It is the only federal program which provides the necessary assistance to state, local and areawide units to improve planning and management capacities. Rather than having a single-purpose focus, it provides the assistance necessary to integrate various functional planning and programming efforts into a coherent and comprehensive approach to solving governmental problems.

It is difficult for state governments to allocate the resources they would like to use for improved policy-making and management capacities. In recent years the 701 program has been an important means to provide substantial resources to improve decision-making and management capabilities.

The conditions and pressures on state government which require a comprehensive planning and management capacity are not abating, but rather continue to increase.

In order to meet these conditions, the 701 program must continue to be funded at its full level. It must be recognized that there exists a clear distinction between functional and comprehensive planning -- the latter intended to develop and carry out a comprehensive plan as part of an ongoing process.

The National Governors' Conference supports the 701 program as a fundamental and needed comprehensive plan so that future problems can be met on an integrated and ongoing level.

STATE-FEDERAL AUDITS

The audit process is an important management tool enabling state and local governments to evaluate program effectiveness and the use of public funds. Quality and effectiveness of state audit operations have increased significantly in this process.

All States by law must audit state programs and expenditures. Federal auditors perform a like function for grant-in-aid programs. Frequently state and federal auditors conduct duplicative reviews of jointly-funded programs. This process is both costly and time consuming.

Although Federal Management Circular 73-2 allows federal agencies to rely upon state audits, little progress has been made, largely due to resistance on behalf of federal agencies.

The National Governors' Conference urges the federal government to emphasize and support the use of state audits for federal grant-in-aid programs and to provide, as appropriate, financial assistance to state audit agencies.

ECONOMIC RECOVERY

The national economic crisis is creating new funding needs for state and local governments at the same time that revenues have declined because of the recession.

It is estimated that the recession will have an impact of more than \$25 billion in FY 1976 on revenues and expenditure needs.

Current economic conditions and federal economic projections indicate that national unemployment, already at its highest level since the Great Depression, can be expected to reach nine percent or more and remain at that level over the next two years.

The most serious effects of unemployment are concentrated on the young, on women and on minority citizens--those least able to bear the financial burden of being without jobs.

The private sector of the American economy has the capacity to increase production of homes, highways, environmental improvements and useful goods of all kinds with appropriate stimulation by the federal government.

It must be recognized that state and local governments have inadequate resources to stimulate economic recovery, and little discretion in allocating federal resources available to them.

Current federal budget recommendations of the White House clearly propose to increase the proportion of costs of essential social programs paid by state and local governments.

The National Governors' Conference calls upon the Congress to enact, and the White House to approve, responsible federal programs that will seek to reduce unemployment substantially and quickly to levels that provide growth rather than stagnation in the American economic system.

The National Governors' Conference further supports maintenance rather than reduction of federal matching support for essential public programs in order to alleviate rather than increase the burden on state and local government budget requirements.

Federal aid should be in the form of special revenue sharing assistance to state and local governments to help ensure that essential services can be maintained in the interest of public safety, economic assistance and economic opportunity for the citizens of the United States.

B. - 20

ARTS AND CULTURE

The arts and a vital cultural atmosphere are directly responsible for creating a way of life which leads to human fulfillment and enables man to cope with the dynamics of change.

The improvement of the condition of the performing and visual arts calls for a concerted effort on the part of all Americans.

Recent polls indicate not only that potential support of the arts by individual Americans has never been greater but also that a vast majority supports additional public funding for the arts.

The National Governors' Conference urges that the following principles be used as guidelines for state action:

1. State governments should recognize the arts as requirements for increasing the quality of life in America and work to provide all their citizens with additional artistic and cultural experiences.
2. States should be encouraged to pledge increased support to state arts agencies in their efforts to bring the arts to the people.
3. States should show their advocacy to excellence of art throughout the environment by supporting the preservation of historic buildings and encouraging zoning laws which will improve the total environment.
4. States should include a percentage of funds for government structures to be set aside for works of art to be carefully integrated into the design of those buildings.

Cooperative effort of federal, state and local governments based upon these guidelines will lead the way to a national life that has more joy, more human fulfillment and more ordered grace.

Human Resources

C. - 1

PREAMBLE

The Human Resources Committee of the National Governors' Conference has reviewed the NGC Human Resources policy positions for 1974-1975. Although these statements do reflect the position of the Governors on a variety of human resources issues, the committee believes that its time and efforts can be better channeled in directions other than the development of detailed policy statements.

The human resources policy statements for 1975-1976 reflect the committee's desire for brief, concise statements which will provide the foundation for continuing multi-state involvement in making in-depth suggestions to the federal government on a situation-by-situation basis.

C. - 2

HUMAN SERVICES PROGRAM REFORM

In the area of human services programs, the National Governors' Conference:

A. Supports concept of eligibility for income maintenance, social services, subsidized medical care and food programs based on income. Supports equal treatment for families, working poor, childless couples and individuals regardless of marital status or family composition.

B. Supports federal financial responsibility for a national minimum-standard, income maintenance program.

C. Supports structuring human services programs based upon common goals. For example, social services and rehabilitation programs might be directed to the following specific goals, as appropriate, for particular families and individuals:

1. Achieving or maintaining economic self-support to prevent, reduce or eliminate dependency;
2. Achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
3. Preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
4. Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care, or;

5. Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

D. Supports basic purposes of pending federal proposals which would remove some barriers to States planning and administering a broad range of allied human services programs in a coordinated manner which more adequately reflects the state priorities. Such action would be an important first step toward accomplishment of needed basic reforms including consolidation of existing categorical programs and a strong leadership role for the States. Provisions of the pending federal proposal which should be supported include:

1. State designated sub-state services areas recognized as the common geographical areas for planning human services programs.
2. Options available to States to transfer a portion of funds available to a certain program to other federal programs included in a State or sub-state human services plan.
3. Options available to States to have certain statutory requirements and administrative regulations waived if they impede the development of a coordinated services program.
4. Special funds for comprehensive planning activities in the field of human services both for state and sub-state services areas, and administrative start-up costs for the implementation of such plans.
5. Provisions which would allow States to consolidate HEW funds available for planning under various programs.

E. Commends Congress and the Administration for the enactment of the new social services law (Title XX) and urges that in the implementation and refinement of the program, there be a continuation of the same spirit of cooperation and maximum flexibility for States which characterized the development of the legislation.

F. Urges that the Supplemental Security Income Program provide for full federal financing of the automatic cost-of-living increases to be passed on to the SSI recipients.

G. Urges the continuation after June 30, 1975, of food stamp benefits or the cash-out option for the aged, blind and disabled receiving SSI benefits.

H. Urges that federal legislation and programs contain provisions for increased experimentation among the various States and allowances for differing approaches in implementation and administration of these programs, so that different needs and situations of the States can be met. This could include the option of the development of State plans in which States devise their own structure and programs to meet the goals and objectives of the federal legislation.

I. Supports improved federal and state efforts to combat hunger and malnutrition, including the improved administration and coordination of present food programs and the continued purchase by the federal government--at market prices, if necessary--of commodity foods for distribution to school and supplemental feeding programs.

J. Supports positive management and initiatives by both federal and state government to increase efficiency and reduce errors in public assistance payment programs. The Conference does not consider that the punitive program of fiscal sanctions levied against States and localities on the basis of error rate samples represents a contribution toward these goals or a recognition of the equal responsibility of both federal and state members of the partnership for high levels of error. The Conference therefore urges HEW to revoke its regulation imposing fiscal sanctions and to focus instead on efforts to stabilize regulations, simplify administration and assist States to develop constructive programs to minimize error.

K. Urges Congress to provide in all grant-in-aid legislation a specific section that allows for the timely and legitimate state legal and budgetary process to occur prior to the implementation of any new program or changes in existing programs.

L. Urges continued financial assistance to programs now funded through the Headstart, Economic Opportunity and Community Partnership Act of 1974 including assistance to State OEO offices and partial financial assistance to Community Action Agencies only upon the approval of the Governor or a local official designated by the Governor.

M. Calls upon the Secretary of Agriculture to design a simplified procedure for application for food stamps. During this period of a depressed economy, food stamps are helpful in the support of our needy citizens. Many of our people are in dire need of food stamp assistance immediately, and yet delays in processing applications and long periods of unnecessary waiting are causing hardships among many low-income citizens. The federal red tape of long and detailed registration and application procedures is causing these unnecessary delays.

C. - 3

INFLATION AND THE HUMAN RESOURCE PROGRAM

Inflation is having a disproportionate and very severe impact on the poor, unemployed, the disabled, the aged and other people served by human resources programs and on the amount of financial support available to support the human resources programs designed to assist such people.

The National Governors' Conference urges the federal government to make a special effort (A) to provide financial adjustments for inflation in human resources programs and (B) to take a new initiative to stop the rise in the prices of basic human needs, such as food, medical care and home energy needs.

A. Federal financial adjustments for inflation in human resources programs should be made through:

1. Additional appropriations for cost-of-living adjustments in the welfare program, for higher stipends in manpower training programs, for larger basic grants for higher education students, and other related human resources programs.
2. Minimum wage increases consistent with inflation increases.
3. Higher income eligibility criteria for participation in human resources programs, such as educational aid for disadvantaged children.
4. Increase in statutorily-set authorization ceilings when increases in the minimum wage or inflation reduce the net amount of services that can be offered within such a ceiling.

B. A special federal effort should be made to control the rise in the price of basic human needs through:

1. The use of national guidelines, long-range planning and wage and price controls as appropriate; and
2. National legislation restructuring inflationary economic arrangements, such as might be done with national health insurance in the health sector.

C. - 4

CHILDREN'S SERVICES

A. The National Governors' Conference recommends revising existing state child neglect and abuse laws to:

1. Expand the definition of abuse to include emotional, physical and sexual abuse as well as neglect.
2. Include provision for preventive and remedial measures, and not simply punitive ones.
3. Mandate reporting of suspected neglect by all people regularly coming into contact with children.
4. Ensure coordinated reporting and service functions.

B. The Conference urges the States to enact legislation requiring health insurance companies to begin coverage of children at birth.

C. The Conference believes that one of the important stages in assuring normal physical and mental development in children is to provide early and periodic screening, diagnosis and treatment for all children, and urges health care providers to make special efforts to provide necessary treatment to such children.

D. The Conference supports all efforts to assist in the elimination of nutritional deficiencies in children.

E. The Conference urges the States to strengthen and support family foster care for children separated from their natural parents.

C. - 5

HEALTH

A. Federal Responsibility for Financing Health Programs

1. The National Governors' Conference recommends national policy which establishes health financing as primarily a federal level responsibility.
2. As its first priority for health, the Conference urges prompt enactment of federal legislation:
 - a. To guarantee an adequate set of comprehensive health benefits to every citizen regardless of his personal financial resources;
 - b. To finance such benefits through a federal level mechanism which combines public and private contributions in the most efficient and equitable manner feasible;
 - c. To include in the method of financing health benefits the financing that may be needed for meeting the health manpower and health facilities needs of the future as established by state and local comprehensive health plans;
 - d. To utilize the existing private enterprise medical services system and to reimburse private vendors of health services in a manner which encourages flexibility and innovation; which is consistent with state and local planning and regulation efforts; and which promotes efficient delivery and proper utilization.
 - e. To recognize that, to the extent that governmental financing is involved, such financing shall be primarily a federal responsibility.
3. The Conference urges the federal government to reinstate financial support for needed medical research efforts.
4. The Conference asks Congress to provide full funding, longer term authorizations and flexibility for existing health manpower, health maintenance organizations, drugs, alcoholism, mental health and mental retardation programs.

5. The Conference urges the federal government to establish, along with national health insurance coverage, a comprehensive program to reduce or prevent the affliction of the major cripples or killers of the American people using basically the presently existing system of health care delivery.

B. States' Responsibilities for Financing Health Programs

The National Governors' Conference urges the States to provide continued financial support for:

1. The development of state health manpower and education programs;
2. The support of professional staff needed for the new planning and regulation efforts on the state level.

C. Federal-State Responsibility for Health Planning and Regulation

The Conference continues to support the establishment of a sound program of health planning, resource development and health care cost control.

During the legislative debate on the Health Planning and Resource Development Act of 1974 (Public Law 93-641), Governors and local elected officials stressed the need to provide for adequate public accountability in the carrying out of these functions.

The legislation as enacted, while containing some amendments sought by Governors, is still completely unacceptable in its lack of clear lines of public accountability for developing plans and making decisions that affect the delivery of health care services.

The Conference asks that Congress consider the implications for society of the enactment of the health planning and regulation bill affecting the delivery of more than \$100 billion of health care services which inadequately addresses the issue of public accountability.

The Conference urges that there be an immediate evaluation by Congress of the adequacy of the new health planning law and the policies of the Department of Health, Education and Welfare in implementing the new law.

Such an evaluation and the determination of actions needed should focus on the issue of public accountability.

Congress should scrutinize the provisions in the law which give one official of the executive branch of the federal government, the Secretary of HEW, the power to control decision-making structures for the critical choices affecting health care services for individuals in their communities and States.

In addition, Congress should recognize that many States have created sub-state districts, with federal encouragement, to reduce overlap and duplication and to support comprehensive planning across functional lines.

The administration of the Health Planning and Resource Development Act of 1974, as outlined to the States by the Department of Health, Education and Welfare, would seriously damage the uniform district effort.

The Conference urges that, at a minimum, the following policies should guide the implementation of the law or the development of changes in the law:

1. The Governor, in consultation with local officials, should have the authority to designate health service areas without regard to such arbitrary criteria as population minimums of 500,000 and prohibition of division of Standard Metropolitan Statistical Areas (SMSAs). The Secretary of HEW should adopt the health service area designation submitted by a Governor.

2. The Governor, in consultation with local elected officials, should be responsible for the designation of the health systems agency at the local level to serve as the publicly accountable organization for health planning and related decision-making.

3. The Governor should be responsible for the establishment and structuring of health planning and resource development decision-making mechanisms at the state level so as to ensure consistency with state law and policies and to facilitate public accountability rather than autonomous decision-making. As an interim measure, the Conference strongly supports pending amendments to the health planning law to allow waivers from requirements regarding population size of health service areas and waiver of the statutory requirements concerning structure, function and composition of Health Systems Agencies and their governing boards, the Statewide Health Coordinating Council and the State Health Planning and Development Agency.

D. States' Responsibilities for Health Planning and Regulation

The National Governors' Conference urges the States to enact needed planning and regulatory legislation. Such legislation might include: Establishment of certificate-of-need legislation for facilities and health services; prospective budgeting and other cost control legislation for health vendors; provision for strong state comprehensive health planning; coordination of the expenditures of federal and state funds; encouragement of local planning; and the development of more flexible licensing laws.

E. The Nature of the Health Delivery System

The National Governors' Conference supports the maintenance of the private nature of the health delivery system until and unless proved unsatisfactory, and encourages the federal government and the States to shape legislation which provides for:

1. Greater flexibility and financial support for innovation and improvement in the health delivery system, such as support of health maintenance organizations.
2. Recognition that health delivery is primarily a personal service and is best performed in a decentralized and deinstitutionalized manner on a community basis.

EDUCATION

A. Recognizing the major responsibilities the States have for education and in light of questions raised by recent court decisions regarding the financing of elementary and secondary education, all Governors are urged to review the present system of financing elementary and secondary education in their States. This is especially true in light of the Supreme Court decision which focused responsibility for the financing of education upon the States. Governors feel that the States should take immediate action toward assuming greater responsibility for financing local education in order to eliminate the influence of local wealth in educational opportunities and to guarantee educational spending in accordance with educational needs. States should implement alternative methods of financing education, designed to relieve the undue burden on the local property tax.

B. While achieving equality of educational opportunity is primarily a state responsibility, the Governors are hopeful that new federal assistance will be forthcoming to aid the States in this endeavor. Federal programs designed to assist intrastate equalization efforts should be mindful of the differing state political traditions and fiscal preferences and, therefore, should not be aimed at encouraging a single, federally prescribed approach to education finance reform. Moreover, federal assistance should not be tied to other objectives such as property tax relief, since local tax relief and reform are state concerns and must ultimately depend upon state action.

C. The National Governors' Conference supports the assumption by the federal government of far greater responsibility for the financing of education. Such increased federal financial participation should take the form of block grants to the States for educational purposes.

D. Federal grant-in-aid programs should continue to encourage new and innovative solutions to the serious problems that face our educational systems.

E. The Conference supports adequate advance funding of existing federal programs commensurate with critical educational needs.

F. The Conference supports consolidation of existing federal grant-in-aid programs for education into broad functional categories. It further supports maximum administrative simplification of planning, application, allocation, accounting and reporting procedures for all consolidated grant-in-aid programs. Every effort should be made to develop the necessary fiscal and administrative capacity in the States to assume effectively the responsibility for consolidated grant-in-aid programs.

G. The Conference believes it should be the responsibility of each State, as an integral part of a free public education, to provide for special education services sufficient to identify and meet the needs of all handicapped children.

H. Recognizing the tremendous additional financial burden which would be incurred in providing for the education of all handicapped children, the Conference calls upon the federal government to increase its assistance to the States in fulfilling this commitment. Federal assistance, however, should allow maximum

flexibility and discretion to the States in providing the essential services they deem appropriate, since these services in many States are administered by more than one agency.

I. The Conference supports recognition by federal and state governments of their responsibility to help preserve the contributions of private education.

J. The funding of post-secondary education has rapidly become one of the nation's biggest problems. In a recent survey, Governors identified post-secondary education finance as one of their three top priorities and concerns in the field of education. It is most appropriate, therefore, that the National Governors' Conference undertake a review of such surveys and studies related to post-secondary education.

C. - 7

MANPOWER

A. The National Governors' Conference urges that implementation of the Comprehensive Employment and Training Act (CETA) be carried out in the spirit of the legislation. Specifically, the Conference urges that the regulations governing the administration of programs under CETA be kept brief, provide maximum flexibility to prime sponsors and take into consideration existing state and local laws, as well as existing federal regulations.

B. As consolidation and decategorization of programs take place under CETA, Congress and the Administration are urged to review the program effectiveness and planning and delivery of manpower services under all titles of CETA and also under the Wagner Peyser Act together with the linkages of these acts with vocational education and vocational rehabilitation. Assistance and advice from state Manpower Services Councils, created under CETA, should be sought in this process of federal review.

C. The Conference strongly opposes legislative proposals to establish additional categorical manpower programs and efforts to provide a national guarantee of funding levels by prime sponsors for particular programs and instead urges increased decategorization of manpower programs.

D. The Conference strongly opposes efforts to decrease the population of local governments eligible as prime sponsors or to make local school districts eligible as prime sponsors.

E. The Conference urges the executive and legislative branches of the federal government to augment existing manpower programs with enough fiscal resources to deal quickly and effectively with the 1975 unemployment difficulties, including summer youth employment funds and public service employment funds.

F. Because of our national need to properly match people in need of work with available job openings, the Conference calls upon Congress and the Administration to adequately fund the joint federal-state Employment Service. In a period of recession, more workers seek employment services, and proposed budget and staffing cuts only serve to lessen the ability to perform such services when there is a greater than normal need to counsel and place workers.

G. The Conference urges that the role and function of the State Manpower Service Council be maintained and strengthened; specifically all CETA Title III activities such as programs for migrants, Indians and correctional inmates within States should come within the purview of the councils.

H. Public service employment, although it possesses some advantages as a counter-cyclical tool, should principally be utilized to attack structural unemployment and assist the disadvantaged and other hard-to-employ groups to enter and remain in the work force. Public service employment alone will not cure the ills of a nation suffering from recession. Therefore, the National Governors' Conference urges Congress and the Administration to use more fundamental approaches to combat the current recession, including monetary policy changes and fiscal measures such as tax cuts, public works spending and counter-cyclical revenue sharing.

I. The Conference supports congressional efforts to extend CETA Title VI through FY 1976. This extension should include a funding authorization that will provide such sums as may be necessary to enable a significant number of unemployed Americans to receive public service job opportunities, if required.

J. The Conference calls for the Comprehensive Employment and Training Act and the regulations for public service employment programs to be amended to allow prime sponsors to utilize up to 15 percent of the funds for training, supportive services and administrative costs, including the purchase or lease of job-related equipment and supplies for participants.

K. State, city and county governments should develop and maintain effective cooperative working relationships in the administration of all public jobs programs, including the provision of equitable state public service employment opportunities in areas of more than 100,000 population.

C. - 8

UNEMPLOYMENT COMPENSATION

WHEREAS, several States are compelled to borrow from funds controlled by the federal government to pay for unemployment benefits, and

WHEREAS, the national rate of unemployment is in excess of 8 percent and is projected to average 7.9 percent in 1976, and

WHEREAS, state and local economies have unemployment rates far in excess of the national average, and

WHEREAS, the federal government has recognized the need to restructure unemployment benefits through the creation of special and extended benefits programs which include federal funds;

NOW, THEREFORE, BE IT RESOLVED:

That 1) if a state unemployment rate reaches 10 percent and if a State's employment trust fund has a balance sufficient to cover only one month of benefit payments, then the financing of the Extended Benefits Program shall extend to the

Regular Unemployment Benefits Program and that 2) the federal government use its general revenues when necessary to finance the federal share.

C.- 9

PREVENTION AND TREATMENT OF CHEMICAL ABUSE, DRUG ABUSE,
NARCOTICS ADDICTION AND ALCOHOLISM

A. The National Governors' Conference supports the development of a national commitment to deal with the problems of narcotics addiction, drug abuse and alcoholism.

B. The Conference supports full funding of federal drug and alcoholism prevention and treatment legislation which provides the first stages toward a national commitment to combat chemical abuse. Additional action by the federal government will be required to provide support, on a scale commensurate with the need of research and for a full range of treatment resources for all addicts, drug abusers and alcoholics who can benefit from it. Such funds should be made available on a flexible basis and in accordance with state established priorities so that state and local governments can use them in the most effective manner possible.

C. - 10

NON-DISCRIMINATORY TREATMENT FOR PUERTO RICO AND THE TERRITORIES

The National Governors' Conference urges that federal programs be revised to provide non-discriminatory treatment for the people of the Commonwealth of Puerto Rico and the Territories in all human resources legislation.

The Conference urges the removal of ceilings on the amount of federal expenditures for Medicaid in the Commonwealth of Puerto Rico and the Territories.

The Conference supports removal of "set-asides" on the amount of federal expenditures for education in the Commonwealth of Puerto Rico and the Territories and of formulas which do not treat them in the same way as the States.

C. - 11

PROGRAM ADMINISTRATION

Each State should develop and administer all of its programs in a completely non-discriminatory manner.

Natural Resources and Environmental Management

D. - 1

GENERAL PRINCIPLES

The nation's Governors believe that national goals must be established for protection of the environment and for energy availability. These must be joint goals because of inevitable trade-offs. The quest is for a reasonable and responsible balance between benefits and costs. To deny that there will be costs is to ignore the obvious. Assessment of costs must include the cost of waste to our society and result in determination to make the most efficient use of our dwindling resources. A wise approach is to make certain that adverse impacts are minimized. To achieve this, it is important to develop clear and accurate information measuring the values and costs involved in each policy and program.

National energy policy, if it is to have the vitality and acceptance critical to its success, must involve more than the federal government. Other levels of government and the private sector have an essential responsibility in this quest.

The genius of our federal system is in the dynamic interplay it nurtures between the federal government and the States. The creative function of the States must not be stifled by pre-emptive federal legislation. Rigid uniformity denies innovation. The frontier areas of policy and program require multiple approaches with careful evaluation and the sharing of the results. States know their own traditions and the dynamics of their own societies and economies.

This is particularly true in those areas where responsibility has traditionally been vested with the States. In new areas, where the States have been slow in recognizing their responsibility and where a pattern of state response has occurred, there is greater justification for the expression of federal interest.

As a general approach, we believe that private individuals and organizations should first be solicited appealing for voluntary response based on reliable information and analysis. If voluntary conduct does not meet the needs of the society, government should then consider an appropriate mix of tax incentives and regulation.

Policy and program planning must involve data collection, social scientists and natural scientists interacting to share insights and judgments. Research results and research agendas must be coordinated. This means improvement of communications between those who collect and analyze information, those who seek new knowledge and those who formulate policy and assign programs.

Reliable information, collected from sources free of even the taint of partisanship or special interest is essential. Only as confidence in the reliability of information is achieved can America more successfully resolve policy issues.

While short-term action is needed, we must, moreover, be guided by long-term planning and policies. Too often, short-term necessity lays the foundation of long-term policy. Planning for energy and environment must be long range. We must think in terms of decades, not seasons. In the quest for adequate energy supplies,

there must be proper recognition of responsibility to future generations to protect the quality of the environment and to conserve our non-replaceable natural resources. General programs in the public interest may produce hardships for one region or one sector of society. General programs in the public interest may produce burdens on one group while the beneficiaries are in other regions or sectors. As a general proposition, compensation should be provided so that benefits and burdens are equitably distributed.

Regional differences produce regional viewpoints. Respect for diversity and a willingness to compromise remain crucial ingredients of effective national policy and program. The nation's Governors have demonstrated that they can resolve differences to serve the national interest and pledge to maintain this working relationship.

D. - 2

NATIONAL ATTITUDES TOWARD NON-REPLACEABLE NATURAL RESOURCES

The National Governors' Conference recognizes that there is a finite supply of the earth's mineral resources. This nation has a responsibility to future generations to conserve our non-replaceable, non-replenishable natural resources. All levels of government must act to discourage the senseless waste of these resources.

We must discourage the waste of electricity. We should examine the wisdom of our present system of electric power rates that frequently encourage heavy consumption. We should develop methods, such as energy efficiency labeling of appliances, to enable consumers to practice energy conservation in their homes. We should provide incentives for large industrial users of electricity to develop energy conservation plans. The waste of electricity is a waste of non-replaceable fossil fuels and can no longer be tolerated.

We must discourage the waste of petroleum products. We should develop policies for transportation, space heating and industrial usage of petroleum that encourage the highest premium use of these non-replaceable fossil fuels.

We must discourage the waste of fresh water. Less than one percent of the earth's water is potable. Federal and state policies should be designed to reduce the consumptive use of water. If our future domestic and agricultural water needs are to be met, we must wisely manage and conserve our precious water resources.

We must discourage the waste of reusable products. Interstate freight rates should provide incentives for the transportation and reprocessing of waste materials. Recycling programs should be established to enable citizens to participate in this form of resource conservation.

Most importantly, a national attitude must be created that includes an awareness of waste and its costs to our society and a determination to make more efficient use of our dwindling resources.

ENERGY CONSERVATION

The nation's Governors are dedicated to promoting the conservation of energy to slow down the increase in demand which far exceeds our population increase. The saving of energy will help relieve the depletion of resources and increase the time period for developing more efficient energy sources.

- A. States must take the lead in national efforts to conserve energy.
- B. Both state and federal procedures should be established for requiring energy resource statements on all projects as part of the existing systems of environmental impact statements.
- C. States, at least, should require that all state agencies follow sound energy conservation practices in their operations (including construction of public buildings) and program activities.
- D. A national standard on thermal efficiency for new residential and commercial buildings should be supported and implemented.
- E. Utility rates, tax rates, license fees and other regulatory or revenue-raising practices should be reviewed for their impact on energy consumption.
 - 1. The utility rate structure could be altered to discourage wasteful use of energy.
 - 2. Personal and real property tax rates can be set to encourage utilization of energy-saving devices or practices.
 - 3. Registration fees for automobiles or other vehicles can be used to promote less fuel consumption.
- F. Efforts to construct and to improve the efficiency and attractiveness of mass transit systems should be supported at the state and federal levels.
- G. Major programs to educate the public on energy conservation practices should be undertaken. The use of utility funds for this purpose should be considered.
- H. An inventory of energy needs should be made for each State, and contingency plans for meeting these needs should be developed.
- I. An interstate energy clearinghouse should be established which would provide an inventory of available fuel sources, including amounts and types. Procedures for the voluntary transfer of supplies to fuel-short areas, or of low-sulfur or other low-polluting fuels to more heavily-polluted areas, should be established. This will require establishment and coordination of state-level energy resource clearinghouses.
- J. Land-use control remains the most hopeful long-range tool for changing the patterns of energy consumption. In the short term, land-use

planning procedures are necessary to balance environmental protection against the need for surface-mined, energy-producing resources and for resolving differences over the needs of generating facilities.

D. - 4

ENERGY PRODUCTION AND SUPPLY

- A. A long-range policy that encourages domestic self-sufficiency in the production of energy should be adopted and underlie our foreign and economic policy decisions as well as our basic research and development efforts.
- B. Research and development efforts should contribute to the integrity and adequacy of our nation's energy resources. Recognizing that far more than technology is involved in decisions relating to the development and use of specific energy sources, the following areas should be the subject of intensive research endeavors which assess not only the methodology of development but also energy cost and benefits, as well as environmental and socio-economic impact:

Shale oil, coal gasification, coal liquefaction, nuclear fast-breeder reactor, nuclear fusion tar sands, solar energy, geothermal, Magneto-hydraulics (MHD), and wind and more efficient forms of electrical generation and transmission.
- C. In attempting to insure an adequate supply of energy, environmental standards must be maintained to the maximum feasible extent. Exceptions should be granted only for specific limited time periods and after appropriate show-cause proceedings.
- D. To facilitate needed construction with minimum environmental harm, procedures must be established for the siting and certification of energy production and transmission facilities, including the development of deepwater port facilities.
- E. Federal administrative procedures and responsibility for implementing national energy programs must be consolidated and coordinated with state energy programs.
- F. In order to stimulate increased exploration for natural gas, federal regulations limiting well-head prices should be raised, and adjusted with continuing review of the effect such regulations have on increased production.
- G. Federal mandatory petroleum allocation programs need to assure that retailers receive a continuing supply, and also assure sustained supplies for agriculture's current requirements and other priority needs. Gasoline shortages must not be used as a pretext to eliminate small, independent distributors who have provided price competition which benefits the public.

ENERGY FACILITIES SITING

One essential part of a good energy management system is a program which will help develop the best level of capacity for energy production and transmission facilities in the best locations. Too little capacity strains the energy system and places unreasonable constraints on economic and social systems as well as making the nation vulnerable to foreign suppliers. An excess of facilities wastes money and natural resources--particularly non-renewable resources which will remain the mainstay of our supply system until there are significant technological advances. One contributing factor to higher utility prices in some places is excess capacity over demand.

The location of energy facilities is a difficult and complex problem. Competition for use of sites exists between energy and other social and economic purposes. Dangers to the environment will always exist in the work that man does but it can be minimized and must be minimized where the losses which will result from a miscalculation are severe. Decades of total disregard of environmental consequences of some technologies and practices created a need for a sweeping program of environmental controls to overcome a backlog of problems. Responsibility for enforcement has been placed on all levels of government. Pressures to bring domestic supply of energy into closer balance with demand should not -- and need not -- operate to recreate threats to the health and well-being of our people and the environment on which they depend.

Supply and distribution systems in the energy field are so complex that no region or community can shirk its responsibility without imposing unfair burdens on others. If a fair share of the energy supply is demanded, then a fair share of the responsibility on the supply side must be assumed. Where changes are needed in levels of demand or supply capacity, they must be made. At the same time, abrupt or inadequately analyzed changes can produce chaos in one area while having little impact on others.

For example, expansion of refinery capacity where it does not now exist can change the patterns of distribution. This may be, in the aggregate, a benefit to the nation and to a total region. However, unless care is exercised, some part of that region may become disadvantaged because as existing sources of product and distribution systems are replaced, present users may be denied traditional supplies on which they have built their communities and their economies. Similarly, conversion from reliance on scarce fuels must depend on availability of useful alternatives.

As the costs and burdens of energy facilities are better understood, private individuals and businesses will understand better the need to reduce demand where it can be achieved. Decreasing demand reduces the pressure for committing scarce resources to expanding supply. It is the equation of supply with reasonable demand that must frame expansion of supply.

Land and water resource management systems can be a very valuable tool in selection of the best sites for new or expanded energy facilities which our society will need to permit orderly progress. However, even if a State is not in a position to do comprehensive land management, it may find it useful to assume a greater

role in identifying site location criteria for new energy facilities and for helping to make sure that the added capacity which will be required is located most usefully for that State and the region in which it exists.

Therefore, the nation's Governors call for federal assistance in helping them to play their most useful role. There is no need for federal pre-emption. Indeed, it can serve negatively to stifle innovation and to create intrastate and inter-regional frictions which will frustrate the cause of orderly progress. The problems and capacities of different States and the determination of how to reconcile conflicting policies cannot be successfully achieved by federal fiat.

States should be provided with technical and financial assistance to do facility siting management and/or general land management as they develop the appetite and competence to do either or both. Federal programs can help to create the best atmosphere for such activities and the federal government can take the lead in amassing the information on which every level of government and private actions can be most confidently based. The federal government should accumulate data from public and private sources and establish a framework in which energy information is maintained accurately, completely, currently and in uniform modes. Data pertaining to a particular State should be accumulated, wherever possible, through the Governor so that the State has all the data applicable to it and to its region in a form compatible to federal information and to the information its neighbors are using to make their decisions.

Interstate cooperation both in planning and program is essential. Therefore, Congress should authorize States to enter into compacts in the energy field without having to wait for congressional ratification. This approach, one used in the crime abatement field, would eliminate one of the obstacles to regional cooperation to meet regional needs.

Energy facility sites can be designated in advance of actual use for that purpose. It would be helpful if a federally-funded revolving fund could be made available so that acceptable sites could be land banked, and as they are sold for use the proceeds of the sale are returned to the fund.

Streamlining of federal licensing procedures where these are part of the process for construction of an energy facility could also help meet a national problem. Innovations by several States can help guide not only sister States but also the federal government.

D. - 6

OUTER CONTINENTAL SHELF ENERGY RESOURCES

1. Proposals for the development of outer continental shelf energy resources must be an integral part and be reviewed in light of a comprehensive, balanced energy policy. The energy policy developed should reflect not merely the proposed uses for offshore oil and gas, but also a consideration of whether such offshore development is necessary in light of prudent conservation measures and alternative sources of energy. The nation's energy policy that finally emerges should be truly national in scope and developed and implemented in partnership with the States. Full and early opportunity for public review and comment should be afforded as new policies are formulated or when changes to existing policy are proposed.

2. The continental shelf is a great public natural resource which should be managed with scrupulous care to ensure the long-term productivity of all its resources and a fair economic rate of return to the public.

3. The Governors believe it is in the public interest to promptly explore the OCS to determine the extent of energy resources that exist. However, the exploration program of an OCS tract must be separated from the decision to develop and commercially produce that tract. Therefore, the proposed Department of Interior leasing schedule should be revised to reflect and ensure the requirements of equity and efficiency. Specifically, the government should establish, in cooperation with the States, a phased and measurable production objective for offshore oil and gas. This objective should reflect the role of OCS oil and gas in import substitution and its relation to other sources (including production from naval reserves, existing OCS leases and onshore production).

On the basis of a phased production objective, a revised leasing schedule should be established which would take into account objective environmental rankings, hydrocarbon prospects, regional energy needs and economic impacts, transportation and refinery linkages, costs and productivity of development, material, manpower and capital constraints.

Prior to initiation of OCS production on any OCS tract, the full requirements of the National Environmental Policy Act should be strictly observed.

4. An OCS program must include an evaluation of sometimes conflicting national goals and assume that in some instances for areas of exceptional non-petroleum resource value, no petroleum producing activities should be permitted if the production will seriously jeopardize those other resources. The Governors believe that it is in the public interest that such total restrictions be imposed in appropriate cases.

5. Development, production, transportation and onshore facility plans should be submitted for approval to the Department of the Interior, but only after the potentially impacted coastal States have reviewed such plans in order to ensure consistency with state coastal zone management plans and other applicable state statutes and regulations. Since the plans should be reviewed for consistency with state coastal zone management programs, the Governors believe that adequate time, as determined by Congress, should be afforded States to develop such coastal zone programs before any OCS production commences.

6. Present leasing procedures should be changed to assure an equitable return to the public and efficient management and development of OCS resources. The Governors recognize that no single leasing method is ideal. However, the present cash bonus bidding plus low fixed royalty system does not adequately balance the need for a fair return to the public with the need to provide industry with reasonable incentives to explore and develop our OCS resources.

7. The Governors further believe that the following administrative or legislative reforms should be implemented:

- a) An effective institutional mechanism must be established to ensure an ongoing working relationship with the potentially affected state governments. Through this mechanism, the States should have timely access to data

necessary for planning to avoid or minimize adverse impacts and chaotic development and have the further opportunity to participate fully in both technical and policy decisions affecting the program.

b) The States should participate in the decision to permit production of an OCS tract and should also share responsibility for review of the adequacy and implementation of environmental safeguards and OCS regulations.

c) The Governors will endeavor to coordinate the participation of the various state agencies in this process, with a view to improving the over-all efficiency of resource management decision-making. Federal funding is required for onshore planning and impact mitigation. With such federal assistance, the States must dedicate sufficient personnel to expansion of their planning and regulatory capabilities with respect to economic, environmental, land use and energy planning aspects of coastal zone management.

8. The Governors believe that any OCS program will have substantial financial impact on affected States. Anticipated onshore development will require States to plan for and eventually finance public facilities to cope with the impact of that development. Since the OCS program is a national one, the Governors believe there is a clear federal responsibility to assume the necessary related costs of the development. Adequate federal funds should be made available now to States to enable them to stay ahead of the program and plan for onshore impact. Once the program commences, provision should be made for federal assistance such as the application of federal royalty revenues to affected coastal and adjacent States in compensation for any net adverse budgetary impacts and for the costs of fulfilling state responsibilities in the regulation of off and onshore development.

9. A major oil spill or blowout can have devastating effects on the coastlines and the economies of the coastal States. Fairness dictates that the oil industry should be strictly liable for all cleanup and consequent damages flowing from a spill and that this liability be unlimited. If the federal government posits that it is in the national interest to limit the liability of those who cause the spills, then the full risk should be shared on a national level with insurance to cover the difference between what the oil company pays and what the State is forced to absorb.

Summary of Key Points

1. OCS is a national resource.
2. Prompt exploration of OCS is in the public interest.
3. Exploration of OCS areas should be separated from the decision to produce from individual OCS tracts for oil and gas.
4. A phased production objective should be established relating OCS resources to import substitution, other oil and gas sources, and demand reduction measures.
5. A new leasing schedule should be developed, taking into consideration these production objectives as well as environmental ranking, regional energy needs and economic impacts, transportation and refinery linkages, and material, manpower and capital constraints.

6. New leasing procedures should be adopted to ensure an equitable return to the public as well as efficient development and management of OCS resources.

7. Administrative or legislative reforms should be introduced to provide for a more effective state role in resource management and more timely availability of necessary data for state planning needs.

8. Federal funding is needed to assist the coastal States in coping with planning needs and adverse impacts of OCS development.

9. Strict liability and no-fault compensation measures are essential.

10. The States should increase their efforts and participation in resource management decision-making and regulations.

COAL

D. - 7

Given that:

1. The world's reserves of oil and natural gas will not let us continue our dependence on these sources of energy;

2. It is in the national interest to limit the importation of oil;

3. An energy program is being formulated that will cause coal to be a more significant energy source by the year 2000.

Therefore, the nation's Governors resolve that:

1. The development of a comprehensive coal program that stimulates both production and utilization must protect the physical, social and economic environment of the producing region.

2. The perfection of coal desulfurization technologies is vital. ERDA should make coal desulfurization its first priority.

3. Tax credits and other considerations should be granted to industry and utilities to convert to coal and to States lacking adequate transportation facilities to transport coal.

4. Coal conversion processes offer a near-term (50-100 years) solution to the availability problems of oil and natural gas. The federal government should sponsor extensive research and development programs in advancing conversion technology for coal. This must be paralleled by the federal financing of pilot conversion plants in all coal-producing regions.

5. The Department of the Interior, in cooperation with the States, must act to protect the environment of coal-producing States, giving attention to subsurface as well as surface reclamation. Specific areas of concern are:

a. That a commitment be made to total reclamation as directed by state land-use decisions;

- b. That provisions be made for state use of all exploratory drill logs of subsurface material and soil analysis;
- c. That the surface owner must be adequately protected and fully compensated for hardships encumbered by mineral development;
- d. That the quality of air and water not be diminished through coal-mine activity; and
- e. That research should be stepped up on returning refuse to the subsurface.

6. It must be recognized that accelerated coal extraction activities will place unusual demands on state and local governments to serve the needs of the workers. Insofar as these increased demands are stimulated by out-of-state demands for energy from coal -- either by direct transfer of coal or by transfer of electricity and/or gases derived from the coal -- the costs of those services should be proportionately borne by the ultimate user of the energy.

7. State laws relative to the protection of the environment, the siting of energy-related facilities, land-use planning and the use and regulation of intrastate water rights should not be pre-empted by federal laws, rules or regulations.

D. - 8

NATIONAL ENERGY POLICY

The nation's Governors appreciate the President's initiative in stimulating debate and action on proposals to deal with this nation's energy situation.

The nature of our present economy coupled with growing problems of energy availability and higher prices makes strong, coordinated and clear action necessary by all governmental levels and individuals alike.

The people of this country are receptive and responsive to actions which need to be taken when the problems to be met are clearly described and when realistic, achievable objectives are set forth.

A conservation program of massive proportions must be the central focus of our nation's short-range energy management program. The federal government has a responsibility for necessary national leadership in the accomplishment of such a program on largely a voluntary basis. To date, we have no such over-all logically integrated effort. Consequently, those who have concluded that voluntary citizen actions have been either too slow or inadequate fail to recognize that we simply do not have a real program in place. Rather, we have at hand today only the concept -- not an over-all integrated plan. Such a comprehensive conservation plan must be adopted quickly. It should set forth specific, understandable and measurable goals and objectives for collective and individual actions. It should be coordinated through all levels of government and should be amply financed and staffed.

A properly-constructed program will build on existing elements already under way. It would recognize the key factor of automotive efficiency and use. It would support positive measures and incentives to accomplish needed objectives. The following would be appropriate ingredients in this intensive public and private activity:

1. Accelerated and stronger standards for automobiles, including gasoline usage requirements and taxes and other disincentives on inefficient vehicles. While this element would mandate change for a prime user of petroleum resources, this would provide an economic stimulus to the industry after a redesign period.
2. A more vigorous enforcement of the 55 mile per hour speed limit.
3. Stronger programs for public transportation including more federal commitment.
4. Tax and other incentives for conservation actions.
5. Better and more intensive educational efforts on a national scale with necessary adaptations to differing state and local requirements.
6. Accelerated state energy management programs with federal financial support.
7. Weatherization of buildings.

This conservation initiative should be prepared and implemented quickly. Close monitoring for the next four to six months will enable decisions to be made as to whether additional action would need to be taken if basic objectives are not being met.

If additional measures are necessary to accomplish conservation objectives, then the price mechanism or allocation programs could be brought into play. Prices will necessarily rise as a result of efforts to increase supplies and to discourage wasteful uses of scarce resources; such increases should be phased to avoid abrupt impacts and allow opportunity for adjustment. Tied to this approach should be a standby allocation program if inadequate progress towards meeting our reduced usage goals is made. If the allocation process through volumetric limits is used, the program should be in conformance with previously prepared plans and should provide the flexibility necessary to minimize inequities or the carrying of unfair burdens by regions or individual States. Allocation management plans should involve the States in an appropriate capacity. Such a program should be implemented only if the foregoing elements fail of successful achievement.

This plan, based on immediate broad-gauged conservation, has the most promise of quick, effective action, citizen receptivity and response with achievement of reachable goals. Together with a back-up program of price-supported usage adjustments and a standby allocation program, the country will be prepared to chart its way towards an energy ethic which stresses wise use of energy with a clearer recognition of necessary fundamental changes to be made over the next several years, along with the encouragement of immediate alternate energy-source development.

STATE ROLE IN ENERGY CONSERVATION

NGC energy conservation policy is clear and antedates the shortages evidenced in late 1973 and thereafter. The Governors predicted the need to mount an effective conservation effort several years ago and their judgement has been confirmed by events.

The nation's Governors believe the federal government has not provided the leadership or the support which the goal of meaningful conservation merits. State efforts have not been uniform and much remains to be done. The Governors believe that conservation can proceed even while waiting for appropriate federal responses to the challenge. The Governors and their States can make a meaningful contribution on their own.

In the final analysis, any success will depend on the good will and good sense of an informed citizenry. Currently, people are confused about the scope, if not the very existence, of the energy problem. Conflicting voices from the nation's capitol and ambivalence in Congress belie the gravity of the problem. Availability of products (albeit at a higher cost) appears inconsistent with rhetoric about shortages. Inadequate supply is usually the hallmark of a shortage and this traditional evidence is lacking.

What is needed is a large-scale, coherent exposition of the problem which this country faces as it becomes more dependent on foreign nations to meet its essential needs. What is required is a clear description of the effects on our domestic economy of shipping out more than \$24 billion a year. Fossil fuels are finite and cannot meet projected energy demands.

To establish credibility of the message from the nation's leaders means all opinion-makers must work together -- those in government and those outside -- to help educate the American people and to mobilize their joint efforts to resolve the problem.

The Governors pledge not only to provide leadership in the energy conservation effort but also to enlist the cooperation and support of their legislatures. They will also work with private individuals and organizations as well as with officials of local governments.

While the temptation is to work only on those projects which produce easily measurable results, there are efforts which can make major contributions even though the savings are hard to quantify. For example, appeals to turn down the thermostat in winter should continually be made, though no acceptable governmental program can be devised to assure compliance with the request.

The quest is to reduce waste, to use less fuel to accomplish desirable tasks than would otherwise be used. It is essential to devise those measuring standards which will test efficiency -- their use will guide evaluation of energy conservation. The diesel fuel and gasoline used per acre of cultivation or bushel of corn recovered is the standard, not the total use of petroleum for agricultural production. A bumper crop may mean using more petroleum products than would a low yield.

The chart on the following pages lists actions which have already been taken by some Governors. We urge all Governors to institute appropriate actions. In

Energy Conservation Alternatives for Governors

<u>Program</u>	<u>Administrative</u>	<u>Legislative</u>
1. Conservation in government facilities.	Executive Order; assignment of monitoring responsibility to a single agency. Establishment of a realistic energy conservation goal. Public education and information. Utilize savings figures in state budgeting process.	Establishing the requirement for life-cycle costing for all state facilities, buildings as well as equipment such as automobiles, air conditioners, etc. Requiring a conservation program for all units of local government, including life-cycle costing.
2. Support and enforce state 55 mile per hour speed limits.	Executive Order. Public education.	Legislating the limit into state law. Realistic penalties.
3. Public education and information.	Through existing energy agency, department of education, environmental agency, state road department, state commerce departments, natural resources department. Support of information and education funding requests. Personal appearances, etc.	Funding of agency public information and education programs, establishment of state program in department of education.
4. Review energy impacts of all state programs.	Executive Order requiring review of energy impacts of state programs and appropriate program revisions, if feasible and lawful.	Energy impact legislation for all major state actions.
5. Support mass transit and car-pooling programs throughout the state.	Through department of transportation, energy office, departments of commerce, education, etc. Enlist the help of private, industrial, and commercial sector.	Incentives and funding.
6. Land-use planning.	Executive Order (where lawful) stressing need for energy impact studies in all land-planning actions; state and local.	Legislation requiring energy planning by state and local agencies.

<u>Program</u>	<u>Administrative</u>	<u>Legislative</u>
7. Building codes.	(After implementing legislation) Ensure adequate energy consideration in state building codes.	Mandatory state building code legislation.
8. Data gathering.	Assignment of responsibility to state energy office for consumption as well as supply-demand information.	Mandatory reporting requirements.
9. Technical assistance for local government, commerce and industry, public consumer protection.	Assignment to state energy office support for budget requests.	Funding, consumer protection legislation.
10. Encourage use of, and research on alternative energy sources.	State energy office, information program; technical support from university system.	Tax incentives. Research funding.
11. Utility regulation.	Work with public service commissions and utilities to promote private conservation and to determine whether alternative rate structures in different areas would promote conservation without unacceptable adverse impacts on the economy of a State or area.	Mandatory legislation based on results of studies. Public utility commission action, where lawful.
12. Freight regulation.	Review, study, recommend to public utility commission and legislature.	Mandatory legislation, action by public utility commission, where lawful.
13. Weatherization.	Assignment of responsibility to state agency, seek federal assistance, allocate state/federal funding.	Funding, consumer protection.
14. Appliance and/or automatic labeling and efficiency standards.	Information program; state procurement policy.	Mandatory legislation.

addition, the Federal Energy Administration and the National Governors' Conference are preparing a source book for guidance in developing an energy conservation program. NGC will sponsor an energy conservation conference in the fall to focus attention on this national effort.

Early state involvement is crucial to the formation and implementation of a national energy program. Formal mechanisms have not been established for this early involvement of the States in either the executive or legislative processes. The traditional reactive role assigned to the States is inadequate for the national energy problem. The Conference recommends the recent mechanism utilizing task forces established by the Federal Energy Administration and the National Governors' Conference as the model for all federal agencies and Congress. Furthermore, the Conference recommends that effective regular communication with the States be instituted and maintained.

The proliferation of energy programs without proper coordination impedes the States' attempts to become participants in the formulation of national energy policies and programs. The Conference recommends that a single lead agency such as the Federal Energy Administration be given adequate authority to coordinate activities between the state and federal governments.

D. - 10

UTILITY REGULATION

Regulation of utilities which produce and/or distribute electricity has traditionally been the province of state government. Complex, interrelated systems have been designed to encourage the optimum level of production at the lowest reasonable price to consumers. At the same time, state agencies have tried to permit a rate of return that would not reduce the incentive of investors to maintain private ownership of a significant portion of this industry.

Events of the past few years have put a combination of special strains on both the utilities and the regulatory system. Inflation hit both construction costs and the cost of credit. Fuel for the generators has risen erratically and rapidly. This has meant frequent applications for rate adjustments for fuel costs. Generators built for coal were directed to use other fuels which had fewer environmental problems. Then they were encouraged to convert back as oil and gas became impacted. Finally, conservation and a weakening of the economy reduced sales and over-capacity in many areas raised unit costs as operations fell below optimum levels.

The regulatory commissions were asked to respond to all of these rapidly changing elements of cost to calculate a useful rate structure. Commissions' case-loads spiraled and pressures mounted to make sure the utilities remained financially viable. Domestic fuel shortages evoked calls for revision of rate structures to achieve both conservation and equity.

What is clearly needed are guidelines which spell out various options to deal with each type of problem and the wide range of combinations of problems. Predictions of local requirements are more difficult because demand is being subjected to structuring to meet national and sub-national goals. Complex systems to conform supply capacity to shifting plans and to set rates to permit reasonable returns on equity require tailoring to meet the different challenges in each State.

The proposals to establish uniform federal standards regulating a few of the many variables do not answer the national problem. This is a time to strengthen the various state regulatory mechanisms rather than to tamper with pieces of a complex system. Studies done with, and by, the regulatory agencies are urgently needed. Regularized accounting practices for utilities should be sought, but state authority to set standards should not be supplanted. Encouragement and evaluation of innovative rate-structure modifications is desirable.

To some extent, federal policies and programs create strains and costs. Shifting between fuels is one obvious example. Where federal policies produce the problems, federal help should be available to pay to solve them.

The NGC Energy Program should carry forward its work with the National Association of Regulatory Utility Commissioners as well as with regulatory utilities commissions (federal and state) seeking to expand our knowledge of what alternatives can be considered by the States. Each State can best judge how to meet the needs of its own citizens and can best determine the role of quasi-judicial agencies in the regulatory field. Information on options, not restriction of options, is what the nation needs. If solutions require mechanisms and coordination beyond the boundaries of one State, the probability is that regional solutions will be more logical than nationwide standards.

D. - II

INDEPENDENCE OF RESEARCH

The creation of the Energy Research and Development Administration by Congress is an excellent application of the general principle of separating regulatory functions from research, development and promotional activities. The nation's Governors endorse this action.

It would be appropriate for a portion of the Environmental Protection Agency research to be transferred to ERDA, which would expand the program in cooperation with research programs currently under way in certain coal-producing States. This would be consistent with the approach to government reflected in the creation of ERDA.

In the area of research in stack-gas desulfurization technology (scrubbers), there is a failure to implement the approach of separating research from regulatory practice. Scrubbers may be an option for electric utilities to meet compliance schedules of sulfur oxide emissions (SOx) according to the primary health standards of the Clean Air Act. EPA has the regulatory responsibility to enforce compliance of clean air standards and has, in fact, existing policy favoring the use of scrubbers. At the same time, EPA is conducting virtually all of the research and development on scrubbers, both in the laboratory on a bench scale and (in collaboration with TVA) on a pilot-plant scale. ERDA, by contrast, is pursuing desulfurization of coal only through the mechanisms of gasification and liquefaction and is not involved in research activities involving cleaning the gases resulting from the combustion process.

SPECIAL ENERGY PROJECT

The National Governors' Conference views the current energy shortage as a national emergency demanding immediate and extraordinary measures by Congress and the President to acquire a more nearly adequate supply of energy.

The Governors urge creation of a special energy project to marshal and utilize the nation's resources in the discovery and expanded production of all energy sources available to or controlled by this nation.

Upon creation of a "special energy project," the Governors further urge that special authority be granted the project for the greatest possible utilization of all energy sources in all areas of the United States' ownership or dominion. The Governors recognize the necessity for expanded efforts in development of new energy sources such as solar, water, nuclear and coal.

The Governors further urge that such a project include expanded efforts to develop the environmental technology necessary to allow development of an adequate supply. Such a project to expand supply -- and at the same time uphold environmental quality -- will require that exploration begin in the areas with the least environmental hazards.

The Governors urge that such a project be designed to promote and not hinder the operation of the free enterprise system.

The Governors recognize that a piecemeal approach to the energy crisis -- based simply on conservation and penalty tax -- will not suffice to serve the pressing needs of our people and that a major effort must be undertaken to develop new sources of energy.

ENVIRONMENTAL EDUCATION

The success of any government program designed to protect and preserve our nation's rich natural resources ultimately rests on the active participation of an informed citizenry. The problems created by ever-increasing demands on our economic system, our energy resources, our food supplies and our natural resources may be solved only if each individual is prepared and willing to contribute to their solutions.

There are enforceable and well-meaning state and federal laws designed to protect our environment. Even though these laws are rigorously enforced and in many cases backed by serious penalties, these laws alone will not guarantee a clean environment. There are local, state and federal construction programs which are well-planned, financed, engineered and constructed to provide States with the latest and most advanced pollution abatement technology in the world. However, these are not enough. The most sophisticated pollution control equipment can only be as effective as its human operators.

We must recognize the urgent need for teaching environmental awareness and population dynamics as a major basic educational requirement in primary,

secondary and higher education and as an integral part of adult education. Curricula of traditional offerings at all levels of education need to be examined for their relevance to the rapidly-changing conditions of our environment, natural resources and population. Environmental education should be viewed as an essential component of a comprehensive attack on ecological problems and should begin with the basic principles of ecology.

To ensure the most effective management of increasingly complex pollution abatement programs and systems, adequate specialized training programs must be provided for the operators of these systems.

D. - 14

STATE LAND USE PLANNING

There is a need to face the issue of national and statewide land use planning and decision-making in this decade. The proliferating transportation systems, large-scale industrial and economic growth, conflicts in emerging patterns of land use, the fragmentation of governmental entities exercising land use planning powers, and the increased size, scale and impact of private actions have created a situation in which land use management decisions of national, regional and statewide concern are being made on the basis of expediency, tradition, short-term economic considerations and other factors which are often unrelated to the real concerns of a sound land use policy.

Across the nation, a failure to conduct sound land use planning has required public and private enterprise to delay, litigate and cancel proposed public utility and industrial and commercial developments because of unresolved land use questions, thereby causing an unnecessary waste of human and economic resources and a threat to public services, often resulting in a decision to locate utilities and industrial and commercial activities in the area of least public and political resistance, but without regard to relevant environmental and economic considerations.

The land use decisions of the federal government often have a tremendous impact upon the environment and the pattern of development in local communities. The substance and nature of a national land use policy should be formulated upon the expression of the needs and interests of state, regional and local government, as well as those of the federal government. Federal land use programs should recognize that the long-range resolution of land use matters lies in a significantly increased participation of state government in land management policies and programs.

There should be undertaken the development of a national policy, to be known as the National Land Use Policy, which shall incorporate environmental, economic, social and other appropriate factors. Such policy shall serve as a guide in making specific decisions at the national level which affect the pattern of environmental and industrial growth and development on the federal lands, and shall provide a framework for development of interstate, state and local land use policy.

The National Land Use Policy should:

- A. Foster the continued economic growth of all States and regions of the United States in a manner which is compatible with a quality environment and consistent with other public and private rights.
- B. Favor patterns of land use planning, management and development which offer a range of alternative locations for specific activities and encourage the wise and balanced use of the nation's land and water resources.
- C. Favorably influence patterns of population distribution in a manner such that a wide range of scenic, environmental and cultural amenities are available to the American people.
- D. Contribute to carrying out the federal responsibility for revitalizing existing rural communities and encourage, where appropriate, new communities which offer diverse opportunities and diversity of living styles.
- E. Assist state government to assume responsibility for major land use planning and management decisions which are of regional, interstate and national concern.
- F. Facilitate increased coordination in the administration of federal programs so as to encourage desirable patterns of environmental, recreational and industrial land use planning.
- G. Provide systematic methods for the exchange of land use, environmental and economic information in order to assist all levels of government in the development and implementation of the National Land Use Policy.
- H. Ensure that the continuing land use planning process provides a definite linkage between the planning of both private and public lands, especially in those States where an intermingled pattern of federal and non-federal lands exists. There must be an effective and reasonable procedure for the States to interact at an early stage in federal decisions in order to avoid inconsistencies with approved statewide plans and programs.
- I. Ensure that federal urban and metropolitan programs and activities be consistent with approved statewide land use plans and programs.
- J. Provide adequate grant assistance to States to facilitate implementation of the preceding objectives (including the training of qualified land use planners, which would alleviate the prevailing shortage of such).
- K. Refrain from the imposition of economic sanctions against States which are unable to comply with federal land use policy requirements. Because of the highly sensitive nature of land use control, major accommodations will have to be made between state and local governments before such controls can be exercised equitably and judiciously. Furthermore, sanctions generally have proved an ineffective tool in bringing about desired change. In this instance, they would

be even less likely to be effective since they focus on the Governor alone when it is the equal responsibility of state legislatures and local government officials to develop the joint relationships necessary for exercising land use control. In the effort to bring about this necessary congruence of public and private interests, major emphasis must be placed on educating the public to its desirability.

- L. Encourage States to regain their sovereign responsibilities for the protection of critical environmental areas and for assuring that adequate developmental standards and guidelines are enacted at all levels of government.

Intelligent land use planning and management provide the single most important institutional device for preserving and enhancing the environment and for maintaining conditions capable of supporting a quality of life while providing the material means necessary to improve the national standards of living.

D. - 15

COASTAL ZONE MANAGEMENT

The coastal zone presents one of the nation's most perplexing environmental management challenges. The 31 States which border the oceans and the Great Lakes contain 75 percent of our nation's population. The pressure of increasing population and economic development threatens the balance of natural, economic and aesthetic goals in the use of the invaluable and irreplaceable coastal resources.

To ensure the continued economic productivity of coastal resources while maintaining an acceptable level of environmental quality, two actions are required. First, a reordering of our administrative and legal framework is needed to facilitate cooperative and coordinated activities affecting coastal resources. Second, efforts must be made to gain additional knowledge of the nature of the coastal zone and the multiple effects that different uses would have upon our environment.

Under the Coastal Zone Management Act, the nation has the opportunity to develop a rational process for defining and ensuring the greatest benefit from its natural and man-made coastal resources. To be effective, such a process must:

- (1) Keep local decisions in the hands of local government.
- (2) Improve intergovernmental coordination in making decisions of greater than local impact.
- (3) Collect and disseminate needed coastal resource information to improve decision-making capabilities at all levels of government.

Coastal States, because of unique conditions existing along their shorelines, have advantages in coping with coastal zone planning and management that the federal government does not have. The federal government, however, should establish incentives and assistance to help the coastal States prepare plans and action.

The ultimate success of a coastal management program will depend on the effective cooperation of federal, state, regional and local agencies. At the federal level, this would require the development of goals and an administrative framework that will encourage the States to establish effective coastal zone management programs. The Coastal Zone Management Act is not an opening for extended federal control. Federal agencies are directed by the act to subordinate virtually all programs affecting coastal regions to state coastal management plans. Federal cooperation with the state planning process and outer continental shelf development is especially critical.

But basic to coastal zone management programs are the funds necessary to plan and take action. The requirements for coastal zone management are so urgently needed in the nation's interest that federal monies must continue to be made available to the States at a level which will not only provide incentive, but also will allow an adequate program to be developed based on federal, state and local participation.

In 1969, the National Governors' Conference adopted a resolution authorizing the establishment of a Coastal States Organization to represent the collective interests of the coastal States. The Coastal States Organization has performed that task, especially in support of the Coastal Zone Management Act. There are, however, still many important coastal and marine-related problems facing the nation and its coastal States which can be addressed by CSO and the NGC. The Governors, in this statement, resolve that CSO continue its efforts to focus on major coastal and marine-related issues such as coastal zone management, national ocean policy development, coastal energy resources and facilities and other such matters as the delegates of coastal States may consider important. We urge that CSO work closely with the NGC Committee on Natural Resources and Environmental Management and that the coastal States continue to support CSO with adequate resources.

D. - 16

SURFACE MINING

The National Governors' Conference, in taking notice of current proposals in Congress dealing with surface mining, supports federal legislation to assist States in developing and carrying out programs to regulate surface mining.

Regulation of surface mining operations to protect adequately the environment should reside with the States since they have knowledge of and are sensitive to great diversity of terrain, climate, biologic, chemical and other physical conditions. States are more responsive to the needs and aspirations of their citizenry and local government interests in areas where surface mining occurs. States have or can develop the qualified staff and the enforcement authority necessary to effective regulation of surface mining. Since surface mining is a form of land use, its regulation and control must be considered within the context of the broad and competing demands upon the State's land resources.

Any federal surface mining legislation must:

- A. Include all minerals;
- B. Set forth broad federal guidelines to be implemented by the States;

- C. Preserve basic state regulatory and enforcement powers;
- D. Maintain the right of States to set stricter standards than those set by the federal government;
- E. Recognize different conditions existing in the States by leaving to them establishment of any slope limitations; and
- F. Provide for the study of the effect on mining operations and the environment of such slope limitations.

D. - 17

WATER POLLUTION

The success of the Federal Water Pollution Control Act Amendments of 1972 (PL 92-500) is dependent upon effective cooperation between the States and the federal government, realistic regulations and administrative procedures, and adequate funding of all activities and construction necessary to accomplish the goals of the act.

The National Governors' Conference endorses the policy of Congress as declared in Section 101(b) of the act "... to recognize, preserve and protect the primary responsibilities and rights of the States to prevent, reduce and eliminate pollution ..." The Governors encourage the prompt passage of amendments to the act and proper amendments to the regulations to permit full implementation of this policy and the prompt obligation of available construction grant funds. The actions required to accomplish this include:

- A. Title II should be amended to authorize the States to administer the construction grants program and the EPA Administrator to accept a State's certification of a project. This amendment should provide additional financial support to assist the States in administering the grants program and eliminate the duplicate and time-consuming reviews by both States and EPA.
- B. Title II should be amended to require EPA to abolish the three-step, time-consuming construction grant application process and to replace it with a simplified one-step process, especially for projects serving less than 10,000 population.
- C. Title I should be amended to authorize and implement year-ahead funding of the state program grants.
- D. Title II should be amended to clarify the areawide waste treatment management requirements of Section 208 and eliminate the potential duplication of efforts under Sections 201, 208 and 303(e).
- E. Funding at federal and local levels should be consistent with the goals of PL 92-500.
- F. All elements of pollution abatement or control facilities should remain eligible for federal grants-in-aid with the ability of individual States to establish priority for the use of the funds for specific projects and

project elements in accord with Section 106 of the act. Nothing in Section 106 of the act should be construed to limit the States' ability to fund projects to abate health and environmental hazards.

- G. Federal control and influence over local municipal user-rate structures and industrial cost recovery systems should be removed as current federal statutory and regulatory controls are unnecessarily cumbersome to administer and disrupt long-standing local arrangements and prerogatives in citizen taxation. Federal involvement should only extend to assure that local government will provide for the local share of project costs and sufficient funds for proper operation, maintenance and compliance monitoring.
- H. Attempts to establish by legislation treatment and sewer facility design life should be terminated. State approval of 201 plans based on the principles of abatement of existing pollution and reasonable growth in the sewered area are capable of constraining design life more reasonably.
- I. The 1977 timetable for municipal secondary treatment should be relieved and extensions granted through the NPDES conditions. Such conditions should be commensurate with the availability of federal grant funds as specified in Section 101(a)(4) of PL 92-500.
- J. There must be established within EPA effective administrative procedures to receive state input early in the statute and regulation drafting process.
- K. Present regulations should be modified to allow States to make minor adjustments to project scope subsequent to facilities plan approval.
- L. In order to provide for more effective management of the construction grant program and to promote the expeditious commitment of available federal aid, authority to issue case-by-case waivers to the EPA construction grant regulations should be delegated to the regional offices to the maximum extent possible under the act.

D. - 18

SOLID WASTE MANAGEMENT

Federal policy in the area of solid waste management should be to establish national goals and to provide assistance to state governments so that these goals may be attained. Such goals should be to develop reliable, economic solid waste management service, improve the environment, minimize the amount of solid waste, maximize the recovery of material and energy resources from solid waste and dispose of potentially hazardous materials in a safe manner. Because of the States' unique responsibilities and powers, and because of their proximity to the problems of solid waste, state government must be recognized as a major focal point for planning and action in solid waste management.

The implementation of the federal policy and the attainment of the national goals can best be achieved by: The establishment of minimum federal management standards for solid waste and hazardous wastes which may be set higher by the

States; the enforcement of such standards by the States, supported by adequate program grants; continued federal support, in partnership with the States, of solid waste management manpower and technology development and technical assistance programs; and, the provision of incentives at all levels of government, to broaden the markets for material and energy resources recovered from solid waste.

Special emphasis should be placed on the development and implementation of efficient source reduction and resource recovery systems and programs such as incentives to reduce excess packaging and elimination of planned obsolescence of products. In order to reduce the nation's dependence on foreign sources of energy, the potential for development of energy-producing resource recovery systems should be explored. The federal government should significantly expand its efforts to study and financially aid this type of resource recovery system.

The Interstate Commerce Commission's regulations and tariffs relating to transportation of recyclable materials should be revised so that such materials have the tariff advantage over raw materials.

D. - 19

RECREATION PLANNING

Meeting our society's recreational needs has become increasingly dependent upon government action as the quantity and quality of our natural resources have diminished. The 50 States have developed Statewide Comprehensive Outdoor Recreation Plans to deal with recreational needs and problems unique to their areas. While significant progress has been made towards accomplishing our recreational objectives, additional steps are necessary to ensure successful implementation. Specifically, the National Governors' Conference urges:

- A. Increased and timely funding for acquisition and development of outdoor recreational facilities authorized under the Land and Water Conservation Fund.
- B. Amendment of the Land and Water Conservation Fund to allow federal funding of operation and maintenance of outdoor recreation facilities.
- C. Amendment of the Land and Water Conservation Fund to allow States to use up to 25 percent of their annual apportionment for enclosure of outdoor facilities for year-round use.
- D. Evaluation of States' obligation performance based on records of three years from the date of receipt of appropriations, rather than the rate for the year funds were received.
- E. Improved intergovernmental coordination, with particular emphasis on early and full state involvement in the development of the 1978 revision of the National Outdoor Recreation Plan. Joint evaluation of significant resource areas by federal, state, local and private interests should be encouraged. The revised edition of the plan should present a composite of evaluations and recommendations for the highest and best use of our recreational resources, management and protection alternatives and funding possibilities.

- F. The States urge Congress to achieve a more equitable distribution of wilderness areas among the several States. Additionally, methods and criteria other than the wilderness area designation, which encourage the multiple use of urban and rural public lands, need to be developed.

D. - 20

FORESTRY

The National Governors' Conference recognizes that there is a shortage of many forest products, including paper and lumber. This shortage has led to Administration policies calling for increased timber yields from national forest lands, sometimes at the expense of other uses of our national forests such as recreation and wildlife management. Balanced use of national forest lands is statutorily directed by the Multiple Use-Sustained Yield Act of 1960, and is endorsed by the National Governors' Conference.

At the same time, there are presently substantial acreages of state, private and federal lands potentially capable of producing forest products, but many are in need of reforestation. In addition, millions of tons of recyclable fiber products are incinerated or buried in landfills daily.

Establishing and improving watersheds and water quality, arresting soil erosion, improving flood control and stream sedimentation, wildlife habitat and recreational opportunities would result from reforestation and the recycling of forest products. The increased fiber would contribute to the housing needs of a growing nation and would immeasurably enhance the landscape beautification of the country.

The National Governors' Conference strongly supports federal and state programs which encourage reforestation of denuded, publicly-owned and commercial forest lands. Existing programs should be strengthened to offer greater inducements for private landowners to reforest their lands with special emphasis on poor land that may be unsuited for other purposes, including improved timber management practices. The federal and state governments must also place emphasis on the research, development and implementation of efficient recycling systems for fiber products and other recyclable materials.

Ecologically sound, balanced management of the nation's forests should be the basic principle on which this natural resource is administered. To promote forest resource planning and management at all levels of government, the National Governors' Conference urges Congress to provide adequate funding levels for the Forest and Rangeland Renewable Resources Planning Act of 1974, the Urban Forestry Program, and the Clark-McNary Wildlife Control Program.

D. - 21

PROCESSING ENVIRONMENTAL IMPACT STATEMENTS

The Governors recognize and endorse the concept of environmental impact studies on projects using federal monies, as a necessary and effective means to ensure the preservation of environmental quality.

By law the federal government requires the States to have a clearinghouse to handle Environmental Impact Statements. The Governors call upon the federal government to adopt a clearinghouse to process the statements which interested departments are required to examine.

Furthermore, there should be an office at the regional level which has the responsibility of handling routine impact studies as well as acting as a clearinghouse to expedite the processing of statements. If the responsibility cannot be delegated to the regional bodies, then the Council on Environmental Quality must develop the ability to handle impact studies in an expeditious manner to prevent unnecessary delay.

D. - 22

INTERSTATE ENVIRONMENT COMPACT

The National Governors' Conference strongly urges that Congress again consider the Interstate Environment Compact, first introduced in the 93rd session and passed by the United States Senate. This compact would facilitate the subsequent establishment of "supplementary agreements" between States for the purpose of taking joint action to abate pollution problems which affect more than one State. It would strengthen the ability of States to deal effectively and swiftly with environmental problems which ultimately affect the health and welfare of the people of this nation.

D. - 23

OCEAN POLICY

The National Governors' Conference recognizes the enormous potential of the world's oceans as a supply of valuable living and non-living resources, including protein, raw mineral materials and energy. Oceans are of great importance in world commerce, and that importance is likely to increase in future years.

At the same time, oceans are threatened with increasing pressures from pollution and resource exploitation in many areas. Coastal areas of the United States and other developed countries are under increasing pressure due to their desirability for siting of commerce, industry and habitation, and due to increasing needs for recreation, transportation and urbanization.

The National Governors' Conference finds that the utilization of ocean resources and the solution of ocean-related problems depend upon developing oceanic knowledge and technology, resolving conflicts of national and international jurisdiction over the ocean, protecting the quality of the marine environment and, foremost, establishing a clear and comprehensive national oceans policy.

Therefore, the National Governors' Conference fully supports the undertaking of the National Ocean Policy Study by the U. S. Senate as authorized by Senate Resolution 222.

SCS STREAM CHANNELIZATION

The Small Watershed Program administered by the U. S. Soil Conservation Service and established by PL 83-566 provides many benefits to the States, local governments and private landowners.

However, one aspect of the Small Watershed Program, stream channelization, has caused significant problems to state governments. These problems have primarily resulted from inherent conflicts between the environmental effects of channelization and the responsibilities of the States to protect fish, wildlife and water quality.

The environmental effects of channelization, a technique which is utilized primarily as a flood control measure, include increased downstream flooding, the destruction of prime game and fowl habitat as refuge areas are drained and cleared, the death of increasingly scarce bottomland hardwoods as water tables are lowered and root systems wither, and degradation of water quality from non-point source pollution both at the site of channelization and downstream.

In addition, recent years have seen a change in national attitudes and approaches to water resource management, and in particular, flood control. Specifically, flood plain management and land use controls are now seen to be the most desirable methods of reducing flood problems, with structural and engineering approaches utilized as a last resort.

The National Governors' Conference urges the Administration and Congress to study, redefine and improve the role of the Soil Conservation Service in stream channelization, and to implement a two-step authorization procedure for Small Watershed projects.

FLOOD PLAIN MANAGEMENT

The National Governors' Conference commends Congress and the President on the enactment of PL 93-234, the Flood Disaster Protection Act of 1973, an excellent first step in implementing sensible flood plain management of the nation's streams, rivers and coasts.

However, the National Governors' Conference finds that identification and mapping of Special Flood Hazard Areas by HUD have been hastily and inaccurately promulgated, resulting in significant hardships being imposed upon state and local governments which are attempting to comply with the provisions of the act and jeopardizing the National Flood Insurance Program.

Therefore, the National Governors' Conference urges the Administration to develop forthwith a scientifically defensible and reasonable system for identifying and mapping Special Flood Hazard Areas which is acceptable to state and local governments. It is also urged that the effective date for the unavailability of federal or federally-related financial assistance be extended to a period of no less than two years from the date of accurate mapping of the Special Flood Hazard Areas.

The National Governors' Conference further urges the federal and state governments to prepare and implement flood plain management programs to:

- A. Minimize and prevent the loss of life and property, the disruption of commerce and the impairment of the tax base;
- B. Minimize the extraordinary public expenditures and demands on public service that result from flooding and the threat of flood damage;
- C. Provide for adequate passage of floodwaters and prohibit uses which substantially increase flood stages;
- D. Encourage public awareness of the nature and extent of the flood hazard in these areas and make available information to potential landowners and developers concerning the wise use of the flood hazard area;
- E. Provide information so local communities can meet the requirements for land use and control measures of the Federal Insurance Administration to ensure the eligibility of communities for the National Flood Insurance Program;
- F. Encourage and promote land uses that will preserve existing resource management activities and maximize resource management opportunities in flood hazard areas; and
- G. Protect and preserve necessary wetland areas such as swamps, bogs and marshes to meet habitat requirements of wildlife located in flood hazard areas.

D. - 26

AMENDMENTS TO THE CLEAN AIR ACT

In drafting the Clean Air Act of 1970, Congress recognized the critical state role in achieving our environmental objectives. The nation's Governors believe that this role must be further strengthened if we are to deal successfully with the complex air pollution problems that exist throughout our nation. Therefore, the National Governors' Conference urges Congress to recognize the following principles in its consideration of subsequent national clean air legislation:

- A. Any decision to postpone currently required auto emission standards should be accompanied by a concurrent postponement of the ambient standard attainment date for auto-related pollutants in order to prevent increasing the restrictiveness of transportation control plans.
- B. Waivers for technology innovations granted by the EPA Administrator should not be issued without the concurrence of state and local governments.
- C. Although equipment and fuel shortages may make it necessary to extend compliance deadlines for certain power plants, nothing in the Clean Air Act should be stipulated to prevent the EPA Administrator from

requiring power plants to enter into contracts prior to 1980 to purchase flue gas desulfurization systems for sulfur oxides as such systems are needed to achieve secondary air quality standards.

- D. Where it has been shown to be impossible or infeasible to attain compliance with air quality standards by mid-1975, state and local governments should be empowered to issue enforcement orders which extend past the attainment date.
- E. A State should be granted the authority to extend the final compliance date for attainment of national primary air quality standards for suspended particulate matter upon application of its Governor and upon demonstration to the EPA that all available practical control measures will be implemented.
- F. Specific legislation is necessary to require prior state consent to any proposed federal actions that would cause state or local air quality standards to be exceeded.
- G. The significant deterioration issue should be resolved by Congress in a manner which gives each State the flexibility to determine for itself what is meant by "significant," consistent with local values.
- H. The EPA Administrator should be required to give notice to a State prior to direct contact with an air pollution source within that State concerning an implementation plan deficiency.
- I. Upon petition of a State, or upon his own motion after consultation with a State, the Administrator should be permitted to alter the boundaries of air quality control regions to provide greater flexibility in developing control strategies tailored to local problems.
- J. Federal facilities should be required to comply with all state and local procedures with respect to control and abatement of air pollution.
- K. Where technical limitations on performing measurements would inhibit either a control agency or an industrial concern from verifying compliance with a specified emission standard, the EPA Administrator should be empowered to specify the installation of a particular piece of equipment as a substitute for emission limitations.
- L. The U. S. Environmental Protection Agency should be permitted to increase civil penalties sought against air pollution violators from \$5,000 to \$25,000 per day of violation.

D. -27

HIGH LEVEL RADIOACTIVE WASTES

The increasing use of nuclear reactors in the production of electricity will result in an escalating inventory of high-level nuclear wastes. Because the half-life of some of these materials exceeds tens of thousands of years, disposal sites in the conventional sense do not exist. While the federal government has recognized its

responsibility to develop disposal techniques and locate proper disposal sites, accomplishments are still lacking. An increased emphasis on programs seeking permanent disposal technology is needed if future generations are to be spared the responsibility for the problems created by our present appetite for energy.

D. - 28

NAVIGABLE WATERS

In the recent opinion issued by the U. S. District Court, District of Columbia (Natural Resources Defense Council vs. Callaway), the U. S. Army Corps of Engineers has been directed to adhere to the definition of navigable waters as contained in Section 502(7) of the Federal Water Pollution Control Act Amendments of 1972. "Navigable waters" has been defined by the act to mean waters of the United States including territorial seas. Such a definition radically expands federal jurisdiction over the nation's waters and threatens to abandon statutory and administrative procedures which have been developed and refined by the States for nearly a century. The encroachment of federal regulatory control over all bodies of water unnecessarily usurps the States' control and responsibility for management of natural resources.

The National Governors' Conference urges Congress to enact legislation to limit the criteria of navigability to waterways having present actual capabilities for transporting commerce and urges the U. S. Army Corps of Engineers to delay additional navigable determinations at this time.

D. - 29

WILDLIFE MANAGEMENT

Consumptive and non-consumptive use of wildlife totals over one billion man-days annually in America. The direct economic impact nationwide of these activities approached \$10 billion in 1974 and has shown substantial annual increase as revealed by recurring national surveys. Clearly, the concept of wildlife management in its broadest interpretation has emerged to a place of prominence.

Poor farming and grazing practices, unlimited timber harvests, increasing hydro-power requirements, water pollution, non-existent or unenforced fish and game laws, wildfire and other factors have in the past caused gross destruction and depletion of wildlife habitat. The results were clearly visible in reduced numbers and occasional elimination of some species of wildlife.

This situation is being reversed. There is general public acceptance of sound wildlife management principles, which include conservation education, habitat management, controlled wildlife harvesting, applied research and law enforcement.

More recently, the beneficiaries of the attention of the nation's wildlife managers have been our endangered species. As a result of the Endangered Species Act of 1973, state and federal cooperative agreements are being established to fund and coordinate state and local efforts to halt the steady decline of certain species and to eventually restore such populations to safe levels. Non-game species

of wildlife have also benefited from this attention and are now being more closely scrutinized for their contributions to over-all environmental systems and leisure-time activities.

We should not relax in our surveillance and management of wildlife populations. Present threats to habitat are often insidious and subtle in their effects. Land drainage, expansion of cities, development of rural areas, use of pesticides and the tendency toward over-protectionism have now been added to the more traditional dangers of mining, oil spills and industrial pollution.

The Governors endorse the concept and science of wildlife management as an absolute requisite in the over-all scheme of resource management at the national, state, regional and local levels.

Rural and Urban Development

E. - 1

PREAMBLE

In the continuing national effort which must be resumed and expanded at the earliest possible moment to meet America's needs in the fields of housing, community development, rural development and planning, it is absolutely essential that in the design and the continuing management of these programs, the States play a full and proper role of direction and coordination—a role essential to the proper operation of our federal system of government.

It is our conviction that if our resources are to be well and wisely used in these endeavors, if we are to reduce unnecessary bureaucracy and achieve efficiency and economy, federal financial resources should be made available in the form of broad block grants, and—most important—the state governments should be assigned the principal authority and responsibility for the administration of these programs. The National Governors' Conference does not propose substituting a state functional bureaucracy for a federal one, but does believe that the assignment of responsibility for project review and coordination at the state level means strengthening the state-regional-local partnership in which local and state projects fit into a comprehensive set of community development objectives.

The Conference is resolved, through continuing discussion with mayors, members of Congress and the Administration, to increase the role of state government in this area.

E. - 2

COMPREHENSIVE NATIONAL COMMUNITY DEVELOPMENT

Congress and the Administration should develop a comprehensive National Community Development Policy with the effectuating funds, agencies and programs. The policy should provide the means whereby federal, state and local elected officials should participate directly in the formation of national policies and goals and the establishment of major strategies and programs for implementation of such policies and goals. The formulation and implementation of such national community development policies in coordination and consonance with state development policies is essential to achieve the objectives of balanced growth.

A National Community Development Policy should embrace the major areas and issues of concern for the quality of life within the United States. The most basic components for consideration in the formulation of this policy are policies relating to population growth and distribution and to economic development. Other components are policies relating to allocation of natural resources, agriculture, transportation, housing, human resources development, financing and administration—all established in a manner that will support policies concerning these two basic components.

Rural (non-metropolitan) development and urban (metropolitan) development are inter-related. Programs which are optimal for urban areas might not be effective in rural areas and vice versa. A distinct set of policies and programs tailored to the needs, resources and structure of rural areas must be developed to permit rural areas to make a maximum contribution to the nation's economic growth, and to allow rural people to share equitably in the productivity of the nation's economy.

E. - 3

NATIONAL POPULATION GROWTH AND DISTRIBUTION POLICY

There should be a National Population Growth and Distribution Policy, developed in concert with state and local planning policies, to lessen the congestion, and reduce pressure, on the already overburdened resources of our cities, to offer opportunities for the free movement of all our citizens to realize their maximum personal potential, to match manpower and job training programs with the needs for community development, and to lessen the problems of transportation, environmental decay and social service delivery that are not being adequately dealt with for today's population. Such a policy should be consonant with a rural-urban balance of needs and regional potentials.

E. - 4

NEW COMMUNITIES DEVELOPMENT

The National Governors' Conference is aware that several new communities assisted by the Federal New Communities Program are experiencing severe difficulties frustrating their early and potential success. As a consequence, the viability of the concept of new community development and the continued existence of the federal program has been brought into question.

This concept embodies sound approaches to dealing with the need for growth of community living space with coherent consideration for both comprehensive development and environmental factors. In light of the peculiar combination of circumstances which have adversely affected new community development in the past few years -- the current severe economic downturn which has had its most acute effects on the land development and housing industry generally, the failure to fund or implement most of the statutory authorities in the federal new communities legislation, the termination of federal housing and other community development grant programs at a critical point in the development of many new communities, and the extremely limited experience with the concept in the United States -- it would be short-sighted to abandon a program with such potential long-term benefits because of past and current difficulties.

The Executive Committee of the National Governors' Conference, through a task force, will examine experiences to date and develop recommendations for correcting deficiencies and strengthening the effectiveness of the new communities, concepts and programs. Particular consideration should be given to the appropriate role of state and local governments, their laws and resources, and to ways in which the new community development approach may be more effectively used to revitalize and conserve our nation's growth centers, to assist in sound development of communities with growth potential and to avoid the threatened

severe adverse effects of unplanned growth arising from coal, shale and off-shore oil development activities. The Conference urges that federal economic and community development funds be made available to assist in the development of such communities.

E. -5

NATIONAL ECONOMIC DEVELOPMENT

The National Governors' Conference Task Force on National Regional Development Policy has formulated a statement of principles to guide federal legislation relating to an improved national development program, and multi-state and sub-state program partnerships.

The Administration continues to submit proposals calling for an eventual end to federal support for the "Title V" Regional Commissions, and the establishment of an Economic Adjustment Program to provide block grants to States for economic adjustment and development.

The nation's Governors believe that elements of both proposals have merit and should be carefully examined by both houses of Congress in the coming months. We further believe, however, that any national development legislation should provide for the following elements:

- A. Improved state and local program management capabilities and authorities, with appropriate and significant involvement in the development of policy for and the administration of federal grants and programs;
- B. Continuation and strengthening of multi-state and sub-state cooperative arrangements, with appropriate federal, state and local participation, and with adequate transition time to implement subsequent legislative changes;
- C. Maximum flexibility in the planning and program activities of state, multi-state and sub-state entities, including provisions for development projects involving States not within the same multi-state entity;
- D. Provisions for concentrating available resources on selected priority goals in each area to achieve balanced urban and rural development and the revitalization of lagging areas;
- E. A funding level for all multi-state regions adequate to provide a significant development impact; and
- F. To the extent possible, federal regional administrative and program boundaries should be consistent with multi-state arrangements which may be established by States.

In the meantime, it is essential that the Appalachian Regional Development Act and the Public Works and Economic Development Act, including provisions for Title V Commissions in their present form and structure, simultaneously be extended for four additional years. Following extension of these two acts, congressional hearings should be held this year relative to future, improved, long-range economic development legislation.

In addition, there is an immediate need for legislation to assist in the sound and orderly growth of communities impacted by coal, shale, off-shore oil and other energy development activities. Such legislation should provide federal funds to supplement state and local resources to construct essential public facilities such as access roads, streets, water and sewer systems, and so forth, as provided for in area and community development plans. Such a program is vitally needed to accelerate national energy production consistent with sound community growth and environmental quality.

E. - 6

UNEMPLOYMENT

In view of the need to reduce unemployment without increasing inflation, and in view of the fact that no single approach is sufficient to solve the problem, the National Governors' Conference calls upon the Administration and Congress to use a mixture of unemployment compensation, public service jobs and public works programs in attacking unemployment.

Specifically, the National Governors' Conference strongly urges:

1. Continued appropriations for unemployment compensation programs to ensure that all qualified unemployed workers receive additional compensation payments.
2. Continued appropriations for public service jobs under the Emergency Jobs Program, with attention given to selecting these jobs on the basis of productivity; and relaxation of regulations governing this program to allow the funds to be used to retain current public service employees who would otherwise have to be laid off.
3. Full allocation of funds appropriated for public works projects under the emergency Job Opportunities Program and that a substantial portion of these projects should be selected on the basis of productivity.
4. That regulations be modified to allow funds for public service jobs and public works projects to be mixed within the same program or project in order to give state and local governments the flexibility they need to focus on the particular type of unemployment problem faced in each case.
5. That, if high unemployment and inflation continue, the emergency Job Opportunities Program be extended and expanded in fiscal year 1976 to focus on a national productivity recovery effort which would include provisions for both:
 - a. A temporary job creation program geared to low job costs and maximum labor intensity designed primarily to meet high levels of unemployment; and
 - b. A long-term job creation program focused on the highest priority of public services and public works projects, where job costs would be higher and labor intensity lower, designed primarily to achieve a basic recovery of national productivity.

In addition, it is of primary concern that the free enterprise system be encouraged to help the nation during this economic crisis. This assistance should include easing of tight money as well as other incentives that would help expand job opportunities.

E. - 7

NATIONAL AGRICULTURAL DEVELOPMENT

There should be a National Agricultural Development Policy or a National Food Policy to assure the nation it can feed itself and meet its responsibilities to other people in the world. Such a policy should reflect the importance of and a system for the preservation and maintenance of agricultural land for future supplies and as a necessary habitat for wildlife, water resources and hunting and fishing, all of which are a necessary part of providing a quality environment in consonance with a population growth and distribution policy. Further, this policy should focus attention on improving agricultural production capabilities, transportation, foreign market development, processing agricultural products near the source of production and efforts aimed at developing rural America.

In addition, Congress must act on viable farm programs to assure rural America "parity of opportunity" with the rest of the nation.

Congress and the Administration should adopt the concept of stability and parity of resource earnings as the long-term policy goals for modern agriculture and then establish an appropriate vehicle, such as a National Food and Fiber Board, to develop the detailed production management programs necessary to insure an adequate supply of food and fiber for the future.

A new farm bill by Congress should be shaped to give rural producers an equal opportunity to share in the nation's prosperity and growth with all other areas. A federal farm program should be continued by the federal government until the market can maintain an adequate price for producers.

Fertilizer and Food Production Policy

The health of America's vast food-producing plant is so vital to this nation's future economic and defense posture that plans must be made now to assure its well-being.

A philosophy of ever-increasing production to meet ever-increasing demands for food domestically and internationally is sound. We recognize that America's ability to produce food in abundance is a solid economic weapon as this nation faces a serious dollar deficit in trade brought about principally by the unreasonable cost of oil imports.

With the situation that is glaringly evident we must develop a workable national food policy that takes into account at least minimum protection for our farmers and their resources upon whom we are calling for unlimited production. Costs of farm production have been spiraling at an alarming rate. The resulting economic problems facing the farm sector of the U.S. economy are of emergency proportions.

We urge once again an immediate suspension of imports on those agricultural products for which domestic producers are presently receiving less than their costs of production. We further recommend farm legislation that will raise current unrealistically low target prices and loan rates on grains, better development of our export markets and halting precipitous cancellations, strengthening of the price supports for dairy products, establishment of reasonable predator control programs, and a total re-evaluation of emergency and disaster loan programs.

The Conference vigorously urges the U.S. Environmental Protection Agency to immediately re-evaluate rules and regulations concerning predator control. Current regulations, potentially requiring training and licensing of all farmers who apply pesticides in predator control programs, place an unwarranted burden on the nation's farmers and ranchers.

These actions are not only necessary to protect American agriculture today, but are in the long-term consumer and national interest as well.

The nation and the world face potentially dangerous shortages of food, in part attributable to a lack of fertilizer. Currently, many of the States do not have sufficient fertilizer supplies to meet federally established quotas for crop production. The National Governors' Conference urges the federal government to establish an advanced planning program, in cooperation with the States, to insure that: (1) Sufficient energy supplies are allocated for fertilizer production; (2) available fertilizer supplies are distributed equitably among the States; and (3) farmers receive highest priority in the distribution of fertilizer among all users.

A strong farm program is recognized as a deterrent to further migration from rural areas to crowded metropolitan centers, a necessary element for a growing economy, and vital to providing reasonable food prices for consumers while assuring a fair return for all agricultural producers.

E. - 8

RURAL COMMUNITY DEVELOPMENT POLICY

As part of any comprehensive community development policy, the Administration should design programs to enhance the economic and physical viability of rural America. Such a policy should take account of the following issues:

- A. Avenues of cooperation between existing HEW, Agriculture, Commerce and HUD programs and state community development programs;
- B. Restructuring of federal field operations to support and complement emerging state and local efforts for comprehensive rural development. As federal departments decentralize, they should utilize to the fullest extent possible the personnel, administrative and technical services of state and local government, rather than building up federal field staff to handle delegated authorities for decision-making accompanying the federal field office reorganization;
- C. Recognition of state designated multi-county planning and development districts, primarily composed of local officials and in coordination with

state planning agencies, as the appropriate planning and policy development organizations for most state and federal programs in rural areas;

- D. Recognition and support of several States as pilot projects for the purpose of coordinating federal and state programs into a package of rural development services.

Consistent with the foregoing, the Rural Development Act should be amended to recognize state governments as the central policy-makers in their States for all community development activities coming within the purview of the act, and in the interim the Department of Agriculture should administer the act in a manner consonant with the policy. Further, Congress is urged to appropriate all funds authorized for full implementation of the Rural Development Act.

E. - 9

NATIONAL HOUSING POLICY

There should be a national housing policy to coordinate housing investment and construction programs with a national community development policy to carry out the social objectives of making a place for all social and economic groups, to take advantage of the environmental and efficiency advantages of such a policy, to provide needed governmental aids for supporting housing construction and marketing, with special support programs to assist those who cannot secure decent housing through normal channels, to make maximum use of new technologies, and to stimulate additional investment by private industry and home property owners, thus adding to the over-all housing supply, and to insure the availability of sufficient long-term mortgage financing. Such a policy should support positive efforts at the national, state and local levels to remove all racial and economic discrimination practices which may impede the construction, sale or rental of housing. The problem of the availability of subsidized housing should be attacked on a market area basis.

A new housing subsidy delivery system of federal block grants to the States for housing assistance should be established, and state governments should be given the broadest possible discretion to review and approve local projects, and to allocate such money to a wide range of state and local housing programs. A transitional federal administrative structure should remain to deliver housing assistance to States developing their own delivery capabilities. In the interim, until new housing subsidy programs are enacted, existing and new state housing programs should be considered "specific program commitments," and their potential as a basic unit for a new housing delivery system should not be allowed to atrophy in the immediate future. The existing federal FHA mortgage insurance (FNMA and GNMA) programs should be preserved and coordinated with the state block grant programs.

A growing disparity between family income and the cost of housing means a larger proportion of the nation's households will be unable to find adequate housing at prices they can afford to pay. The challenge to private industry and government is great. National economic trends exert a dominant influence on the States' housing market and upon the personal incomes of families. The housing needs of low and low-moderate income families simply cannot be met without housing

assistance which only the federal government can provide. Congress and the Administration should move immediately to establish and implement improved programs of housing assistance designed to meet those needs, including necessary steps to lower interest requirements.

The nation's goal of providing greater access to housing through vigorous enforcement of equal housing opportunity laws should be maintained. All levels of government should continue to pursue efforts to achieve technological innovations in housing production and marketing methods, and particular attention at the state level should be paid to simplified housing codes, landlord-tenant relations and efforts to develop housing management training programs.

The Conference also recommends (1) that the Department of Housing and Urban Development be required to develop a plan to integrate the objectives of increased employment with those of decent housing for the nation's families, and (2) that Congress pass legislation developing a better, more sensitive response capacity to unemployment in the construction industry.

All housing subsidy and assistance programs should be funded and implemented at a level adequate to meet the housing needs of the nation.

E. - 10

COMMUNITY DEVELOPMENT GRANTS

Rational state community development policies cannot become a reality unless the States provide the link between various local community programs. Congress and the Administration should, therefore, adopt a program of community development assistance which assures that:

- A. Federal funds for community development activities, both rural and urban, be in the form of broad block grants to the States, allowing them to develop and operate their own state systems for setting and directly implementing community development priorities; and
- B. At the same time each State should effectively implement its system for establishing state goals, ordering priorities at state, regional and local levels, and preparing the procedure for achieving these through a comprehensive community development effort.

Without such reasonable state involvement, it will be impossible to meaningfully coordinate and implement any comprehensive growth, development and land use policy.

E. - 11

DISASTER PREPAREDNESS

Recognizing the high incidence of severe natural disasters in this country during 1973 and 1974 and continuing into 1975, and the consequent great cost not only to the people directly affected but also to all the people whose taxes pay for the disaster relief and recovery efforts of the federal, state and local governments,

the National Governors' Conference supports the principle of disaster preparedness by all levels of government in order to mitigate the effects of disasters, increase capability to cope with them and reduce their cost.

The National Governors' Conference therefore specifically endorses the following legislative efforts and administrative programs:

- A. Enactment of new or improved disaster legislation by the States as a high priority. The Council of State Governments, in cooperation with the Federal Disaster Assistance Administration, Department of Housing and Urban Development, has developed an Example State Disaster Act as an aid to States seeking to upgrade their disaster preparedness, response and recovery activities. Less than half of the States have enacted disaster legislation based on provisions of the example act. The National Governors' Conference urges the Governors to actively consider revision and updating of current disaster law, particularly to meet the requirements of new federal legislation, as suggested in the "Supplements to the Example State Disaster Act - 1975" issued by the Council of State Governments.
- B. State Mobile Home Tie-Down Legislation. The National Governors' Conference recommends and supports "Mobile Home Tie-Down Legislation" for each State as an affirmative measure to reduce loss of life or injuries and damage to property in disasters, and commends to the Governors consideration of active sponsorship of the "Mobile Home Tie-Down" draft legislation in the Council of State Governments' program of Suggested State Legislation - 1975.
- C. The National Flood Insurance Program, as expanded and strengthened by the Flood Disaster Protection Act of 1973, and buttressed by the Disaster Relief Act of 1974. The National Governors' Conference urges the Governors to support participation by their States' identified flood-prone areas in the program and to encourage owners of property within those areas to take full advantage of this federally-subsidized insurance.
- D. The on-site assistance program of the Defense Civil Preparedness Agency, Department of Defense. The National Governors' Conference recognizes the value and utility of this activity toward enabling state and local governments to respond more effectively to disasters as well as war emergencies and urges the use of this and other programs of technical assistance.

E. - 12

GRANTS FOR COMPREHENSIVE PLANNING AND COORDINATION

Assistance should be provided to plan comprehensively at the interstate, regional, metropolitan and local levels; to encourage local governments to cooperate in solving area-wide problems through comprehensive planning, review and coordination; to foster intergovernmental attacks on problems of national, urban and rural development; and to establish a method for the exchange of development information among local, state and federal governments.

Federal planning funds should be in the form of broad grants to state governments for distribution to cities, metropolitan areas, sub-state regions and counties. Such funds should be adequate for long-range financing of planning and management activities, with authority in the use of such funds sufficiently flexible to allow for the planning and management work necessary to achieve state and area priorities. State government should be provided discretionary authority to administer comprehensive planning and management funds for all areas of the state, including metropolitan cities and urban multi-jurisdictional planning agencies.

E. - 13

RURAL SERVICES AND FACILITIES - PUBLIC EDUCATION

Talented and capable human resources, reared and educated in rural areas, must have more attractive opportunities to remain in rural areas. The quality of life in rural areas deteriorates and economic opportunities decline when the investment in human resources is not maintained.

Rural people have traditionally been educationally disadvantaged. Better educational opportunities must be provided to make rural areas a more attractive place to live and work. Providing a better quality education, including general and vocational education, is an essential element of rural area development. Special federal grants should be made to the States for improving the quality and quantity of rural education. Consideration should be given for basing it on the level of per capita income and the migration rate within a designated geographic area.

E. - 14

RURAL SERVICES AND FACILITIES - HEALTH

Economic delivery of health services is a national problem. It is much more severe in rural than in urban areas due to the sparsity of population, low incomes, and current structure of medical facilities which characterize rural areas. The increasing share of the nation's gross national product devoted to health services accentuates the importance of improving health service facilities as a means of making rural areas more productive places to live and work and to stimulate economic development. It is essential that federal support for comprehensive health planning, both at the state and sub-state regional level, be increased.

E. - 15

RURAL SERVICES AND FACILITIES - RESEARCH AND EDUCATION

A necessary condition for a viable rural development program is a coordinated program of research and education. Rural development research must include the derivation of principles, facts, and relationships considering human, natural and institutional resources. Results of such research need to be interpreted in terms of local conditions and dispensed to state and local leadership. Further, there is a need for the establishment of a limited number of centers to educate individuals to staff state and local development programs. These same centers

could provide short courses to update and supplement the educational base of university graduates who wish to prepare themselves to serve development agencies.

A major share of the research relevant to rural development which is currently under way is being carried out in the various land grant universities. For this reason, given appropriate financial support through federal grants, these institutions, through their agricultural experimental stations and resident and extension teaching programs, have the capacity to develop both research and educational programs in support of rural development efforts. Special grants should be given these institutions to permit them to develop appropriate research and education efforts in rural development.

Transportation, Commerce and Technology

F. - 1

THE STATE ROLE IN COMPREHENSIVE TRANSPORTATION PLANNING AND DEVELOPMENT

The nation's Governors pledge their continued action to deal with the expanding and changing transportation needs in the last half of the decade.

- A. The Governors express appreciation to the Department of Transportation for its generally excellent communication with States and urge that any consolidation of federal departments which would place the Department of Transportation in a larger agency should preserve the working integrity of existing federal transportation activities. The Governors endorse the view that the transportation system is a primary factor in the development of our social, economic and environmental conditions. For this reason, the Governors support the concept that federal transportation programs be fully coordinated with these other concerns. However, the Governors believe the existing functional agencies within the DOT should remain in one department.
- B. The Governors call upon all States to develop administrative and legal structures equal to the challenge of comprehensive, integrated transportation systems required by the citizens of the States. Many States responding to the need for a central agency have created departments of transportation to coordinate all modal programs.
- C. The Governors urge the Department of Transportation to develop and effectuate an integrated National Transportation Policy — through consultation with the States — for the guidance of the States in the accomplishment of national goals. Such a policy — based upon the data inputs contained in the National Transportation Need Study, the National Transportation Study, and subsequent national transportation studies by the Department of Transportation and the States — should be used for setting continuing priorities in the National Transportation Policy.
- D. The Governors express deep concern over the possible enactment of a substantially increased gasoline tax for fuel conservation. Inherent in this action could be a significantly damaging reduction in the resource levels to fund highway and transportation construction and maintenance at the state level. Therefore, we urge the development of a complementary energy and transportation policy so as not to wreck state highway and over-all transportation programs.
- E. The Governor, as elected chief executive, is best able to determine the transportation needs and priorities of his State. All transportation funds provided by the federal government should flow directly through the Governor. He should have the ability to transfer funds among various programs to meet his own State's priority transportation needs.

Finally, the Governors continue to call for the creation of a single unified National Transportation Trust Fund by incorporating all transportation tax revenues and other tax revenues made available for transportation, or by beginning a phased program of percentage transfers from the highway and aviation trust funds and other funds made available for transportation into a unified National Transportation Trust Fund. The unified trust fund should be for use comprehensively within all modes of transportation and made available for appropriate transportation funding purposes, based on a comprehensive and integrated National Transportation Plan reached through purposeful study. Such study should rationalize rates of investment among all modes and should clearly address transportation problems in a long-term energy supply context. In addition, a major proportion of the revenue generated by any energy conservation taxes should be included in the unified trust fund and supplemental funds should be added as necessary to meet the urgent and immediate needs of an adequate comprehensive, integrated transportation system.

F. - 2

TRANSPORTATION AND THE ENVIRONMENT

The Governors pledge full cooperation in providing environmental impact statements on transportation construction and strongly endorse efforts to strengthen the A-95 program to provide the Governors with a stronger role in the evaluation, analysis and implementation of all transportation projects, so as to avoid duplication and waste, as well as environmental damage.

The Governors pledge a continued fight against the pollution of our environment by the wastes and by-products of our growing transportation system.

The Governors call upon the federal government to provide effective minimum standards to protect the basic health and safety of every citizen, while leaving state governments free to deal with the problems that have reached extraordinary severity, or to respond to citizen demands for a higher level of environmental quality than that which would be supported nationwide.

The Governors call upon the federal government to join with the States in a vast effort to measure pollution and to apply innovative technology in discovering new sources of energy and new techniques of reducing and disposing of wastes produced by our transportation system.

However, the Governors feel that more specific guidance and clear expression of intent by Congress as to the implementation of NEPA, the Clean Air Act, Section 4(f) of the Transportation Act and other appropriate environmentally oriented federal legislation should be provided to rectify and ease difficulties experienced over the past few years in the administrative processes relating to Environmental Impact Statements and their approval. It would seem an economical and progressive step to assist in achieving a realistic balance between progress and environmental protection through the clarification of this process.

The Governors pledge increased emphasis in the design of highways and other transportation systems so that these facilities complement rather than conflict with the total environment in both its natural and man-made aspects. Further, programs for the preservation and development of historic and scenic vistas along transportation corridors should be encouraged by the reward of additional federal

financial assistance for increased state and local action, rather than by the present threat contained in the Highway Beautification Act of a ten percent penalty in highway funds. We oppose any federal penalties where Congress has failed to appropriate funds which have been authorized to aid States in carrying out beautification programs.

F. - 3

HIGHWAYS

The National Governors' Conference strongly supports continued development and improvement of the nation's streets and highways. This network provides the backbone of our transportation system which is critical to maintaining the vitality of our economy.

The Governors urge that the program continue as a partnership between state and federal government because support and coordination are needed at all levels of government if the effort is to be effective. The following actions should be taken to ensure that such activity is funded, implemented and directed in the most positive and productive manner possible:

- A. During fiscal year 1977 Congress and the Administration should thoroughly review with the nation's Governors the various transportation programs to determine the appropriate roles for state and federal government in the development and maintenance of a comprehensive and integrated transportation system and to seek the elimination of duplication of effort and overlap of responsibility.
- B. The National Governors' Conference is pleased by the federal courts' decisions regarding impoundment of appropriated funds, and the action Congress has taken in overriding the President's deferral of authorized expenditures from the Highway Trust Fund. Congress should reaffirm its intent that such funds be allocated on a yearly rather than a quarterly obligational basis.
- C. Congress and the Administration are strongly urged to provide a two-year moratorium on state matching requirements for the formerly impounded but now released federal highway funds. At a time when highway programs throughout the country are in critical financial condition due to decreased revenues and increased costs, every effort should be made to assure full use of these recently-released funds for highway projects which will produce badly-needed jobs, as well as move the nation's transportation program forward.

Adequate maintenance is a prime responsibility of the States with a commitment to properly maintain the tremendous investment already made in our existing systems. Funds now going to match federal funds are sorely needed in the States to improve the condition of our deteriorating highways. Unless such a moratorium on state matching requirements is provided, the highway construction programs of many States will be brought to a virtual standstill.

- D. Congressional and Administration attention should be focused on reducing the complexity of federal aid and increasing the flexibility of the States to administer the program and to expend the funds on state-determined needs for new construction, reconstruction and safety projects. Existing categorical programs should be reduced to no more than four categories: Interstate, urban, rural and safety. Primary authority for coordination, planning and flexible distribution of trust funds within the States should continue to be at the state government level.
- E. Any modifications to the Highway Trust Fund such as those currently under discussion in Washington must consider the highway needs of the nation, the tax base required to support those needs and the impact such modifications would have on the various States. Serious consideration should be given to a formula which would provide that each State would not receive less than 80 percent of tax payments it makes into the highway trust fund. The remaining 20 percent would be allocated in a manner to ensure a comprehensive, integrated, national transportation system.
- F. The Federal Highway Trust Fund should be extended to assure completion of the Interstate System, and to provide for its reconstruction and rehabilitation. Emphasis should be given to the economic necessity for completing the present Interstate network. The minimum authorization should be set at \$5 billion annually until completion.
- G. The National Governors' Conference is opposed to any diversion of the present Highway Trust Fund revenues to the General Fund. The nation's current transportation needs far exceed our financial capabilities. The Governors support greater flexibility at the state level in the uses of highway program authorizations with each State receiving its fair share of funding to be used as its own transportation priorities dictate, including reconstruction, rehabilitation and safety projects.
- H. The National Governors' Conference supports continuation of federal funding for advance acquisition of rights-of-way as an excellent measure of economy and planning.
- I. Obligation authority should be provided as far ahead as possible to permit the States to adequately plan and effectively implement their highway programs.
- J. Gasoline and other motor fuel taxes should not be forced to bear the full burden of the total energy conservation effort to the detriment of the over-all highway program or the individual State's ability to use fuel taxes to finance construction and maintenance of its highway system.

Should Congress establish any additional user taxes, sufficient funds derived should be directed to the States or pre-emption to the same degree should be allowed to offset any reduction in highway funds caused by such a program.

HIGHWAY AND MOTOR VEHICLE SAFETY

The National Governors' Conference views with alarm the tragic number of preventable highway and traffic crashes and casualties and urges the following action to strengthen the intergovernmental effort to make our streets and highways safe:

- A. Congress, with the passage of the Highway Safety Act of 1966 and its amendments and the Highway Act of 1973, has called for a comprehensive and coordinated attack upon the problem of highway safety. While Congress has mandated comprehensive action, sufficient funds have not been provided to meet the requirements of the act. Action should be taken to bring the authorization and appropriations up to a level to meet the mandates of the act.
- B. The Governors recommend that the National Highway Traffic Safety Administration and the Federal Highway Administration move toward a programmed approach for highway safety funds by adopting flexibility in administering the Highway Safety Program. To facilitate further progress toward this objective, the Governors recommend the Highway Safety Act be amended to permit the States to focus federal highway safety resources on the most pressing problems in each State.
- C. The present inflexible ten percent penalty clause in the Highway Safety Act should be replaced by a more realistic, flexible provision and by a more positive incentive program to reward States with progressive highway safety programs.
- D. In view of the pre-emption provision of the National Motor Vehicle and Traffic Safety Act of 1966 and in view of recent conflicts that have occurred in the setting of minimum vehicle equipment safety standards between the States and the National Highway Traffic Safety Administration, the Governors strongly suggest more positive attempts by the NHTSA to involve the States in the setting of these standards. Such action would fulfill the original intent of Congress that national, as opposed to federal standards for vehicle safety equipment, be established and conflicts between NHTSA and the States be avoided. This can be accomplished through the Vehicle Equipment Safety Commission, consisting of 44 States and charged with the responsibility of establishing vehicle equipment safety standards, and through regional conferences between officials of NHTSA and the States.
- E. The Governors commend the President for seeking their advice and consent when selecting representation from individual States for his National Highway Safety Advisory Committee and recommend this procedure be continued.
- F. There should be greater coordination of research conducted by the National Highway Traffic Safety Administration, the Federal Highway Administration, the States and private industry. The NHTSA should act as a clearinghouse and information source for such an exchange of information and should provide this information to the States. The

Administration should consult the States when determining minimum standards for vehicle equipment, and should design standards which are sufficiently flexible to permit States to impose additional requirements where conditions warrant.

- G. The Governors recognize that more than 50 percent of the highway fatalities are alcohol-related and commend the National Highway Traffic Safety Administration for its efforts in developing new alcohol counter measures and recommend the early implementation of these counter measures, including use of the implied consent law. The Governors recognize that States must play a vital role and urge that necessary resources be made available to the Governor.
- H. Congress, the National Highway Traffic Safety Administration and the Federal Highway Administration should evaluate the effectiveness of the current highway safety standards and determine if these standards should be modified, eliminated or if new standards should be promulgated. To permit the standards to be adjusted in a responsive, expeditious manner as new experience and knowledge are obtained, the Highway Safety Act should be amended to provide that such modification may be accomplished without requiring individual acts of Congress.
- I. The National Governors' Conference recommends that studies related to decreased highway-related accidents, deaths and property damage and the lowered speed limits be reviewed and expanded. This effort could then lead to recommendations to revise allowable speed limits and design standards on our highway system.
- J. The Governors view with alarm proposed federal interference with state enforcement of traffic speed limits. Presumptions implied by DOT regulations that Governors are defaulting in their constitutional responsibility to see that the laws are faithfully executed, and that their performance in this regard should be monitored by a federal agency, are totally unacceptable. Any contributions to the national objectives of energy conservation and highway safety are but incidental when compared to the abdication of traditional state police power under coercive threat of highway fund withdrawal. The Governors pledge in good faith to support the 55 mph national speed limit and certification by the Governors that their speed control programs are fully operative should be sufficient to satisfy the intent of Congress. Construction of a new federal speed enforcement bureaucracy is expensive, unnecessary, inappropriate and constitutionally repugnant.

F. - 5

AERONAUTICS

Because aviation is a critical component of a balanced state transportation system, the Governors have a major interest in policies and programs which affect the pattern of development of airport and airway facilities. The Governors endorse current Department of Transportation policy, which would transfer general aviation programs from federal to state administration. The importance of general aviation to industrial and community development, the need to plan airport facilities as

components of the state transportation system, the fully documented fact that States can implement general aviation airport development programs in a more cost-effective manner, all are convincing reasons for a strong state role. The Governors note that 45 States currently provide state funds for airport development, and urge all States to broaden their financial and technical assistance to airport sponsors, thus strengthening the States' ability to fulfill their responsibilities for the development of air transportation.

The Governors reiterate their support for the requirement contained in the Airport and Airway Development Act of 1970 that each State develop a state airport system plan, and the Department of Transportation develop a national airport system plan which considers appropriate elements of component state plans. All airport facilities development should continue to be guided by state and national airport system plans. Amendments which will permit project funding without regard to long-range planning conducted by the States are unacceptable. Local and regional airport plans should be considered as integral elements in the over-all state plans. Furthermore, the planning grant program should go to States in the form of block grants so that air transportation system planning can be integrated with planning of the total transportation system. The national airport systems plan must reflect essential elements of component state plans.

The Governors stress the need for flexibility in the distribution of airport development funds so that areas of desirable future potential growth may be assisted. Distribution of funds entirely on the basis of current passenger enplanements would leave only limited funds to respond to developing needs in growth areas with low current enplanements. The apportionment formula should also favor smaller air carrier-reliever and general aviation airports which have the least self-financing capability.

The Governors continue to urge all States to make every effort to encourage effective local airport zoning laws to achieve land use that is compatible with airport and aircraft operations. The National Governors' Conference applauds recent EPA and DOT-FAA proposals and regulations designed to further reduce aircraft noise and the initiative taken by certain States to control and mitigate aircraft noise.

The federal government should join the States in recognizing airports as a vital asset which must be protected from incompatible encroachment of urban areas. The Governors believe that the "land banking" concept must be employed to preserve future airport sites in some areas.

The Governors endorse the policy of joint use of military airport facilities by civil aircraft wherever feasible and urge that this policy be implemented expeditiously at the highest federal level.

The changing complexion of certified air carrier service indicates a stronger role for commuter air service to many smaller communities. The Governors recommend:

- A. That a Civil Aeronautics Board Policy be developed which recognizes the need for commuter service and that the CAB actively promote this policy; and

- B. That the States and the federal government be encouraged to initiate new means of financial support which would provide strong incentives for self-sufficiency in the commuter airline industry.

F. - 6

URBAN AND RURAL PUBLIC TRANSPORTATION

States are employing broad and varied tools to aid public transportation systems. A majority of States have exercised their authority to form areawide public transit districts, and to grant them taxing authority and bonding powers. Several States are now providing direct capital grants for the construction of mass transit facilities. Some States are involved in providing operating subsidies and many have used their powers of taxation and tax exemption to stimulate the development of transit service and rural transportation.

State action is a must because of the nature of mass transit problems. The State has the responsibility to provide strong incentives for local solutions to local transit problems as well as a responsibility to resolve conflicts between political subdivisions.

The Governors particularly endorse the concept that mass transit federal assistance programs should be coordinated by the Governors, and strongly support the National Mass Transportation Act of 1974 which gives a significant and meaningful role to the Governors in the planning and development of urban mass transit systems. This role for the Governors will help to ensure equitable treatment of the various political subdivisions within the respective States and achieve a balanced transportation system. In addition, the States will be in a position to coordinate their transportation programs with an emphasis on the area of greatest need. The Governors recognize the urban and rural transit needs of large and small areas alike and recommend that the authorized purposes of the rural funds of NMTA be amended to allow operating subsidies as well as capital grants in the same manner as operating subsidies are authorized for urban areas.

The National Governors' Conference calls for flexibility in the application of federal urban transportation programs, giving state and local governments the right to exercise their own prerogatives. This flexibility should be exercised in the context of a unified national transportation policy and federally-assisted programs designed to help achieve well-defined national goals and objectives.

The National Governors' Conference applauds the concept of federal urban transportation programs with an assured source of federal funds to enable long-term planning. This will lend continuity to program planning and implementation in the face of ever-increasing requirements for public involvement, comprehensive planning, analyses of alternatives, environmental concerns and inter-agency coordination.

Finally, each State must recognize the potentially beneficial impact of rural public transit service on the life of its rural areas. Federal, state and local governments should join in a concerted effort to respond to the needs of people living in rural areas for improved public transportation.

RAILROADS

The National Governors' Conference notes with concern the increasingly serious problems of the nation's railroads. The Governors have long believed that our nation's railroads are a major element in the American transportation system, providing special advantages for energy conservation, environmental protection and the efficient movement of people and goods.

The continuing Penn Central and Rock Island financial crises and the precarious position of several other carriers underscore the urgent need for a national policy to rehabilitate and modernize the country's railroads.

Railroads are a mainstay of the national economy. The high costs of operating on a run-down physical plant and the resulting poor service are contributing factors to both inflation and the current recession. A revitalized national rail system should be a prime element of any program to revive the economy and promote balanced economic growth in the future.

Government financial aid to railroads is required, but it should be provided in a manner which guarantees improvements in physical plant and service.

- A. Virtually all of the nation's railroads have deferred maintenance and capital improvement projects which they cannot finance from either internal cash or private borrowings.
- B. A rail reconstruction and modernization program will provide thousands of new jobs in the next several years to help counteract the forces of economic recession.
- C. A modern rail system will help the nation to achieve greater energy independence, since railroads are efficient users of energy and provide vital access to our vast coal reserves.
- D. The Preliminary System Plan published by the United States Railway Association on February 26, 1975, provides for massive abandonments, the merger of seven bankrupt carriers into Conrail with a consequent reduction in competition, and a continuing program of government aid with no guarantee this aid will be used for capital improvements or the prevention of rail abandonments.
- E. The Regional Rail Reorganization Act is not a satisfactory vehicle to help bankrupt and marginal carriers such as the Rock Island.
- F. Plans which are limited to reorganizing or restructuring rail carriers will have little, if any, success in improving service and profitability without programs to ensure the availability of finances for reconstruction and modernization or programs to reform regulatory policies or programs to increase productivity of rail labor.

The National Governors' Conference supports federal financial support of the railroads through the concept of a Rail Trust Fund or a single unified Transportation Trust Fund to be financed by appropriate user charges and/or general funds.

If the USRA Final System Plan for the reorganization of the Northeast-Midwest railroads entails creation of a rail monopoly or massive abandonments, the Conference urges Congress to reject it.

The Conference urges a two-year moratorium on branch line abandonments which are reasonably opposed by state and local officials. Uncontested abandonments should be processed by an expedited proceeding.

The Conference supports the use of public service employment to begin rebuilding the nation's neglected railroads.

The Conference recommends that all bankrupt carriers be given the option of reorganizing outside of the Regional Rail Reorganization Act. Several smaller carriers have indicated that they are interested in such a reorganization, and this option will help preserve competition in areas they now serve.

The problems now confronting the rail industry point to the need for a thorough re-evaluation of regulatory matters as they affect railroads and other modes of transportation. The Conference urges Congress and appropriate federal regulatory agencies to begin immediately such a re-evaluation with the objective of simplifying and expediting the entire regulatory process including modernizing rate structures. We also urge all state legislatures and regulatory agencies to begin a similar re-evaluation.

The Conference urges that a thorough re-evaluation be given to the increased productivity of rail labor.

The Conference remains concerned over the future of rail passenger service and continues to urge a reassessment of basic passenger needs and funding. The Governors note that deteriorated roadbeds are a significant factor in hampering the efficient operation of passenger service. The Governors also note the benefits such service would receive from the creation of a Rail (or Transportation) Trust Fund to finance modernization of roadbeds and are hopeful that Amtrak will re-evaluate its current approach to the problem of rail passenger service in the nation in consultation with the States. Amtrak must strengthen its communications with state governments in order that Governors can play an important role in shaping the rail systems of the future. The Conference calls for the creation of regional gubernatorial advisory councils to advise Amtrak officials on long-range goals and the adequacy of present service for public needs.

F. - 8

WATERWAYS

The National Governors' Conference supports the establishment of national, uniform standards for safety in the manufacture and maintenance of boats and continued state licensing and regulation of boat operators and operations.

The Conference recognizes the growing need for ferry boat and water surface transportation systems where these are the least expensive and most practical way of extending transportation connections. The Governors call upon the federal Department of Transportation to create a Marine Highway System which will aid those parts of the nation in need of water transportation development.

F. - 9

COMMUNICATIONS

The National Governors' Conference recommends to Congress and the Federal Communications Commission the full re-examination of the present allocation of the frequency spectrum.

Special attention should be given to the increasing need to allocate radio frequencies for emergency and public service. A special frequency, common across the nation, should be established for emergency medical services to facilitate communications between ambulances and hospitals.

The Federal Communications Commission, pursuant to recommendations made by the Office of Telecommunications Policy, is now studying the feasibility of allocating special emergency frequencies. The Conference supports this ongoing emphasis directed to national communications needs.

F. - 10

TRANSPORTATION REGULATION

The problems of the rail industry and trucking industry point to the need for a re-evaluation of current transportation regulatory policies and practices. The Governors recommend the formation of a national commission on the broad range of state and federal regulatory policies and practices in all modes of transportation. This Commission should be given the necessary authority and capabilities to obtain adequate input from the public, state regulatory agencies and industry. However, the formulation of the commission should not preclude interim reform designed to improve service and economic performance in the transportation industry. There is an immediate need to begin the re-evaluation and updating of the current methodology and philosophy used in establishing rate structures.

F. - 11

TRAVEL AND TOURISM

The leisure industry, including such major economic components as travel, tourism, second-home development and many others, has become an increasingly important element in the economy of the nation. Last year, for example, it was reported that annual spending by travelers in the United States exceeded \$61 billion.

The growth of the national industry has been a direct result of many factors, among them the level of affluence of many Americans, the increased amount of free time now available to many citizens, and the rapid development of improved communications and transportation. Much of the growth of the industry has taken place within the past few years and in fact has been so rapid that the full impact has not been entirely realized. The fact is, however, that entire cities, towns, counties and regions of the nation are now dependent on the leisure industry for their economic well-being.

It has become increasingly evident that while travel and tourism may be considered something of a discretionary expenditure by some, the economic health of the industry in general is a matter of absolute necessity to the States and regions so vitally dependent upon it for their livelihood. National policy and governmental action which don't accept this fact unduly penalize an important segment of the national economy and jeopardize those States heavily dependent upon the leisure industry for jobs, income and economic stability.

The travel and tourism industry has become national in scope and importance. Within recent years that industry has expanded beyond its historic concentration in some of the States and has become significant in every region and every State in the nation.

In recognition of the accelerated nature of the growth in many States, the National Governors' Conference feels that the industry requires a new level of attention and consideration within regional and national priorities. Specifically, the Governors offer the following recommendations and observations:

- A. A national policy within the federal government with regard to travel and tourism should be developed. At the present time there are well over 50 agencies engaged in 100 identified tourist programs. Through the National Tourism Resources and Review Commission created by Congress in 1970, new understanding of the magnitude and impact of the industry has been achieved. Adoption of a national policy with regard to travel and tourism would tend to focus more effectively on those resources now available, and maximize their effectiveness. Such a policy should be accompanied by an administrative mechanism at the federal level to implement such a policy.
- B. Accompanying the provision of A, the United States Travel Service of the Department of Commerce should be funded so that it may become operational in the establishment of a domestic tourism promotion program. We encourage and support full funding of the United States Travel Service to its authorized level of \$30 million so that an even greater number of foreign visitors can be made aware of the travel attractions in the United States.
- C. Fiscal policies at the federal level should not discriminate against the recreation and leisure travel industry. Present policies which discourage the advancing of money and creative development in these areas have added to the already serious financial policies facing the industry. The unavailability of money and the extremely high interest rates have caused problems which could have disastrous effects on the economies of those States dependent upon the travel and tourism industry for much of their financial stability.
- D. The decision with regard to the allocation of the nation's energy resources should recognize travel as an essential industry to the United States. Severe restrictions on

gasoline resources last winter in travel and tourism areas had serious economic implications for many States. Should the shortage occur again in the future, due consideration should be given to the economic needs of those areas which depend upon travel and tourism as their major source of income.

- E. Accelerated efforts should be made to expand the number of gateway cities with regularly scheduled and chartered services for both passengers and cargo. International travel by American citizens is the largest contributing factor to the country's imbalance of payments (\$3.2 billion in 1972). Only when direct regular service between cities and overseas markets is improved can this nation realize its full travel potential.

F. - 12

INSURANCE

States have historically had the basic responsibility for regulating the insurance industry. In response to an increasingly felt need, 48 States have enacted auto insurance insolvency fund guarantee laws, providing consumer protection with no loss of state regulatory powers. State response to this problem has again demonstrated that insurance regulations need not pass to the federal level.

A subject of growing interest is the establishment of a no-fault system of automobile insurance. Again, some have argued that a uniform national system must be imposed from the federal level. However, the Governors believe that individual state action and interstate cooperation can produce a no-fault system which is uniform enough to meet the needs of interstate vehicle accidents and flexible enough to suit the conditions in each State without increasing rates.

States have many automobile accident insurance systems available for study. The Conference urges those States that have not enacted no-fault legislation to continue to examine options available and to achieve maximum interstate coordination in any actions they may take. The Conference notes the extensive research and drafting done by the National Conference of Commissioners on Uniform State Laws and by the Council of State Governments and urges each State to consider this model legislation.

The best possible solutions to the problems of auto insurance lie in continued state regulation and experimentation. The Conference again urges Congress not to take any action that would pre-empt state action in effectively bringing about meaningful reform in our auto reparations system. The adoption of national no-fault or federal standards is not an acceptable option to individual state action.

F. - 13

TECHNOLOGY

As the leading technological nation, the United States generates tremendous new discoveries in many fields including medicine, communication, transportation

and data processing. Federal research and development investment in programs such as defense, space exploration and nuclear energy involve large sums. Because of this public investment, technical discoveries should become available for maximum public benefit through application in housing, solid waste management, water quality, as well as other areas of importance to state and local governments.

The support of civilian-oriented research and development is important for solving the many technologically-based problems of state and local governments. While there are tremendous technological resources generated by defense, aerospace and nuclear energy programs, there must be specific research and development focused on the problems of state and local governments. At the same time, these resources must be directed toward the development of significant state capabilities in the area of technology. These capabilities should be responsive to state and local governmental officials and directed toward the resolution of problems in transportation, housing, communications, data processing, solid and liquid waste management, air and water quality and other areas.

The federal government is a major supporter of programs which generate new technologies. There should be programs at the federal level to identify and document the opportunities and problems created by these developments. A vital part of this information system is channels of direct communication between those creating new technology and those seeking to adapt and apply it to public purposes.

To fully complement a federal technology information system, States must act either independently or through state-related public interest groups. Using technically competent people, they must identify and describe problems of importance which could be favorably affected by application of technology and communicate those problems to the federal government, industry and the academic research community.

There is a need for cooperation among federal, state and local government to produce the large market required by certain types of technology. Orders based on standard performance specifications from many jurisdictions will reduce unit costs in each, and will make possible the development and manufacture of software systems, hardware and services particularly suited to the needs of government at all levels.

Recent estimates of the nation's stock of fossil fuel resources are considerably below those published previously. It is imperative that the nation's technological expertise be harnessed to find ways of supplementing these resources and of using all our energy resources more efficiently. Continual research and development of new energy resources are needed to secure the nation's future. Because of the complex interrelationships between energy resource development, energy use, environmental protection and the potential inequities in the incidence of benefits and costs, it is important that the States have a strong role in formation of national energy technology policy and in the application of technology to solve the nation's energy problems.

The National Governors' Conference continues to support federal government actions designed to increase the attention being paid to civilian-oriented research and development, and supports the dedication of federal government resources as an aid to problem-oriented research designed to provide policy analysis and options to state government decision-makers.

The Governors object to any action by Congress or federal agencies requiring the development of single-purpose, single-agency computer systems within the States. The States are effectively managing computer utilization and costs through multi-agency utilization of computer resources; thus there should be no requirements for federal guidelines and regulations in this field. Joint utilization of computers has been customary for highly classified material in corporate business systems for many years.

F. - 14

CABLE TELEVISION

The National Governors' Conference commends those States that have established a leadership role in guiding the development of the cable television industry. It is essential that the States provide a leadership role in nurturing cable television growth to realize its full potential in both rural and urban development and, at the same time, control its application to protect public interest communications rights and privacy of our citizens.

The Conference further believes that States should play a major role in the regulation of cable television primarily through providing guidance and assistance to local authorities in their franchising activities, in establishing minimum requirements for safety of cable system construction and implementation, and through assurance that cable systems provide substantial public benefits and do not abuse their natural monopoly positions.

The Conference recognizes the need for the establishment of broad national communications goals with respect to cable television. It also recognizes a place for FCC involvement in cable television regulation. However, the Conference is opposed to federal regulatory intervention that, by usurping the rights of States, would overstep FCC's constitutional and statutory limits.

The Conference believes that the regulatory program adopted in any individual State should be designed to reflect the particular circumstances and needs of that State. It also strongly believes that such programs should avoid unnecessary duplication. An intelligent division of responsibility among federal, state and local levels of government can ensure complementary rather than duplicative regulation. States are in a position to implement national goals and policies in a manner that is sensitive and responsive to local needs. The Conference believes that cable television is uniquely suited to a "creative federalism" involving the three levels of government.

The Conference urges Congress to give prompt consideration to actions recommended by the report of the cabinet-level committee on cable communications including the role outlined for the States in that proposal.

The Conference urges the executive and legislative branches of the federal government to take whatever action is necessary to preserve the role of States consistent with the policy outlined above, and urges the FCC not to adopt any proposed rules impacting upon the responsibility of States in cable regulation such as the "Clarification of Rules and Notice of Proposed Rulemaking" of April 22, 1974, without comprehensive public hearings on the issues.

PRIVACY

The National Governors' Conference recognizes the right of personal privacy as a fundamental right of every citizen in the U. S. However, the increasing application of technological advances and the proliferation of personal data information systems threaten that right as never before in our history.

Numerous instances of misuse and abuse of information by the public and private sector exist--including gathering of too much extraneous personal data; using information for purposes other than those for which it was collected; using incorrect, incomplete or out-of-date information; and keeping the existence of a person's file and its contents a secret. Currently, there is little legal protection against the abuse and misuse of personal information.

THEREFORE, the National Governors' Conference supports the efforts of the States, the Administration and Congress to develop and establish privacy safeguards and standards for the collection, maintenance and dissemination of personal data and encourages the enactment of legislation to protect privacy.

The Conference urges that any federal legislation pertaining to privacy should expressly provide for full participation by States in the development and promulgation of regulations and in the administration of the act.

The Conference supports the following privacy safeguards:

- A. Data systems collect only the data necessary to carry out their purposes.
- B. Data systems institute security precautions to prevent unauthorized access and misuse of data.
- C. Data files be periodically updated and purged of incorrect information.
- D. Data system operators keep a record of those to whom information is disseminated so they may be notified of corrections.
- E. Data system operators publish annual notice of the existence and character of their system.
- F. Individuals have access to their files and be able to learn how information about them is being used and to whom it is being disseminated.
- G. Individuals be able to challenge incorrect or out-of-date information on themselves and to have corrections made upon verification of the facts or, if the data system declines to accept the challenge, to have the challenge recorded and disseminated with the data.

- H. No data collected about individuals for one purpose should be used for an unrelated purpose without the consent of the data subject.

F. - 16

IMPOUNDMENT OF HIGHWAY TRUST FUNDS

The National Governors' Conference restates its opposition to the repeated impoundment of Highway Trust Funds by the federal administration. Recent federal court decisions have upheld the claims of several States that these impoundments are illegal.

We urge the federal government to let stand these court decisions, and not prolong the process of litigation by making pointless appeals to the higher courts.

We urge the President to move forward from his initial step by releasing all authorized highway funds which are still impounded.

F. - 17

TRUCK TRANSPORTATION

The energy shortage brought to the surface the difficult situation now facing the nation's trucking industry.

Truck operators have dramatized their dissatisfaction with the economic and productivity impacts of present fuel costs, disparate tax and licensing structures, size and weight regulations and similar issues.

It is evident that many essential commodities have no feasible alternative to truck service and many communities are completely dependent on truck operations for their transportation needs.

We, therefore, recommend that Congress and the Interstate Commerce Commission conduct an investigation of the problems of the trucking industry, particularly the relationship between owner-operators and certified carriers.

We further recommend that States consider legislation to permit uniform axle and gross weights consistent with federal regulations.

F. - 18

HIGHWAY TRUST FUND LEGISLATION

It is the desire of the National Governors' Conference that the 2-cent gasoline tax now proposed to be diverted from the existing Trust Fund structure to the General Fund be added to the current 1-cent proposal to be returned to the States, and that 1 cent be allocated to the Highway Trust Fund for the development of the Interstate Highway System.

The Governors support greater flexibility at the state level in the uses of Highway Trust Funds with each State receiving its fair share of funding to be used as its own transportation priorities dictate, including reconstruction, realignments and safety projects.

F. - 19

FOREIGN TRADE

The nation's Governors recognize that the United States needs a national goal for an aggressive expansion of world trade, as opposed to simply being order-takers. The Governors propose a national policy to penetrate the world trade market by at least an additional one percent during the coming year to produce \$8 billion and to generate 400,000 jobs.

The Governors urge the restoration of the proposed 16 percent budget cut of the Department of Commerce appropriation for international penetration activities, which could impose upon the businessmen and farmers a \$2 billion reduction in exports, the loss of 100,000 jobs and a \$3.2 billion GNP reduction. With 42 States operating offices dealing primarily with foreign trade, the Conference requests the federal government to provide greater assistance in support of the States' foreign trade efforts.

The Governors call upon the President and Congress to require our foreign offices to give higher priority to aggressive commercial activities and to furnish them with more technical support and better staffing. The Governors urge the President and Congress, through available investigative means, to determine existing problems and seek out possible solutions in the commercial activities of our foreign offices.

Miscellaneous Resolutions

G. - 1

APPRECIATION

The National Governors' Conference offers a grateful salute to Edwin and Elaine Edwards, Governor and First Lady of the Pelican State, for their constant and gracious attention to all of us present at this 67th Annual Meeting. Never have we felt more welcome and "at home" in a Host State.

To the Host Committee, its Chairman Jim Griffith and Director Dick Sharp, we pay tribute for their diligence in putting together and administering a superb program of events that will long be remembered. Mayor Moon Landrieu and the City of New Orleans have made our stay in the Crescent City utterly pleasant.

We also wish to express our deep appreciation to the officers and men of the Louisiana Highway Patrol and of the National Guard for assisting so well in every aspect of transportation and security arrangements.

To our program speakers and guests we extend special thanks for their contributions to a most spirited and exciting series of discussion items. Members of the news media have outdone themselves in reporting fully and accurately the deliberations of this annual meeting.

Finally, and by no means least, we thank the Honorable Calvin L. Rampton for his firm and friendly leadership of the National Governors' Conference during the past year, with the able assistance of the Executive Committee.

G. - 2

PACIFIC ISLAND DEVELOPMENT COMMISSION

WHEREAS, The Pacific Islands Development Commission (PIDC) was established in 1970 for the purpose of fostering the economic growth of the Pacific Area through research and development of fisheries and the fishing industry, tourism and other possible avenues for revenue production; and

WHEREAS, the four permanent members of the Commission are the Governors of Hawaii, Guam and American Samoa and the High Commissioner of the Trust Territory of the United States; and

WHEREAS, the economic potential of the development of fisheries and the fishing industry in the Pacific area--particularly the tuna fishing industry--is enormous, and in fact stands as one of the new viable means by which many of the islands of the region could build and sustain a self-sufficient economy; and

WHEREAS, the budget of the PIDC for research and development during FY 1976 was discussed at its annual meeting at Truk and will require in excess of \$2 million for implementation of needed programs during that period; and

WHEREAS, the PIDC, in cooperation with the fishing industry, was successful in 1972 in having passed Public Law 92-444, which authorized the expenditure of \$3 million for fiscal years 1974, 1975 and 1976 to support a fisheries development program in PIDC areas, which money has never been appropriated by the Office of Management and Budget; and

WHEREAS, while some other monies have been made available by the Office of Management and Budget and through the National Maritime Fisheries Service during past fiscal years for fisheries development, the PIDC has had to depend to a large degree on private sources such as the Pacific Tuna Development Foundation to finance its operations; and

WHEREAS, the future of hundreds of thousands of United States citizens in the Pacific area might well be adversely affected if the Congress of the United States or the Office of Management and Budget does not act to provide increased financial support to PIDC; and

WHEREAS, the fishing industry of many States of the Union will benefit greatly as a result of the research and development efforts of the PIDC;

NOW, THEREFORE, BE IT RESOLVED:

That the National Governors' Conference does hereby give its full and unqualified support to the PIDC in its efforts to insure increased funding from the Congress of the United States and/or the Office of Management and Budget through the implementation of Public Law 92-444 and such other measures as might be appropriate.

G. - 3

GIFTS

It is the sense of the National Governors' Conference that personal gifts to Governors and their families at annual meetings from either the host Governor, the host State or otherwise, constitute an unnecessary and burdensome expense without contributing appreciably to either the substance or the spirit of the Governors' conferences, and should not be presented.

However, such policy is not intended to preclude or discourage the traditional presentation of souvenirs or mementos of nominal value which are symbolic or otherwise associated with the host State or site of the Conference.

G. - 4

IN MEMORIAM

The National Governors' Conference expresses its sorrow at the loss of one of its most senior and respected members, Governor John Anthony Burns of Hawaii. His good will, integrity and courage during his tenure as Governor inspired us all and will not be forgotten.

To his family and the lovely and unfailingly gracious "Bea," we convey our respect, our affection and our sense of loss.