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ASSOCIATION
ANNUAL MEETING
1978

SEVENTIETH ANNUAL MEETING
Boston, Massachusetts
August 27–29, 1978

National Governors’ Association
Hall of the States
444 North Capitol Street
Washington, D.C. 20001
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EXECUTIVE COMMITTEE
1978*

William G. Milliken, Governor of Michigan, Chairman
Reubin O'D. Askew, Governor of Florida
Robert D. Ray, Governor of Iowa
Robert F. Bennett, Governor of Kansas
Mike O'Callaghan, Governor of Nevada
Arthur A. Link, Governor of North Dakota
Richard A. Snelling, Governor of Vermont
Dixy Lee Ray, Governor of Washington
John D. Rockefeller IV, Governor of West Virginia

EXECUTIVE COMMITTEE
1978–79

Julian M. Carroll, Governor of Kentucky, Chairman
James R. Thompson, Jr., Governor of Illinois
Otis R. Bowen, Governor of Indiana
Robert D. Ray, Governor of Iowa
William G. Milliken, Governor of Michigan
Thomas L. Judge, Governor of Montana
John N. Dalton, Governor of Virginia
Dixy Lee Ray, Governor of Washington
John D. Rockefeller IV, Governor of West Virginia

* As of August 27, 1978, the opening day of the conference.
STANDING COMMITTEES*

COMMITTEE ON AGRICULTURE
J. James Exon, Governor of Nebraska, Chairman
George C. Wallace, Governor of Alabama
Ricardo J. Bordallo, Governor of Guam
John V. Evans, Governor of Idaho
James R. Thompson, Jr., Governor of Illinois
Robert D. Ray, Governor of Iowa
Robert F. Bennett, Governor of Kansas
Edwin Edwards, Governor of Louisiana
Rudy Perpich, Governor of Minnesota
Joseph P. Teasdale, Governor of Missouri
Thomas L. Judge, Governor of Montana
Arthur A. Link, Governor of North Dakota
Harvey Wollman, Governor of South Dakota
Dolph Briscoe, Governor of Texas
Martin J. Schreiber, Governor of Wisconsin
Ed Herschler, Governor of Wyoming

COMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT
Pierre S. du Pont IV, Governor of Delaware, Chairman
Thomas L. Judge, Governor of Montana, Vice Chairman
George Busbee, Governor of Georgia
James R. Thompson, Jr., Governor of Illinois
Robert F. Bennett, Governor of Kansas
J. James Exon, Governor of Nebraska
Brendan T. Byrne, Governor of New Jersey
James B. Hunt, Jr., Governor of North Carolina
Ray Blanton, Governor of Tennessee

* As of August 27, 1978, the opening day of the conference.
COMMITTEE ON CRIMINAL JUSTICE AND PUBLIC PROTECTION
Otis R. Bowen, Governor of Indiana, Chairman
James B. Hunt, Jr., Governor of North Carolina, Vice Chairman
David H. Pryor, Governor of Arkansas
Ricardo J. Bordallo, Governor of Guam
Mike O'Callaghan, Governor of Nevada
Brendan T. Byrne, Governor of New Jersey
Dolph Briscoe, Governor of Texas
John N. Dalton, Governor of Virginia
Ed Herschler, Governor of Wyoming

COMMITTEE ON EXECUTIVE MANAGEMENT AND FISCAL AFFAIRS
Milton J. Shapp, Governor of Pennsylvania, Chairman
James B. Longley, Governor of Maine, Vice Chairman
Bruce E. Babbitt, Governor of Arizona
Edmund G. Brown, Jr., Governor of California
Pierre S. du Pont IV, Governor of Delaware
George R. Ariyoshi, Governor of Hawaii
Blair Lee III, Governor of Maryland
William G. Milliken, Governor of Michigan
James B. Edwards, Governor of South Carolina
Richard A. Snelling, Governor of Vermont
Juan F. Luis, Governor of the Virgin Islands

COMMITTEE ON HUMAN RESOURCES
Michael S. Dukakis, Governor of Massachusetts, Chairman
David L. Boren, Governor of Oklahoma, Vice Chairman
Cliff Finch, Governor of Mississippi
Jerry Apodaca, Governor of New Mexico
Hugh L. Carey, Governor of New York
Robert W. Straub, Governor of Oregon
J. Joseph Garrahy, Governor of Rhode Island
Martin J. Schreiber, Governor of Wisconsin
COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

Julian M. Carroll, Governor of Kentucky, Chairman
James A. Rhodes, Governor of Ohio, Vice Chairman
Jay S. Hammond, Governor of Alaska
Richard D. Lamm, Governor of Colorado
Ella T. Grasso, Governor of Connecticut
George R. Ariyoshi, Governor of Hawaii
John V. Evans, Governor of Idaho
Robert D. Ray, Governor of Iowa
Edwin Edwards, Governor of Louisiana
Rudy Perpich, Governor of Minnesota
Joseph P. Teasdale, Governor of Missouri
Meldrim Thomson, Jr., Governor of New Hampshire
Arthur A. Link, Governor of North Dakota
David L. Boren, Governor of Oklahoma
Robert W. Straub, Governor of Oregon
Carlos Romero-Barceló, Governor of Puerto Rico
James B. Edwards, Governor of South Carolina
Harvey Wollman, Governor of South Dakota
Dolph Briscoe, Governor of Texas
Scott M. Matheson, Governor of Utah
Dixy Lee Ray, Governor of Washington
John D. Rockefeller IV, Governor of West Virginia

COMMITTEE ON TRANSPORTATION, COMMERCE, AND TECHNOLOGY

George Busbee, Governor of Georgia, Chairman
James R. Thompson, Jr., Governor of Illinois, Vice Chairman
George C. Wallace, Governor of Alabama
Ella T. Grasso, Governor of Connecticut
John V. Evans, Governor of Idaho
Cliff Finch, Governor of Mississippi
Carlos Romero-Barceló, Governor of Puerto Rico
Ray Blanton, Governor of Tennessee
Scott M. Matheson, Governor of Utah
Richard A. Snelling, Governor of Vermont
Dixy Lee Ray, Governor of Washington
ATTENDANCE

Bruce E. Babbitt, Governor of Arizona
David H. Pryor, Governor of Arkansas
Edmund G. Brown, Jr., Governor of California
Richard D. Lamm, Governor of Colorado
Ella T. Grasso, Governor of Connecticut
Pierre S. du Pont IV, Governor of Delaware
Reubin O'D. Askew, Governor of Florida
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Dixy Lee Ray, Governor of Washington
John D. Rockefeller IV, Governor of West Virginia
Martin J. Schreiber, Governor of Wisconsin
Ed Herschler, Governor of Wyoming
GUEST SPEAKERS

John B. Anderson, U.S. Representative, Illinois
Allan Blakeney, Premier of Saskatchewan
Edward M. Kennedy, U.S. Senator, Massachusetts
Kevin H. White, Mayor of Boston
PROGRAM

Sunday, August 27

12:00 noon  Live broadcast of "Issues and Answers"
Panelists: Governor Michael S. Dukakis
Governor James B. Hunt, Jr.
Governor William G. Milliken
Governor Robert D. Ray

2:30 p.m.  Press briefing
Constitution Annex, Plaza Level

4:00 p.m.  Meeting of the NGA Executive Committee and Standing Committee Chairmen
Fairfax Room, Conference Level
Review of NGA priority issues with Jack H. Watson, Jr., Assistant to the President for Intergovernmental Affairs, and Anne Wexler, Assistant to the President

6:00 p.m.  Reception for all registered conferees hosted by each of the six New England states
Independence & Republic Rooms, Plaza Level

8:00 p.m.  Dinner for Governors and spouses
Anthony's Pier 4 Restaurant
Remarks: Joan Mondale, Honorary Chairman, Federal Council on the Arts and Humanities

Monday, August 28

7:30 a.m.  Governors' staff work session
Republic Room, Plaza Level
Subject: Polling and Public Policy
Moderator: Jack Germond, Columnist, The Washington Star
Robert Teeter, Executive Vice President, Market Opinion Research
9:00 a.m. OPENING PLENARY SESSION
Grand Ballroom, Plaza Level

Call to order: Chairman William G. Milliken
Welcoming remarks:
Governor Ella T. Grasso
Governor Meldrim Thomson, Jr.
Mayor Kevin H. White
Adoption of rules of procedure

9:30 a.m. National Health Policy: Which Direction Should the Nation Take?
Moderator: Governor Michael S. Dukakis,
Chairman, Committee on Human Resources
Remarks: Senator Edward M. Kennedy
The Governors’ Perspective: State initiatives in cost containment, Medicaid reform, preventive health, and other elements of health policy
Governor J. Joseph Garrahy, Chairman, Subcommittee on Health Policy
Governor Otis R. Bowen
Governor John N. Dalton
Governor Richard D. Lamm
Discussion by the Governors

10:30 a.m. State and Federal Initiatives in Regulatory Reform
Moderator: Governor Richard A. Snelling, Chairman, Subcommittee on Management Improvement
Remarks: Congressman John B. Anderson
Discussion by the Governors

11:15 a.m. Standing Committee working luncheons

1:30 p.m. Standing Committee meetings

6:30 p.m. A New England clambake at the Boston National Historic Park
Charlestown Navy Yard on Boston Harbor
Welcoming remarks:
Governor James B. Longley
Governor J. Joseph Garrahy
Tuesday, August 29

9:00 a.m.  Concurrent work sessions on new policy initiatives by the Governors

A. New directions in state fiscal policy  
*Independence Room, Plaza Level*

Moderator: Governor Ella T. Grasso  
Overview: Governor Robert F. Bennett

Discussion by the Governors

1. The states and inflation  
   Guest: Robert S. Strauss, Special Counselor to the President on Inflation

2. State actions to limit taxes and expenditures  
   Guests: Wayne F. Anderson, Executive Director, Advisory Commission on Intergovernmental Relations  
   F. John Shannon, Assistant Director, Advisory Commission on Intergovernmental Relations

B. New directions for the states in international affairs  
*Republic Room, Plaza Level*

Moderator: Governor Robert D. Ray  
Overview: Governor Reubin O'D. Askew

Discussion by the Governors

1. International transfer of innovative programs  
   Guest: C. Kenneth Orski, Vice President, The German Marshall Fund of the U.S.

2. Mechanisms to increase the scope and effectiveness of state international activities  
   Guest: Alan A. Rubin, President, Partners of the Americas

3. Effective relations with leaders of Canadian provinces and Mexican states  
   Guest: Allan Blakeney, Premier of Saskatchewan

4. Initiatives by Governors in foreign trade and investment  
   Guest: Robert S. Strauss, Special Representative for Trade Negotiations, Executive Office of the President
1:00 p.m. - **CLOSING PLENARY SESSION**  
*Grand Ballroom, Plaza Level*

1:00 p.m. **Discussion of Title V regional commission legislation**  
Moderator: Governor Pierre S. du Pont IV, Chairman, Committee on Community and Economic Development

Remarks: Governor Thomas L. Judge, Vice Chairman, Committee on Community and Economic Development

Summary reports by Standing Committee chairmen and voting on proposed policy positions

3:30 p.m. **Salute to Governors completing their terms of office**

3:45 p.m. **Election of Chairman and Executive Committee**  
Remarks by the new Chairman

4:00 p.m. **Adjournment**

4:15 p.m. **Meeting of the new Executive Committee**  
*Jefferson Room, Conference Level*
Chairman William G. Milliken: As chairman of the National Governors' Association, I formally call this 70th annual meeting to order.

Before we proceed with the agenda for this morning, on behalf of all of the governors, I would like to welcome two new governors to the Association. Harvey Wollman succeeded to the governorship of South Dakota on July 24, following the appointment of Governor Kneip as ambassador to Singapore. I am also pleased to welcome Governor Bruce Babbitt of Arizona, who succeeded to the governorship on March 4, 1978, following the death of Governor Wesley Bolin. We are delighted to welcome both new governors to this meeting and to the Association. We, of course, hope that your tenure as governors will be a successful, stimulating, happy one.

I now have the pleasure of introducing two of our host governors to welcome us here today. First, the distinguished governor of Connecticut, Ella Grasso.

WELCOMING REMARKS
Governor Ella T. Grasso: With my fellow governors from New England, I am honored and proud to welcome all of you to our corner of America. As governor, each one of us is accused from time to time of that certain condition of the mind that is called parochialism. We in New England come by it naturally. We know we invented the country.

I guess it is no secret that the people of our six states are fiercely proud of the heritage that dates back to those historic days of the Mayflower and the first Thanksgiving. We are proud of our land, from the ocean-pounded shores and quiet lakes of Maine to the untouched streams and serene mountain beauty of Vermont and New Hampshire, from the historic halls of Boston and the magnificence of Tanglewood in Massachusetts, from the white-capped waters dotted with gleaming sails on Rhode Island's Narragansett Bay to the rolling western hills and the sandy shores of Long Island Sound and the historic realism of
Mystic seaport in Connecticut. We hope that before you return to your homes, you will visit with us.

We are proud of the products of our people, from submarines to jet engines to insurance, from ball bearings and electronics to potatoes, and from granite and marble to lobsters and oysters.

We are proud of the names that roll from the pages of history, from Daniel Webster and Horace Greeley to Mary Baker Eddy and John Dewey, from Henry Wadsworth Longfellow and Edna St. Vincent Millay to George M. Cohan and P. T. Barnum, and from the Adamses, Paul Revere, and Nathan Hale to Prudence Crandall, Noah Webster, and Mark Twain, to name but a few.

Our people have contributed to the heritage we treasure, the industry we respect, and the freedom we cherish. They have met challenge upon challenge since the earliest days of our democracy. And today they face new challenges with a strength molded of tradition and pride.

Part of this heritage is built on the foundation of a uniquely New England institution, the town meeting. It was in the town meeting that every person who wanted to be heard was given the opportunity to speak, and decisions were based on the will of the majority. History teaches us that the judgments reached at those meetings, often after long and arduous debate, were usually sound.

Today we embark on a kind of town meeting as well. We are not the voices of a single community, but we represent the voices of all communities throughout our land. We will not be discussing the issues that face a limited number of townspeople, but we will offer solutions to issues that confront an entire nation. Everyone who wishes to be heard will have the opportunity to present a view.

So I hope as we begin our deliberations that our judgments may be as sound, our motives as honest, and our foresight as clear as in days gone by when the decisions of the town meeting helped forge the justice and the liberty which we now seek.

Chairman Milliken: Thank you very much, Governor Grasso, for your remarks and for your hospitality.

It is now my pleasure to introduce the distinguished governor of New Hampshire, Governor Meldrim Thomson, Jr.

Governor Meldrim Thomson, Jr.: It is a great pleasure to be one of six New England governors, under the leadership of our host governor, the hospitable and genial Mike Dukakis, to welcome all of you to New England.

I would like to point out that we, the six governors of New England, are a diverse group. Three are Democrats, two are Republicans,
and we also have in our midst the only independent governor in the United States. Perhaps that is why it is going to take all six of us to welcome you to New England. But we will be one in extending that cordial welcome to you.

To give you an idea of our size, the six states of New England together compare in size to Missouri or Oklahoma or Washington. And in population, our 12 million compare in size to Pennsylvania and Illinois. But we like to look back on the contribution that we have made to representative government here in the United States.

I would like to call your attention to the fact that New England was a seedbed of our heritage. In that sense, I would point out to you that our Founding Fathers believed in several basic principles. They were strongly opposed to building a strong centralized government. They were also very much in favor of retaining sovereign powers for the states except for those powers that were expressly delegated to Congress under the 10th Amendment. The constitutions of New Hampshire and Massachusetts even have provisions on state sovereignty, provisions that were written before the federal Constitution was drafted.

I would point out that in our two constitutions, we have admonished our people to observe frugality and economy in government. I like to believe that the admonition and proverb "Remove not the ancient landmark which thy fathers have set" should apply to these virtues which were cradled here in New England.

Finally, ladies and gentlemen, all of us in New England hope that you might be able to spare a day or two to see the splendor and beauty that is ours: the tremendous coastline from Maine to Connecticut, the hundreds of mountains, the great valleys, and the rich plains that make up the area that now welcomes you to a very pleasant and very constructive session.

Chairman Milliken: Thank you, Governor Thomson. We very much appreciate your remarks.

I would now like to call on our host, the distinguished governor of Massachusetts, Michael Dukakis.

Governor Michael S. Dukakis: I am sure you all have been enjoying the challenges and discussions that I and the mayor of the city of Boston have been having these past few days on property tax reform, local aid, and the problems of cities. I suspect that our discussions, both public and private, merely reflect many of the same kinds of dialogue and debate that you are having with mayors and county and local officials in your own states.

Kevin White and I have been close and dear friends for years. We
share a common passion for cities, particularly this city. He has taken this city from what it was when he was elected and transformed it into what I think most of us and most of you will agree is one of the most exciting cities in the nation. He is an eloquent and very effective spokesman for it. He has told me that he will attempt to join us tomorrow for a meeting of the Urban Policy Task Force in Quincy Market. I hope as many of you as possible will join us, because you will have an opportunity to see what is really the jewel in his and Boston's crown in that marvelous new marketplace.

So for the purpose of welcoming you to this historic and capital city, it gives me great pleasure to introduce the distinguished mayor of Boston, Kevin H. White.

**Mayor Kevin H. White:** Whenever we mayors hear any kind of applause, we know the audience is from out of town. [Laughter.]

Michael wasn't exaggerating when he said we are close friends. As a matter of fact, he guaranteed me safe conduct in and out of this hall this morning. Both of us want to assure you that what you read in the papers this morning—comments from Michael and from myself—is just another normal Monday morning in Boston politics. The fact of the matter is that both of us are very pleased that you are here in Boston.

Obviously, I hope that in your deliberations you will solve all the problems that beset us mayors. But most of all, I hope you just enjoy being in Boston. This city, like your own states, has its own personality. It has a lot of tradition, a lot of history. It has a touch of the last hurrah. If you walk the byways and highways of Beacon Hill and the rest of the city, I think you will find its flavor and a dash of elegance to boot.

It is an old city. I think you are all aware of it, and most of you have come here before. There are many historical sights, like Paul Revere's house, the Faneuil Hall Market, which Governor Dukakis will show you in the morning, the Old North Church, and the state house, which was built in 1789. The statehouse is, I think, the handsomest public building in America. There is also the *U.S.S. Constitution*, the Grasshopper Weather Vane, and the Park Street Church. That is the history of Boston, and we are very proud of it. But the skyline you see is new, its architecture distinctive. A combination of efforts of the federal, state, and city governments brought it all together.

From the top of the Prudential Tower and the Hancock Building, you can see what Ella Grasso and Meldrim Thomson referred to—the beauty of New England, from the harbor to the gateways of New Hampshire and Vermont and in another direction, the beauty of Cape Cod and Kingston. I think the cultural diversity of this city is un-
matched in this country, except in New York, from the Museum of Fine Arts to the Boston Symphony to the Pops, from academia to athletics.

But my proudest boast of all is that Boston, when the weather is not inclement, is the most walkable city in America, from the waterfront park to the Italian district in the north end to the banks of the Charles to Harvard Yard. The streets are crooked, not made for modern convenience. And I might warn you the drivers in the streets of Boston are not like Michael and myself—they are insane, inhospitable, and dangerous to boot.

Boston is a unique city. Both Governor Dukakis and I hope that you will enjoy that uniqueness. Most of all, during your deliberations, I hope that you will address the problems of American cities.

Most of the governors assembled in this room are not unaware of the tremors of Proposition 13 or the malaise that hangs over most of us that gives cause and concern for cutting wherever we can. But if the depression brought the federal government and the cities into a relationship in the 20th century, it is my hope that we can benefit from the responsibilities and bring the cities and the states together in this decade.

My hope is that your visit here will bring about an atmosphere in which we can say that cities of America are not beyond hope if they are given some faith. It is the faith in the leadership of the governors of this country which will in the long run spell the difference for her cities and people within them. I hope you will enjoy this city.

Chairman Milliken: Thank you very much, Mayor White, for your gracious extension of hospitality to us and for your stimulating remarks.

The next order of business this morning is the adoption of the rules of procedure. I will now entertain a motion for the adoption of those rules. Is there a motion to adopt?

Governor Thomson: So move.

Chairman Milliken: It has been moved. Is it supported?

Governor James B. Hunt, Jr.: It is.

Chairman Milliken: Moved and supported. Those in favor say aye, all opposed, no. The rules are formally adopted.

Our discussions this morning are on two subjects: national health policy and regulatory reform. I think every one of us here agrees that the governors of the United States are determined to be a major force in the resolution of these issues. I believe that our work this morning will contribute to that process.
To begin our review of national health policy, I would like to call again on Governor Dukakis, who has done an outstanding job as chairman of the Committee on Human Resources.

NATIONAL HEALTH POLICY: WHICH DIRECTION SHOULD THE NATION TAKE?

Governor Dukakis: Yesterday, at the opening press briefing, Governor Milliken was asked whether he thought that at this meeting of the nation's governors we could achieve unanimity or, for that matter, a consensus on the subject of national health policy, in particular the issue of national health insurance. He said that he did not think we could because we had discussed this issue on a number of occasions, and there were divisions among the governors that reflected genuine divisions in the country on the future of health care and health policy.

So, the purpose of the first part of our plenary session this morning is not to take a vote or to come to any decisions, but to listen to, learn from, and discuss what is clearly one of the most important single issues facing this nation.

After Senator Kennedy speaks, I will ask Governors Garrahy, Bowen, Lamm, and Dalton to express their own points of view or special concerns for special parts of the health care puzzle. I suspect these will be very good summaries of the range of opinions on this issue that one currently finds all across the nation. Then, if everyone is reasonably concise, we can open up discussion to all of the governors.

It is a very special pleasure for me to introduce the senior senator from Massachusetts to speak on this issue. We all know him, and I will not spend a lot of time introducing him. But I think it can be said without fear of contradiction that if there is any member of the U.S. Senate or Congress who stands for leadership in the field of health policy, it is Ted Kennedy. It is an issue that he has addressed for years and on which he is extremely knowledgeable. Above all, it is an issue on which he feels very, very deeply. So it is a great pleasure to introduce to you an old friend and a very fine public servant who you all know, Senator Edward M. Kennedy.

Senator Edward M. Kennedy: Thank you.

I, too, want to share in welcoming all of you here. The governor and Mayor White have done a good job, but I, too, join in welcoming you to Boston and to Massachusetts.

It is an honor to be introduced by a friend and the governor of our commonwealth. Governor Dukakis has been tireless in carrying for-
ward so many of the matters on the agenda of the governors of this nation.

I'd also like to acknowledge Governor Garrahy, who has worked very closely with the Senate Subcommittee on Health on many different issues. I am pleased he is participating in the discussion of national health policy. He is knowledgeable in this area, and I have enjoyed working with him for many years.

I am delighted to have this opportunity to meet with you, and I am especially pleased that you have chosen to begin your opening plenary session with a discussion of national health policy.

The National Governors' Association is already on record as recognizing the existence of a national health care crisis. You live that crisis every day in each of your states. Its dimensions are clear:

—26 million Americans have no insurance coverage whatsoever. When they become ill, the burden of caring for them most often falls on public facilities—subsidized by local, county, and state funds.

—Medical costs in general are running wild, and Medicaid costs in particular threaten to bankrupt your states. In fact, Medicaid has become the most rapidly escalating cost in state budgets and is the biggest single item in many local government budgets. The Medicaid program is forcing many states to choose between the need to maintain fiscal solvency on the one hand and the need to provide medical care for the poor on the other.

Hospital costs are so out of control that usually rational people talk about establishing a 12 percent hospital inflation rate as a public policy objective to control costs. There is something fundamentally wrong when the best one can hope for is to "limit" hospital inflation to 12 percent. It is astonishing that even that unacceptable target would save $30 billion over the next five years. But such is the case in an area where costs are increasing at the rate of $1 million per hour.

—The millions of elderly Americans in your states are paying more for their medical care today than before Medicare was enacted. In fact, Medicare pays only 44 percent of the average health bill of our senior citizens. Fewer physicians each year are willing to accept Medicare patients.

—7 million families this year will incur medical expenses that will exceed 15 percent of their total income and will run up catastrophic costs of over $6 billion.

The nation as a whole will spend $251 billion in 1981 on health care, and that money will pour into a system without cost controls, without quality controls, with uneven access to care, and without any prospects for improvement.

Infant mortality rates in your urban poverty centers are 50 to 100
percent higher than for the nation as a whole. Life expectancies vary widely by race and income levels.

—51 million Americans live in areas of your states without sufficient access to health care services.

—The average family of four, whose health coverage cost $533 in 1963, will require $2,115 in 1978, and $3,950 in 1983.

—The dimensions of the crisis are endless: they involve not just cost, but quality of care as well.

—in 1974 more than $4 billion was spent for over 2 million unnecessary operations.

—in the federal employee benefits plan, one of the best in the country, fee-for-service patients received twice as many operations as a comparable number of pre-paid group practice patients.

Just as you are finding that your state budgets can't tolerate the continuing cost escalations, so the federal budget is feeling the pinch. In 1963, 4.3 percent of the federal budget was spent on health. In 1978, that figure is 12.7 percent. In 1983, it will be 13.3 percent and a whopping 9.7 percent of GNP.

The current nonsystem of medical care is a failure. If left unchecked, that failure will become a disaster—a disaster that will destroy federal and state budgets, seriously injure the economy, cause countless human tragedies, and in my opinion, create a citizens' revolt that will pale the current concern over taxes. Make no mistake about it. There is a growing grass roots constituency which is organizing now, which cares deeply about this issue, and which will make itself increasingly felt in the months ahead. The senior citizens, church groups, and working men and women of this country are ready to move. Their ranks will be swelled, I believe, by the middle class which will see its premiums rising and its benefits falling because of inflation. This coalition for national health insurance will have to be reckoned with. I believe that the nation's governors should be part of that coalition.

I know that this association is on record as stating that a national health insurance program is needed. I also know of your concern that improperly done, a national health insurance program could exacerbate the current problems. I agree.

There is no question that to the present time the federal government has been as much a part of the problem as a part of the solution. Medicare and Medicaid were well-intentioned programs. They have benefited millions of Americans. But because of what they did not do, they have exacerbated the current health care crisis. Medicare was not accompanied by cost or quality controls. Its financing mechanism institutionalized the worst of the private fee-for-service system. It entitled people to benefits without striving to control costs. It paid for services
without rigorously monitoring their quality. It encouraged fee-for-service medicine to the detriment of HMOs. It accepted the specialty-oriented, treatment-oriented system of care without recognizing the value of prevention. It made it more rewarding to perform surgery than to avoid it or prevent it. It helped patients who were sick, but it did not teach them to stay well.

I see national health insurance as the last, best chance of keeping the health care system under control. It is more than a financing method. It is a system that will allow the nation to budget its health care expenses prospectively and then live within it; it is a system that will provide incentives for alternative, less costly delivery models—such as HMOs; it is a system which will enable, through progressive reimbursement policies, an emphasis on prevention of disease, of increasing individual responsibility for maintaining health; it is a system in which one can improve the quality of care.

I see states as having a major role in the administration of a national health insurance program. Next month the Committee for National Health Insurance will make public a description of a new national health insurance proposal. That proposal will require implementation at the state level. It will recognize the diversity of your states and will seek to build upon it. It will remove much of the burden of Medicaid from your backs. It will involve you intimately in the budgeting and regulatory processes.

When Walter Reuther began the Committee for National Health Insurance a decade ago, it was founded on the premise that health care is a basic human right. Over time many groups paid lip service to that premise.

Today some who espouse that right want to condition it on many things over which the health care system has no control—the general state of the economy, the size of the budget deficit, the presence or absence of major strikes or oil embargoes—but human rights are not conditional. And a commitment to a conditional human right is no commitment at all.

Health care is a basic human right. It has been recognized as such throughout the industrialized world. Health insurance is the vehicle to realize that right. It is also the vehicle to control health inflation. Every other industrialized nation in the world, except South Africa, has realized that and adopted a program. Not a single politician in any of those countries wants to turn back the clock and repeal national health insurance.

Piecemeal approaches just won't work. You above all politicians know that you have to continually plug the new holes that the system springs.
I hope you will join our effort. We will need your help. We welcome it. You can help us develop a program in a way that will work. I look forward to that effort.

Governor Dukakis: Thank you very much, Ted. Four governors will comment briefly on either what Senator Kennedy has said or aspects of the health care problem. Joe Garrahy will comment first. As all of you know, Joe has been chairman of the NGA Subcommittee on Health Policy and has been our leading spokesman on that issue.

Governor J. Joseph Garrahy: As chairman of the Subcommittee on Health Policy, I have been pleased by the willingness of the governors to adopt statements of policy on several critical health policy issues. Tomorrow, we will consider another segment of what should become our national health policy—a policy statement in favor of an expanded market test of health maintenance organizations [HMOs].

As an association, we have said that health planning is an empty exercise without the active participation of the governor and the agencies of state government for which he or she is responsible. We have said that the state and federal partnership that makes public health services available must be strengthened. We have called for major reform in the Medicaid program. Tomorrow, we will look at health maintenance organizations, and when we meet this winter, we will look at the problem of long-term care. We have joined with Senator Kennedy in calling for the development of a strong federal statute that could help the states contain the excessive inflation in medical care costs. Many states, including my own, Massachusetts, and Connecticut, have already moved to attack the problem of spiraling health care costs.

In spite of our activities here and those of our friends in Washington, we still lack the cornerstone of a national health policy. We are the only Western democracy without a national health insurance program. So long as there are Americans who cannot afford medical care, so long as there are Americans who avoid seeking timely medical care because they lack insurance coverage, we cannot truly say we have a national health policy.

None of the thoughts expressed during our debate on national health insurance at our winter meeting are frivolous. We must consider the costs of such a program. We must consider its impact on the medical care industry. We must not discard the experience that has been gained in the private sector in reimbursement and delivery system innovation. We must define appropriate policy-making and administrative roles for state government, and we must be willing to build bases on the experience of those states that have had the vision to implement successful cost containment strategies.
I don’t need to remind you that throughout our history health policy has been the responsibility of state government. One of the earliest exercises of our police power was through the enactment of quarantine statutes to control the spread of communicable diseases. Later, states began to restrict the entry of unqualified providers into the medical care system through licensure laws. Later still, states chose to regulate capital expenditures by health facilities to prevent unnecessary expenditures. More recently, a number of states have undertaken aggressive programs to contain the costs of medical care—through voluntary efforts or through laws that require the review and approval of hospital budgets and rates. For instance, in my own state, the rapid escalation in hospital costs has been blunted through the operation of prospective reimbursement programs, much like what Senator Kennedy talked about. Last year in Rhode Island we were able to hold hospital expense cost increases to a rate of 9.8 percent in the wake of a 15.6 percent national experience.

Since 1965, the states have been financing medical care services for the poor through their Medicaid programs. I am proud that we have been able to maintain a high level of services under this program. We have maintained this level in the face of extraordinary pressure on state budgets.

I am equally proud that my state was the first to enact a catastrophic health insurance program. It has been in operation for over three years and continues to enjoy the vigorous support of the people and their elected officials. Even with Medicaid and our state-run health insurance program, there are Rhode Islanders who suffer needlessly because they do not have access to basic health care. There are limits to the state’s ability to finance health care, and I believe we are very close to those limits. But we will do our part, as we always have, to plan and regulate medical care and to administer delivery programs. We will continue to do our part to finance medical care, but we need help. The help we need is a national health insurance program that will guarantee that everyone will have access to medical care.

But I believe we must be cautious in implementing a national health program. If we fail to do it, our credibility and our program could be destroyed in the process. I suggest that we proceed, as a nation, on the following premises:

We should create a state-federal program of cost containment prior to the enactment of a national health insurance program. Nothing can destroy us faster than underestimating the costs of such a program. Many states have already demonstrated that it is possible to keep costs within reasonable bounds. I have pointed out the experiences in Rhode Island, and I am confident that the kind of results that we have wit-
nessed can be repeated throughout the country when the appropriate control mechanisms are established.

We must clarify the roles of the various levels of government in health planning and resource allocation before we significantly alter the amount of those resources and the way in which they are allocated in the system. We have argued, with some success, for a stronger role for the states in this process.

We must place increased emphasis on preventive health care. One of the biggest payoffs in terms of health status improvement lies in individual behavior change and environmental control. Collectively, we must make greater efforts to keep our physical, chemical, biological, and social environments as free as possible of health hazards.

Basic decisions must be made about who will be covered for which services at the outset of any national program. It is beyond doubt that any initiative of this size must be phased in, but we must establish our goals before we decide how to achieve them.

In conclusion, Senator Kennedy, let me say that the National Governors’ Association stands ready to work with you and the administration on the legislation that Congress will consider in this area. Throughout the development of our nation, individuals and institutions in the health field have been dedicated to excellence and quality in our health care system. The educational base and the technological breadth of the United States cannot be matched. We have the capability to deliver the best diagnosis and treatment in the world. We must now recognize the responsibility to deliver that care to all of our citizens regardless of their economic status.

What we are truly addressing is the need to ensure that our society will be strong and capable, for without adequate emphasis on preventive medicine, without comprehensive medical coverage for all of our citizens, and without equal access to our medical capability, our social order will be threatened. The notion of a national health insurance system that covers 220 million people is indeed awesome, but we must recognize and meet this challenge.

Governor Dukakis: Our second panelist is not only the governor of Indiana, chairman of the NGA Committee on Criminal Justice and Public Protection, and chairman of the Western Youth Conference, but also a physician. Therefore he knows something about health care. It is a pleasure to present to you Governor Bowen.

Governor Otis R. Bowen: Senator Kennedy, fellow panel members, fellow governors and conference participants, before we determine where our national health policy should go, we should review where
it has been and evaluate the degree to which the American public supports change.

Historically, the goals of our national health policy have been quality care and access.

The public's support for quality health care is evidenced by its continued support for medical research, its pressure to find ways to eliminate human illness and affliction, its attack upon the malpractice of each health care professional, and the degree to which the American health care field has been broadened, deepened, and specialized.

The second goal has been access. The sufficient quantity of health care has always been a public goal, but never have I heard a patient support any desire for quantity above quality. The American public wants more and better health care, not more and poorer. In response to the need for more health care, our nation has increased its number of health professionals, and through the increased use of paraprofessional skills, we have sought to make better use of increased specialization.

I do not perceive the public to be retreating from either of these goals or placing cost considerations above them. If we are to consider a new direction in health care, it must be a policy that will better meet these goals. What basis is there to believe that increased federal control of the nation's health care system would bring about this improvement? Do we have a proven track record of experience in existing federal forays into health care that might support such a contention? Our Medicaid experience does not prove that federal health planners can properly estimate costs, consistently deliver quality services, or even protect the taxpayer from fiscal abuse of the program. Both Medicaid and Medicare have been "adjusted" in coverage for "cost" reasons, raising doubts about the quality of the care delivered and the ultimate stability of coverage. Medicaid has become an additional burden upon middle-income taxpayers as well as a bureaucratic quagmire that threatens traditional federal-state relationships. Finally, if cost is to become the controlling factor in our health care policy, is there any evidence that a federally dominated program of any type has proven to be better and cheaper than the alternative it replaced? It is rare to point to a condition that has improved because the federal government actually took it over.

There is, however, no doubt that American health care is a legitimate national issue. Clearly, there is a major role for well-reasoned and properly structured federal and state public policies. But equally clear is the fact that this national role must not be one of the federalization of America's health care system, flying under a "flag of convenience" entitled "national health insurance."
There are alternatives, and these alternatives, I think, are more desirable. Soundly designed health care cost containment structures, with shared public and private sector responsibilities, offer the most immediate hope for arresting the rising cost of health care without sacrificing quality. Long-term solutions can be found through increasing proven and effective preventive health care programs.

I would like to offer for your consideration a proposal being advanced by the National Association of State Insurance Commissioners. It was recently introduced before the National Conference of State Legislators [NCSL] and the Conference of Insurance Legislators. NCSL’s Human Resources Committee has assigned five legislators to meet with the National Association of State Insurance Commissioners to explore the alternative the commissioners have designed. Their proposal includes model comprehensive health insurance and health care cost containment acts. It is their feeling, and mine, that the health needs of the nation can better be served by near identical plans administered by the states.

Two bills have been suggested as alternatives to national health insurance. One, as I mentioned, is a comprehensive health insurance and health care cost containment act. It contains five basic elements: (1) mandatory availability to individuals and groups, but not compulsory purchase by either; (2) comprehensive benefits; (3) mandatory cost sharing, with a choice of plans involving various levels of deductible and coinsurance and a maximum level of expense to the consumer; (4) guaranteed availability of coverage through the formation of an association to create a pooling and reinsurance mechanism to ensure that persons who are high risks and otherwise uninsurable have guaranteed access to comprehensive health coverage; (5) establishment and continuation of state insurance regulatory oversight to cover policy approval, rate disapproval, control over the association, and general rule making.

The second part of the act addresses the issues of cost and quality. It does it, in addition to the cost sharing previously mentioned, by enabling the delivery system to provide incentives for cost-conscious activities of health care providers, uniform accounting and rate review, capital expenditure and service controls, and methods to counter the practice of defensive medicine which “ups” the cost considerably. The second bill would simply be a model HMO act.

In summary, I feel there is a need for an alternative to national health insurance. The economic and political costs for compulsory, federally imposed and dominated national health insurance would be very high. Utilization of the private insurance system, under the supervision of the states’ insurance regulatory mechanism, would eliminate
or reduce many of these costs. At the same time, it would provide an alternative approach to health care needs and do it through private enterprise, with freedom of choice, less red tape, and with the administration of the program closer to the home and locale of the patient, which is bound to make it more responsive and controllable.

**Governor Dukakis:** Thank you very much, Otis.

We are running out of time this morning. Dick Lamm has kindly indicated that he will forego his time to get the general discussion on the way. He will come back after Governor Dalton with a question for Senator Kennedy.

Now I would like to introduce one of our newest governors, the governor of the Commonwealth of Virginia, John Dalton.

**Governor John N. Dalton:** Senator Kennedy, my fellow governors, because of the home states of the other speakers at this session, I assume that I am representing what the Democratic Party used to refer to as the solid South. That was before so many Yankees discovered it was the land of pleasant living. Senator Kennedy went to law school with me at the University of Virginia in the late fifties. We were fraternity brothers there.

I can speak only for Virginia, but the majority of its people believe that government basically should do for the citizen only what he cannot do for himself. We find it hard to talk about fundamental rights to health care or to anything else without talking at the same time about responsibilities. As a consequence, in the area of state initiatives to curb health care costs, we have not picked up those options in the Medicaid program that might be considered citizens' responsibility or that might have projected the financial difficulties that some other states have experienced. Incidentally, our administrative costs for Medicaid are among the lowest in the country—3 percent. More than a year ago, committees formed by local health departments began screening nursing home applicants prior to admission, taking into account alternative sources of care. During the first year of the program, about 22 percent of the applicants were able to stay in their own homes to be cared for through local agencies.

Like many other states, we have a broad certificate-of-need law to reduce the overhead cost of empty hospital beds and other questionable, expensive equipment. The Virginia statewide health coordinating council has developed a project to monitor health care cost trends much more closely. The legislature has created a commission to study the long-term needs for state regulation of costs and charges of hospitals and other institutions and the premium rates of insurance plans.
We adhere to the same philosophy at the national level as well. Consequently, we are opposed to a national health insurance program that would provide health care coverage for every citizen whether he or she can afford it or not. We feel that the country is already approaching the point of no return with the idea that everybody has a right to government health care.

In pursuit of that same philosophy, federal spending for assorted social welfare programs has increased from $77 billion in 1965 to $286 billion in 1975. Productivity in American industry is falling below most of the industrialized countries of the world because government is siphoning off so much of the capital that industry needs to modernize in order to pay its bills and its debts.

The dollar keeps dropping against foreign currencies because other nations have lost confidence in the ability of our government to get its financial and its economic act together. And now we are asked to accept a national health insurance program with no firm figures on what the initial cost will be and no reliable projections of future costs. As an alternative, we are offered a health insurance program paid for by a tax on business, as if we didn’t already have the dismal example of social security itself, with the federal obligation of more than $4 trillion.

Inflation is causing more hardship to more low-income families than the fact that they are not covered by health care plans. I think we need to rearrange our priorities, and, in my estimation, cradle-to-grave national health insurance, by whatever name or means, should not be high on the list. Depending on whose estimate you believe, there are 12 million Americans, 18 million Americans, 20 million Americans, or 30 million Americans who do not have health care protection. It seems to me that our first priority in health care is to determine just how many people are not covered. The next priority is to determine how many of them cannot afford health care from their own resources. Then we should concentrate on ways government can best help those who cannot help themselves.

Governor Dukakis: Thank you very much.

It is time to open up the discussion. We will begin with Dick Lamm, who will ask a question and perhaps make a comment to Senator Kennedy.

Governor Richard D. Lamm: Senator Kennedy, I have two questions. You seemed to make a great existential leap of faith between cost containment and national health insurance. What specifically is Congress doing, what can it do, to control cost? I don’t think the case was carried here this morning.
Many of us, even the Democrats, are skeptical about the supposition that every problem has a federal solution. What are the roles of the states in hospital cost containment and national health insurance?

**Senator Kennedy:** First of all, the record of the Congress on cost containment is absolutely miserable. The record is poor in the Senate and even worse in the House of Representatives. The Senate will have a chance to vote for the administration's cost containment program, which would save $59 billion by 1985. That figure is the estimate of both the Congressional Budget Office and the administration.

Basically, the program is patterned after the one that Governor Dukakis has established here in Massachusetts. The program establishes a cap, a limitation, on what is going to be expended. That amount is considerably less than the current national average.

If we were effective in getting a cost containment program that would put a cap of 10 percent on the annual increase in hospital costs, it would save $60 billion.

If you take the figures in the last consumer price index, which are a good deal higher than what the national average has been, you are talking about a 6 to 7 percent rate of inflation. In the legislation we are considering, we allow a rate of inflation for hospital costs almost double the national rate of inflation—10 to 10.5 percent, depending if there is a wage pass-through provision.

I think a number of states—some 10 to 12 states—are already on the books with different cost containment mechanisms. I think we ought to benefit from the experiences of those states as we fashion and shape a health insurance program.

But I believe the only way you are going to get cost containment is the way that Rhode Island, Massachusetts, or a number of other states have done—by putting some ceilings and limitations on costs.

We can whip this federal horse to death about federal programs and new federal programs, but there is one essential element—whether we are going to be serious about prospective budgeting.

Second, the health planning law that we passed strengthened the role of the governor. Governor Garrahy worked out a program which I think will further strengthen the role of the governor in terms of the planning aspect. There was a question about the relationship between HSAs and the governor in developing a state health planning agency and a program. That has been strengthened with the support and the influence of the governors.

A third area is in the preventive health program area. Two cents will be spent out of every health dollar for preventive health programs. We have passed out of the full Human Resources Committee the first
legislation dealing with preventive health—food labeling. But most of all, it does provide 50 cents for every citizen of the state, giving to the governor of the state the discretion about how to deal with the major causes of death and disease.

The bottom line on it is that the measurement of the state will be solely in its performance—how well they do it. I know maximum flexibility has had the unbroken, strong support of the governors. The preventive health program can encompass addressing such health threats as smoking and, at the discretion of the state, numerous other health problems. The state will be able to tie these preventive efforts to health planning and cost containment programs. The discretion which will be left to governors and states will provide governors with a real opportunity to exert leadership in the field of preventive health—through identifying and targeting for improvement the state's most pressing preventable health problems.

Thank you very much.

Governor Dukakis: Dick, one more comment.

Governor Lamm: Colorado has all three. We have PSROs [Professional Standards Review Organizations], the certificate of need, and the Hospital Rate Review Commission. I am not at all sure any of them works. That is a terrifying statement to make, but very often cost containment is shuffled from one level of government to another. Second, if a hospital can't get a certificate of need for, say, body scanners, a group of radiologists will, as you know, buy the equipment and lease it back to the hospital. There are infinite ways to get around it.

All I can say is, looking at all of the evidence, I have been less than impressed that any of the cost containment provisions we have developed to date really work.

Governor Dukakis: Dick, for whatever it is worth, in some of our states, for example, Rhode Island, there are rates of medical care inflation substantially below the national average. The use of the tough cost containment and certificate of need programs, which successfully prevent creative methods of avoiding such controls, will have a very significant impact on cost. We will be happy to share that information, and I am sure you have experiences to share with us.

Let's open the discussion to the other governors. I am sure there are questions, comments, and reactions. Jim Exon, do you want to make a comment?

Governor J. James Exon: Senator Kennedy, I have a question I would like to ask you as to whether the studies that I have done on health insurance are accurate. I have asked this question on many occasions,
including meetings of the platform committee of the Democratic Party. Is it true that approximately 85 percent of the people in the United States today have some type of health insurance and that 15 percent basically do not?

Second, to follow up on points that were made by the governor from Indiana, I do not necessarily believe that we should accept the proposition that just because other countries have done something, it is necessarily right or proper for the United States. Have there been studies that indicate that the quality of health care in the countries with national health insurance is as good as what we have in the United States today?

Senator Kennedy: Governor, you are correct in your observation that about 80 to 85 percent of the American people have some form of health coverage. But there are close to 50 million people who have inadequate coverage with regard to hospitalization. There are enormous gaps, particularly for the unemployed, the elderly, and the needy.

In answer to your second question, in a national poll last year, 84 percent of Canadians rated their health insurance program favorably. It was rated as the best of all their programs, including national defense, education, et cetera. Only 2.2 percent of the cost of their program goes for administration: In Canada, it is administered like our social security system. We will do it with private insurance.

I suppose the best way to evaluate the quality of health care in the United States would be by using either infant mortality or life expectancy, although I think they are inadequate measures for evaluation. In both of these areas the United States falls behind. We rate about thirteenth in infant mortality. In life expectancy, we probably rate about fifteenth to eighteenth, depending on whether we are rating the life expectancy of men or women. I would agree with health economists that those aren't final indicators of the quality of health. I quite frankly think that in many parts of this country we have the best health care that anyone could possibly have. I have received it myself, and quite frankly, with respect to many of the other areas of the world, I think we have the best.

Governor Dukakis: Jim Edwards.

Governor James B. Edwards: Senator Kennedy referred to the health care crisis. I don't think there is a crisis when only 8 percent of the American people are not served. A recent survey by NBC showed that 85 percent of the American people are pleased with the health care delivery system that they have.

In regard to life expectancy, you know that if we found the cure
for cancer tomorrow, the life expectancy of the American people would be extended two to three years. If we found the cure for obesity tomorrow, life expectancy would be extended five to eight years. So I don't think we can measure our health care delivery system by life expectancy. I think there are other factors that we have to take into consideration.

Senator Kennedy, what has Congress done in any field of endeavor that proved effective in cost containment?

**Senator Kennedy:** Well, Governor, we haven't done anything in cost containment, and I think it is very unlikely that we will. As a politician, you know the reason why. The principal forces that speak on cost containment are those that are against it—the American Medical Association and the American Hospital Association. They are primarily the ones that have frustrated aspects of getting any effective cost containment program through Congress.

Now, unless you are going to get a program that will get the support of the elderly, religious groups, the middle-income, and business groups together, along with the workers, and they begin to say to the Congress of the United States, ‘‘Come to grips with this problem,’’ I believe that we will not meet our responsibilities.

I offer that you will see all the members of the Senate who have been making speeches about cutting back on authorizations by 2 percent falling all over themselves trying to catch up with Proposition 13. If we get thirty votes on cost containment for $59 billion, I will be surprised, quite frankly.

Governor, in the health care that we have now, I don't think that we are meeting our responsibilities. Quite to the contrary. But I dare say unless we bring together the elements of the benefit package and the financing package, we are going to fail. We have not done that. As I mentioned earlier, we have increased the benefits without coming to grips with cost control. If we do nothing at all, I think we are going to come close to bankrupting your states.

But, Governor Exon, I agree with your earlier comment: Using life expectancy and infant mortality as indicators of the quality of health care is not enormously effective. That's why I conditioned my statement earlier. To respond to your statement about cancer, the government is spending about $3 billion on research on it. I agree with you, Governor, that even if we licked cancer, life expectancy might be extended by perhaps two years. But other kinds of diseases would take charge and control.

I also agree with you that we spend $3 billion on research and virtually pennies on prevention. We have talked a good deal about that
this morning. I am hopeful we will get your support, and we can work closely with you in getting a good program.

**Governor Dukakis:** In that regard, Jim, we know what causes obesity. It is in the implementation that we fail.

I want to make a brief introduction and ask for a brief comment from a very distinguished visitor, the new director of state for international affairs. He is Allan Blakeney, the premier of Saskatchewan. In 1962, he was the minister of health in Saskatchewan. That was the year the so-called Saskatchewan Plan for Health was introduced. I think that was the precursor to Canada's nationwide health plans.

**Premier Allan Blakeney:** Thank you very much, Governor.

Perhaps I should say we have been in the business of health insurance in our province for a good number of years. We brought it in on the installment plan, the first big item being the insuring of hospital care in 1947. Fifteen years later we introduced insurance of physician services. Generally speaking, the program is solidly accepted everywhere in Canada. While the nature of the plan may be called national health care, it is in no sense national in the sense of its administration. The national government lays down some very broad rules in the program which are universal and comprehensive. There are ways of transferring coverage from province to province. The governments then put up about 50 percent of the cost. But the marginal dollar is paid out by the province—in your terms, the state. It is the responsibility of the province to devise the methods of cost control, and we have devised a good number.

The reasons that Canada moved into the plan are basically those outlined by Senator Kennedy. We had essentially the same situation: coverage was readily available to the wealthy and the modestly wealthy and, of course, to the poor, but the middle and lower-middle income groups were the ones who didn't have effective coverage—your bus drivers, machine tenders, and the like.

But those reasons are well known to you. You are probably more interested in our experience. We have a fairly good record of controlling costs. The biggest area of cost control has certainly been in hospitals. Over time, and it takes time, we have avoided a great deal of duplication of hospital facilities and competition for prestige—all hospitals wanting a CAT scanner or whatever the newest gadget is. We have been able to grade hospitals, but with some difficulty, I might add. We call some base hospitals, some regional hospitals, and some district hospitals. We cut down the type of service delivered in the modest hospitals. This has been the essential device used.

The provincial governments administer the program. We have
very vigorous budget review sessions with all of the hospitals. We take
the record of one and compare it to that of another. We ask questions
such as: Why can't you do this? Why can't you do as well as those
people? Your care is no better, so why is it costing you $8 a day more?
And so on. We use all of the techniques one would expect.

With respect to physician services, I would say that we have had
some effect on cost control simply because we negotiate with the
medical profession as a group a rate for services which we will pay. If
any particular physician doesn’t want to render his services at that
price, he can bill the patient, and the patient can get the recovery from
the pool. If he does wish to render his services at that price, we pay the
physician directly, and the patient doesn’t see any bills and is not in-
volved in the payment process. The fact that the one represents cash
on the barrel head to the doctor and the other represents billing to the
patient and collecting in due course has induced many doctors to follow
the schedule. It has worked out fairly well.

I wouldn’t want to suggest that we have made any effective in-
roads into unnecessary services. Basically, the program has had very
little effect on the way medicine is practiced, so far as I can see. But we
don’t have quite the same problems of defensive medicine because we
don’t have the number of malpractice suit claimants that you have. We
haven’t run into that problem.

But I won’t hold out any hopes that you will change the way that
doctors carry on their practice. Perhaps we shouldn’t. Perhaps this is
an area where we have scant wisdom to add. At least that is what we
have done. As Senator Kennedy has noted, the costs of medical care
have been more or less contained. They are significantly lower than
many of yours.

I can’t say whether your experiences will be similar to ours, but for
what it may be worth, I offer those comments.

Governor Dukakis: Thank you, Premier Blakeney.

Governor Longley?

Governor James B. Longley: As your neighbor, we in Maine commend
you for your hospital cost containment, Premier Blakeney. We thank
you for the doctors who have come to Maine from Canada to practice
in a country without a socialistic approach to medicine, as they tell us.
We are delighted to have them. They are helping us solve the rural
health problem in our state.

I share with Senator Kennedy the concern for the American people
who are having difficulty meeting costs, whether it is 5 percent or 8
percent of the population. But I would challenge the senator on cost
containment. It seems to me the programs enacted and the buildings
being built by Congress are adding to taxes and inflation, which are eroding incomes and adding to hospital costs. I wonder if you would want to comment on that, Senator.

Second, with all respect to Governor Garrahy, my predecessor, Governor Ken Curtis, I think had the first catastrophic health plan. But whether that is true or not, it is working in my state. Cost containment is also working there. I would be very happy to share information on it with you. We have excellent cooperation with the medical community, the private sector, and the people who need health care but can’t afford to pay their bills. I wonder if we have given that a fair opportunity to work in this country.

Finally, it seems to me that much more could be done to contain costs through nongovernment efforts through such vehicles as the quasi-public Blue Cross/Blue Shield organizations. I wonder if it would not be possible to address these problems successfully in a manner which will keep our health care system in the private sector—without additional government intervention. And if that proves not to be possible, doesn’t President Carter’s approach of a more deliberate, slower movement to increased government involvement in the health care system make more sense than a rapid, wholesale replacement of our private system with a governmental system?

Senator Kennedy: Well, I appreciate your comments about the situation in Maine. We have a very interesting tie-in with Tufts Medical School. I am familiar with your rural health program, and I hope its benefits would be included in any kind of health insurance program.

I happen to believe that receiving quality health care should be a basic and fundamental right in our society, but there are others who take issue with that. It seems to me that you are not guaranteeing a right if you make it conditional on something happening.

I do agree that there has to be a phasing in of any kind of program. There has to be sufficient flexibility for any executive to implement the program. But, quite frankly, in terms of where the power structure is in our society, in the Congress, I am convinced that it would be virtually impossible to get people who are working for the elderly or for other groups to knock on the doors of Congress every two or three years and say, “Look, we have to bring in one more bill.”

I think we ought to pass legislation. Then if circumstances change, Congress can pass legislation to either repeal, delay, or defer the program. But I want the burden placed on those who are going to try and take away the right rather than on those who have to constantly fight to meet their needs.

I’d like to make a final point. I don’t accept that the overwhelming
majority of people, 80 percent, are satisfied with the existing system. That clearly is not the national mood. The last Harris poll showed 59 percent in favor of some health insurance program and 26 percent against.

If you look at the latest polls you will see an increase in the percentage of people in favor of wage-price controls and cost containment. I think the reason is that they are becoming middle-income and middle-class issues.

Governor Dukakis: Thank you, Ted, and thanks to the governors and Premier Blakeney. This obviously has to conclude our discussion. We have just scratched the surface, but I think it has been a good discussion. We have put a lot of issues on the table, and have been given a lot of food for thought.

Now I'll turn the platform over to Governor Milliken.

Chairman Milliken: Thank you very much, Governor Dukakis, for moderating this very worthwhile session. I also want to thank Senator Kennedy, Governor Garrahy, Governor Bowen, and Governor Dalton.

To moderate the portion of the program on regulatory reform, I would like to call on the distinguished governor of Vermont, Dick Snelling, who has done an excellent job as chairman of the Subcommittee on Management Improvement.

STATE AND FEDERAL INITIATIVES IN REGULATORY REFORM

Governor Richard A. Snelling: I could not approach this podium without joining the other New England governors who have already expressed their welcome to you on behalf of New England. Although it is not appropriate for a host to remind guests of their debts, it may not be inappropriate to remind them of their heritage. So Vermont wants to remind you all that if it hadn't been for Ethan Allen and the Green Mountain Boys and the siege of Ticonderoga in the spring of the year of Lexington and Concord, the British army would have fallen down on the colonials in Massachusetts a year earlier. And you, any of you, might not be here. Vermont is proud to have saved Boston and Massachusetts for you all so that you could be here today.

I have two missions today. One is introducing Congressman John Anderson of Illinois. That is a pleasant task and, like dessert, I will leave it to last. The other is to explain very briefly the issues that are the subject of this discussion.

Because the session is running late, it is only fair and proper that this discussion of regulation and regulatory reform bear the burden of making up time. We are doing that by having a congressman speak in-
stead of a senator and by having no governors scheduled to speak, only the comments and discussion that you may choose.

Yesterday, a reporter asked me what the single most important issue before this conference was going to be. I said I didn't think there was one single issue. The reporter then said, "But wouldn't you agree Proposition I3 and the resolutions to limit the costs of government are the central issues coming before the conference?" I said, "No, there is no single issue. The two you mentioned certainly would not be the central issues, because we in this country are now facing the fact that it is how 100 important decisions are made which will determine whether or not we can respond to the people's cry for the containment of government. Reforming the way government operates is the path, and the only path, to better government and lower costs." As has already been said in another discussion, a resolution to lose weight for an individual does not reduce a pound. It is only the dieting that reduces the weight.

We are dealing with the substance of government. You cannot deal with it without discussing such subjects as regulatory inefficiency, which some people believe eats as much as 30 percent of the grant funds in administration and causes great waste in all levels of government.

So the task is for all of us. The states are beginning to accept their responsibilities more fully. More than half have already adopted sunset legislation. Congress is now working on a bill to require review of all programs and regulatory agencies every ten years. In New Jersey, Governor Byrne has already offered a complete administrative review every five years. Congress is working on the development of an Office of Intergovernmental Affairs to coordinate the agencies of government with which we all deal. It also is working on a plan to reduce OSHA [Occupational Safety and Health Administration] regulations by 10 percent. Congressman Anderson has been working very hard on deregulation of the aviation industry, which is coming very soon, and also for a twenty-four-month write-off of the cost of new OSHA regulations. Many of us in the states are working hard to simplify the permit licensing processes. In Vermont, we are working for what we call one-stop shopping for our regulatory process. Washington's governor, Dixy Ray, has taken the lead in that program. Georgia's pace-setting program of public manager training warrants study by all of us. Minnesota and Kentucky have taken the lead in paperwork simplification programs.

The list of projects is gratifying, but frankly, the list of accomplishments is short. But I think we all agree that the rate of progress in the states will be limited by the accomplishments of Congress in this field.
Our speaker has worked very hard in this direction and has been a pioneer. He introduced the Federal Assistance Paperwork Reduction Act, which could help all of us. That act was recommended by the National Governors’ Association. Congress and the states now recognize the importance of cutting the waste inherent in multiple grants and working away from categorical grants and toward block grants. Our speaker has been in the forefront of this effort. John Anderson has represented the sixth district of Illinois since 1961. He is the sponsor of the Regulatory Reform Act of 1978, a member of the Rules Committee, chairman of the House Republican Conference, and the ranking minority member of the Ad Hoc Committee on Energy.

It is a great pleasure to introduce Congressman Anderson.

Congressman John B. Anderson: It seems to me that the question that Governor Edwards asked a moment ago had more than a little bit to it when he asked what Congress had ever done to contain the cost of government. That question could apply, I think, to the topic we are going to discuss for the next few minutes.

You can argue, I think, whether we should adopt an incremental approach to national health insurance. But an ad hoc or whimsical or incremental approach to dealing with the problem of regulation or, more specifically, overregulation should be replaced by a more comprehensive approach.

In the catalog of devices of government, it may well be, as some have said, that at the moment the question of taxes and spending would be at the head of the list. But I think the idea that government is simply inefficient is at the very heart of the discontent with government that exists in this country today. That relates to the extremely important topic of our discussion today.

I think part of the problem is that there is no Howard Jarvis to dramatize the issue as he has done in the case of property tax reform. But like Mount Everest, the issue, nevertheless, is there, and it is one that has to be conquered.

If I can use that analogy of Mount Everest for just a moment longer, I am reminded of the story about the old Canadian farmer who retired from the prairies of Saskatchewan and went over to the mountain country of British Columbia. He was asked what he thought of the mountains. He said, “I guess they’re OK, but they sure do block the view.” Government regulation is blocking the view that people should have of the delivery of government services.

I checked with the man who has been, I think, one of the most effective spokesmen for the private sector on the problem of overregulation, Murray Weidenbaum of Washington University in St. Louis.
He has pointed out, as have others, that the cost to the private sector of compliance with government regulation may have increased from around $63 billion in 1976 to close to $100 billion in the coming fiscal year.

You've heard the doleful figures of the millions of man-hours needed to fill in the forms and the paperwork required by the federal government. A moment ago, Governor Snelling mentioned OSHA. I read somewhere the other day that despite the very fine start that Eula Bingham made to do something about the nit-picking regulations of OSHA, she apparently found out the other day that there are 1,100 regulations that simply cannot be removed from the books. This led someone to cry, "Free the 1,100. Get rid of the 1,100 regulations."

I found from talking to Dr. Weidenbaum that we have virtually no idea of the economic impact of federal regulation on state or local government. That is interesting, I believe, in view of the empirical data base that the private sector has assembled in recent years, which I think has strengthened its complaints about too much government regulation.

A private group called Forum on Regulation is going to have, I think, a nationwide telethon in a few weeks where people will be invited to call in specific complaints about regulations to their representatives and senators. We need that kind of specific documentation of the adverse economic impact on the states of overregulation by the federal government. I would like to leave the challenge of gathering this documentation with the National Governors' Association.

I looked at the NGA publication entitled Federal Roadblocks to Efficient State Government. There are some examples in it with which you may or may not be familiar. The Office of Education requires states to provide certain data which the office already has and which the states themselves cannot collect. Another example is that EPA [Environmental Protection Agency] requires state agencies to provide information which a report commissioned by EPA found to be irrelevant.

I just finished fighting a losing battle with EPA over a $7,000 fine that had been levied against a small municipality in Illinois for failure to file a certain industrial water user report, even though there wasn't any proof of pollution. But EPA decided to fine the community. The senior senator from Illinois and I did all we could do, but EPA still levied the fine. EPA collected $7,000 from that community.

I would suggest that certainly no one disputes the right of the federal government to perform a basic rule-making function to promote the health and safety of our citizens, to protect the consumer from making uninformed decisions, to foster orderly arrangements in the
marketplace, or to carry out important social and economic policies and the like. But at some point, and I would suggest that we have long since reached that point, regulators and regulations develop a life of their own. Their reason for being becomes not so much social utility as bureaucratic inertia or the aggrandizement of power. Somehow you and I, working together, have to separate the regulatory wheat from the regulatory chaff.

Let me give you what I think are some of the reasons for the regulatory explosion in Washington. They are many, and they are varied. On the part of Congress, you have splintered committee jurisdiction. You increasingly have slap-dash floor amendments. In the eighteen years I have been in Congress, I have never known such a time when important pieces of legislation, either on their initial consideration or on reauthorization, are subjected to the kind of ad hoc treatment, the hastily prepared, slap-dash amendment that is offered from the floor and, when adopted, can serve to distort the entire program.

Of course, you have traditional pork-barrel interests. There are pressures from constituents and interest groups, all of which are conspiring to make federal programs more categorical and confusing than they need to be. Congress simply creates, amends, and extends all too often by whim. Policy should be more than just the application of a band-aid. It should be dedicated to something more serious than simply getting out a press release.

Unlike governors—and this is a mea culpa, but it must be recognized—congressmen are more likely to be the politicians than the administrators. Unfortunately, that seems to be true even of the members of the House and Senate who are former members of this distinguished association.

Let me quickly give you some other reasons that perhaps will put a somewhat more noble face on the problem. Issues have unquestionably assumed a new importance. Congressmen elected today are more aware, more issue-oriented, more independent, and more assertive. With the erosion of the seniority system in Congress, the proliferation of committees and staff, and the increasing media attention given to those who take specific legislative initiatives, there are more opportunities and rewards provided for congressional activism. But I think all of this has led to the proliferation of categorical programs and the acute problem of overregulation.

But even when Congress does not nit-pick and put its own pet ideas and pet provisions into law, that is, when Congress settles for legislating broad policy goals, it still must be held accountable, and should be held responsible, for giving birth to regulation. Too often, the executive branch and regulatory agencies interpret their mandates
too broadly and too generously and issue more rules than Congress intended.

I think there is a growing sentiment in Congress, and certainly in the country, for deregulation. I want to emphasize that it should not be interpreted as an attempt simply to roll back progressive legislation. There is a difference between consolidation and coordination, which we surely need, and retrenchment and retreat. I think we are finally beginning to see a progressive attempt to reduce the distance between government and people and to rein in a faceless and overpowering bureaucracy.

I return now to the original thesis that I stated when I began these remarks. As yet, Congress has attempted no systematic and comprehensive reform. It is true that you have a commitment on the part of the president—and I salute him for it—to do something about making regulations more intelligible and reducing their sheer volume. But if reform is to be accomplished, Congress must support it far more substantially than it supports it now. I would even go on to argue that after almost two decades of virtually nonstop legislative activity, it is perhaps time—in fact, past time—that we step back, look at what we have done, and assess what we have wrought and what it has produced in the way of overregulation.

Quite simply, Congress has neglected its very important oversight function. I think Congress is as capable of performing that function as it is of performing its basic legislative function. To this end, Senators Byrd, Percy, and Ribicoff have introduced the Regulatory Reform Act in the Senate. The principal sponsors in the House are myself and Congresswoman Barbara Jordan of Texas. With that legislation, we are trying to force the issue of regulation, and to force it in a comprehensive fashion. We ask you for your support.

Very briefly, under the act, the president would be required to submit recommendations for the overhaul of major regulatory agencies or justify their present operations. I want to add that the proposal is addressed more to the kind of regulation that impinges on the private sector. That is important to you as governors because of the impact that it has on the economies of your respective states. But the proposal does not really address the problems that you have with the more than $80 billion in federal grants-in-aid coming into the fifty states.

I think one way to solve this latter problem is for the states to collect and present better data to Congress. As I said earlier, there is no empirical data base dealing with the economic costs and effects of overregulation for state and local governments. Now, some of you may think that this idea of the selection and presentation of better data is a prescription for more paperwork and delay. But the intergovern-
mental dimension of this problem must be identified and considered—not only the costs the states incur as a result of federal regulation but their physical capacity to absorb those costs.

We must have more advance consultation between the various levels of government. Consultation should take place with state and local officials, not simply with regional program administrators of the federal government who report to the federal government in Washington. Representatives of state and local governments should have easy access to the president and Congress so they will not open up the Federal Register one day and see yet another new and regrettable regulation.

I think that Congress is going to have to be willing to improve the proportion of federal aid that is comprised of block grants and revenue sharing and take some much needed steps toward additional decentralization of the administration of federal programs.

In the years that I have been in Congress, I believe the federal government has developed what could almost be described as an interventionist mentality, not totally unlike that which we applied to our foreign policy not long ago. The federal government has had an interventionist mentality with respect to the states. It is an arrogance of power, and the governors should resist it.

I think the federal government has to stop making war on every problem, not in a spirit of retrenchment but in a spirit of stepping back and seeing that first we have achieved better intergovernmental cooperation and better coordination. Just as Vietnam taught us that we could not be the policeman of the world, the present quagmire of regulations should teach us that we cannot police every nook and cranny on the domestic front. There are few social goals that are so critical or absolute that they should not be weighed against their practicality.

As I said, no one really knows the cost of compliance. The cost of compliance and the anticompetitive effect of much of this regulation contributes to inflation, and in the end, the marketplace and state and local governments are stuck with the bill.

Let me close on a hopeful note. I think Congress moved in the right direction when it approved an amendment last year to the Clean Water Act directing EPA to delegate the management of the construction grant program under the Federal Water Pollution Control Act to qualified states. Illinois was the first state to meet the prescribed requirements. The delegation of authority was signed over within the last month. That is the kind of decentralization of authority and administration—the kind of trust—we need between the federal and state governments. The many governments in our country are independent,
just as are the many governments that share this planet. It is cooperation, not conflict, that will make us whole. The federal government should make detente, not war, with the states—for the good of both.

Governor Snelling: Thank you very much, Congressman Anderson.

My attempts at humorous asides notwithstanding, Senator, we do recognize that the two bodies of Congress are equal. Perhaps you would like to add a comment or two.

Senator Kennedy: There is just one additional area that I would like the governors to consider—helping Congress and the American people to focus on the reduction of governmental regulation among administrative agencies, to determine where the forces of competition should compete, and to recognize the importance of some regulatory agencies.

For example, we need to ensure the safety and efficacy of the drugs that consumers take. Therefore, we are going to need something that we do not have at the present time—a continued monitoring of various drugs, so that over a prolonged period of time, if new information and knowledge about a drug’s potential danger become available, we will be able to send up storm signals. We don’t have that mechanism today, and I think it is an appropriate governmental function.

On the other hand, we have the Civil Aeronautics Board, a government agency that stifled business decisions on routes, scheduling, and numbers of seats used on a particular route. There was very little justification for the heavy hand of governmental regulation in that area. Congress held three years of hearings on the CAB. In the early part of next week, the House will consider the airline deregulation bill.

I think that there is an opportunity for greater competition, for example, in trucking, if we question the rate bureaus that effectively allow the motor carriers of this nation in exception of the antitrust laws to fix rates that contribute, I think, dramatically to the cost of inflation.

What is going to happen in that area of regulation, how the states are going to be tied into it, is going to be a very important additional phase of governmental regulation. I hope that the states will help us act responsibly in that area.

Governor Snelling: Thank you, Senator Kennedy.

Governor Ray.

Governor Dixy Lee Ray: Let me say first of all that it was a pleasure to hear you, Representative Anderson. You give us great hope that there will be some improvements.

I would like to make an observation or two and ask a question. The observation is that the independent regulatory agencies are not respon-
sive to the executive branch in the same sense that the operating or old line agencies are. There is a degree of independence there, coupled with the fact that those who are in the regulatory agencies bear no responsibility for the consequences of their actions. In other words, as a result of a rule, happenings do not reflect back on those regulatory agencies, but rather on those they regulate. This tends to foster an attitude in the regulatory agency or its staff that no amount of regulation is enough. The agencies tend to be taken over by the most zealous, particularly since the law or statute under which they operate is generally written in a very broad policy sense.

Given all of these things, we find that there is more and more now an aspect of regulation that we haven't discussed very much publicly—government by the courts. With almost unlimited litigation possible, injunctions and court orders are now effectively taking over the operation of many activities which properly should be in the executive branch.

My question, therefore, is this: In the review that Congress is now undertaking on overregulation, is there likely to be any consideration of some kind of reasonable limitation on litigation?

Congressman Anderson: Governor Ray, I think you have raised a very important question—whether or not the very independence on which many of these regulatory agencies pride themselves is to some extent self-defeating in that it is impossible, therefore, to coordinate an effective policy on a broader level. As a result, you end up, as I understand you, in all too many cases having the courts litigating these questions.

I think that Congress will address itself to that question, because it seems to me that with the increasing importance attached to sunshine laws, we have agencies of this kind operating under the full spotlight of public scrutiny. This is the real answer to controlling and disciplining the regulatory agencies. There is no reason at all why they should get off scot-free as far as their activities are concerned and not be amenable to some discipline.

The problem has been—and this goes back to something that I said in my earlier remarks—that all too often Congress has sought to do this by an ad hoc, haphazard procedure of simply taking on a legislative veto to an appropriation bill or reserving to themselves the power in a particular case to countermand within sixty days a decision made by an agency. This kind of thing was so prevalent about six weeks ago, the president sent a special message to Congress in which he complained, not without some justification, about overuse and misuse of the legislative veto.

Congressman Levitas of Georgia has advocated another approach.
He has advocated an administrative rule-making statute that would, in all cases, reserve the power to Congress by concurrent resolution to overturn a rule or regulation issued by an agency if Congress acted within sixty days. I have some reservations about that recommendation because it thrusts upon Congress a role that is perhaps too broad. It would be very time-consuming for Congress to look at each and every rule and regulation issued by a government agency.

So I think we should look to the executive branch as well as Congress to reshape some policies by either executive order or legislative statutes that would make regulatory agencies subject to more direction from the executive level.

Governor Snelling: Governor Thomson.

Governor Thomson: I think the greatest problem facing all of us is energy, which is inextricably tied into regulations. We have an experience in New Hampshire that is horrendous in that respect.

We tried for four years to get just the clearance to begin building a nuclear plant. For the two years since we obtained the clearance, we have been trying to build it. During those two years, on three different occasions, federal authorities, using their regulations, and the courts, interposing themselves, have stopped work at Seabrook.

If we are going to justify any of the $10 billion that was allocated to the Department of Energy and the 20,000 employees that were hired there, it seems to me that in this matter of regulations, we are going to have to do something in the energy field immediately. We cannot wait while we discuss and debate this.

This was the experience with the Alaska pipeline. When it became absolutely necessary to go forward with the Alaska pipeline because of the OPEC [Organization of Petroleum Exporting Countries] embargo, Congress acted promptly and resolved the problem by simply saying, in effect, no more court action, no more regulatory delays, move forward with the building of the Alaska pipeline.

Now, if we are going to keep our computers going for all the paperwork we have, and if we are going to have lights to read that paperwork by, we had better wake up and resolve the energy problem.

Congressman Anderson, do you see any difficulty with passing legislation now to solve our energy problem, to get the free enterprise system back on track, not only in the area of nuclear energy but in the areas of oil, gas, and coal? Can we cut the regulations and get on with the business of a prosperous America?

Congressman Anderson: Governor Thomson, we can, and we should. That is the short answer to your question.
I personally have great difficulty with the natural gas pricing provisions of the president's energy program as it came out of the conference committee of the House and Senate. That particular piece of legislation, if enacted in its present form, would set up literally more than a score of separate categories of natural gas, each to be priced according to a different formula and subject to deregulation at another date. I think it is enormously complex. I told Secretary of Energy Schlesinger when he presented it to me, "You will have to build a building as big as the Pentagon to house the accountants and lawyers and bureaucrats that are going to be necessary to interpret this legislation."

So I agree that in the area of energy, we must strive for the enactment of the kind of legislation that will cut out unnecessary, duplicative regulation that impedes the goals of the whole energy program.

**Governor Snelling:** Governor Rockefeller.

**Governor John D. Rockefeller IV:** I think the new federal strip-mining law is very adequate. Since that, I think, effectively and fairly disciplined and clean law was passed, the rules and regulations process has resulted in some 450 pages of work and rules with which the state of West Virginia, which has a very good record in reclamation, cannot live in certain respects.

I used to be against strip mining entirely. I was what is known as an abolitionist. I would not have expected to find myself complaining about the rules and regulations associated with strip mining. But in one very important point of time, I think that many of your Appalachian governors, in any event, would agree that the regulatory process has worked not by the federal law, but by the rules and regulations which follow it and which become in many ways more glacial. The people we work with are not willing to learn from the experience of people in the states who have been doing this reclamation regulatory process for years.

Even though the law is still relatively new, I would guess that the patience of a number of Appalachian governors is relatively thin, and that if there is not a sounder approach worked out by the Department of the Interior, we will have to seek recourse directly from the secretary, from Congress, and from the president.

It is sad to see a good bill become so impossible to work with in such a short period of time because of bureaucrats employed in good faith with pure intents who, in general, don't know what they are doing.

**Congressman Anderson:** Governor Rockefeller, you have provided the kind of explicit documentation that I think has to be multiplied many
times over to get the basic comprehensive regulatory reform legislation passed that is contained in the bill that I described.

I think that I also illustrated that with the example of the EPA's delegating the management of the construction grant program to my state of Illinois in conjunction with the Clean Water Act amendments. That is the kind of arrangement that I think could be worked out—the delegation, the administrative decentralization, of power, the devolution of authority to administer a lot of these acts and programs to state governments that are familiar, by virtue of their history and tradition, with the problem and can do a better job than can people who are sitting many, many miles away in Washington.

So I think you made an excellent point, Governor, and it bears directly, of course, on the problem we are discussing.

Governor Snelling: Congressman Anderson, we all want to thank you for joining us today and for leading this very important and interesting part of the program. Thank you very much.

Chairman Milliken: Our schedule now is very tight, and it is time to move to the meetings of the various committees and subcommittees.

This meeting now stands adjourned until 1 p.m. tomorrow, when we will reconvene for the closing plenary session.
Chairman Milliken: The plenary session will now come to order. Our session this afternoon will focus on the development of general policy positions that will guide the work of the National Governors' Association in the months ahead.

But first, to review an issue of considerable importance to all the governors present, I want to call on Governor du Pont, of Delaware, who has done an excellent job as the chairman of the Committee on Community and Economic Development, and on Governor Judge, of Montana, who has taken a major leadership role as the committee’s vice chairman.

**TITLE V REGIONAL COMMISSIONS**

Governor Pierre S. du Pont: Yesterday afternoon at the meeting of the Committee on Community and Economic Development, we had a spirited discussion with members of the administration of a problem that has been plaguing many of us—the problem of Title V regional commissions. A number of you are already members of those regional commissions, and you work together on economic development questions that affect your states. There are a number of us, however, that are not members of such regional commissions and are trying to become members. There are three applications that have been filed with the federal government. One of them has been there since 1976; two of them since 1977.

The committee has been working very hard to persuade the White House to lift its moratorium on the approval of such regional commissions and to allow those three regions to go ahead and form their commissions with appropriate funding. At a very productive session yesterday, after eighteen months of work, Anne Wexler and Jack Watson, representing the president, presented us a task force report that is going to President Carter in another week. The report recommends the strengthening of the regional commissions, and also recommends that
the applications pending be approved, with appropriate funding. To quote Jack Watson, "We will take an essentially sound, workable, applicable state-federal partnership mechanism and make it work better."

Building on those remarks, we agreed to help the White House in moving that decision forward in any way we could. We were told that the president expects to make a decision before the end of September. At that point, we hope to be able to go ahead with those commissions.

I think this is an example of the kind of effective work that the National Governors' Association can do in presenting the viewpoints of the states on an important federal-state issue. The White House agreed to almost every one of the recommendations made by the committee in regard to regional commissions.

During the discussion, a number of points arose that are still unresolved. We have not come to a conclusion on the funding level, but we did agree with the White House representatives to work on that. We recommend, therefore, that a task force be established to work with the White House in the next several months to quickly resolve those issues so that the Title V commissions can be approved. We recommend that Governors Judge, Hunt, Milliken, and I serve as members of that coordinating task force. I will come back to that in a moment.

Now, however, I would like to recognize Governor Judge, who did a lot of the homework that produced the agreement that was reached yesterday. I would like Governor Judge to deliver a brief report on his work.

**Governor Thomas L. Judge:** Four years ago when President Carter was Candidate Carter, he inspired many Americans with a simple message. The message called, first of all, for limiting government; where government cannot be limited, where government must play a role, government should be returned to the people. The president told us that we need to renew and revitalize political institutions at the state and local levels to make government more responsive to the grassroots needs. And, like many other Americans, I was inspired by that message then, and I am inspired by that message today.

Now the president has the opportunity to give substance to his rhetoric by helping us renew and revitalize a truly significant and genuinely innovative institution in the American federal system—multistate regional development commissions, both Title V regional commissions and their predecessor, the Appalachian Regional Commission [ARC].

Because the authority for Title V commissions and the ARC expires in September 1979, the question of extending the authority for
regional development commissions has been a major issue before the Committee on Community and Economic Development during the past year. When I came to this conference, I was not at all optimistic that we would be able to reach agreement with the administration on the issue of regional development commissions. Too many issues remained unresolved, and a certain rigidity seemed to crop up in our dialog with the administration over the past months, especially over the past several weeks. However, I am here today to report that we have achieved a substantial agreement that I would consider a major victory for the governors and possibly one of the most important things that has resulted at this conference—the resolution of the questions of the future of the regional development commissions.

These agreements were achieved yesterday and were publicly affirmed yesterday afternoon during a meeting of the Committee on Community and Economic Development, a meeting that included member governors and Jack Watson and Anne Wexler, who represented the administration. First of all, we agreed to retain the flexibility and the authority of the governors and the president’s representative in the operation of the commissions. Second, we agreed that the governors should proceed to develop necessary boundary modification recommendations without preset criteria; for instance, to leave open the possibility for single state commissions where reasons for them are found to be compelling and practical. Third, we agreed to consider, at the discretion of the governors, closer practical liaison between the regional development commissions and the federal regional councils. Fourth, and most important, we agreed to meet with the president and Jack Watson to work out the details for relocating the regional development commissions, moving them from the Department of Commerce to the Executive Office of the President. Thus, in the future, regional commissions will get their policy guidance from the White House, where the authority for regional development commissions should have been in the first place, and which is the key, in my opinion, to their future success.

Because of these agreements, and reflecting the resolution on regional development commissions endorsed by the Committee on Community and Economic Development, I urge the president, the administration, and Congress to move quickly to renew the authority and to revalidate the broad scope that defines the mission of development commissions. I urge the president, the administration, and Congress to help us retain the flexibility that has heretofore characterized the allocation and the administration of commission funds. I urge the president, the administration, and Congress to help us move forward quickly to full funding, which will permit the governors and the presi-
dent's representative on each commission to carry out the programs dealing with issues that reflect the joint interests of the federal-state relationship, such as urban and rural development, energy impact, and export market development. That partnership must be made to work if we are to meet our responsibility to the people and places that make up this great nation.

To benefit the people this government was established to serve, I urge the president, the administration, and Congress to consider with us the many advantages that will result from expanding commission membership to encompass all the states that elect to participate, giving the states the option to decide whole or partial state participation, permitting states to determine commission boundaries, ensuring an equitable and adequate distribution of funding among commissions, expanding commission responsibilities to deal with the many and increasing problems of balanced growth and economic development, problems of urban areas, problems of rapidly growing energy-impacted areas, as well as lagging areas, and transferring to the Office of the President the policy guidance responsibility for the regional development commissions.

I now believe the president and the administration support these principles. The Committee on Community and Economic Development supports these principles, as stated in Resolution E-9. On behalf of the committee, I urge that you support this resolution.

As we move toward a national system of regional commissions, I urge the president to firmly establish the transition during this fiscal year by moving rapidly to approve the pending applications of the mid-Atlantic, the mid-South, and the mid-America regional development commissions and to develop special cooperative agreements with the territories and the four single states.

Many of us have long called for the strengthening of regional development commissions and expanding their use in our kit for intergovernmental management. As the administration moves to respond to this call, I believe that we as governors will each pledge to make these institutions a more practical and workable mechanism in the conduct of the public's business. As we make this commitment in action, I believe we may look back to today as a historic moment in making our federal system more workable for our time.

Governor du Pont: Governor, I appreciate that report and the fine work you did. I agree with you that we have made a historic step: Fifty governors hung tough for eighteen months and got the administration to go along with what it should have gone along with eighteen months ago.
Mr. Chairman, I repeat my recommendation that Governors Judge, Hunt, you, and I serve as the liaison committee with the White House to get the Title V problem resolved. I hope that you will appoint us.

Chairman Milliken: Thank you, Governors.

I will exercise the prerogative of the chairman of the association by appointing this commission, including myself.

Before we vote on the proposed policy positions, I'll review the rules of procedure. The resolutions of the committees require a two-thirds vote of the members present and voting.

Governor du Pont.

REPORTS OF THE STANDING COMMITTEES

Governor du Pont: As chairman of the Committee on Community and Economic Development, I am pleased to present to the full Association the report and recommendations of our committee. There are six areas with which we concerned ourselves. There is action to be taken on four of them and a brief comment to be made on the other two.

First, you've heard the report on Title V regional commissions. We've made a number of changes to the position taken in Washington last February.

I move adoption of the amendments to resolution E-9.

Governor Judge: Second the motion.

Chairman Milliken: There is a motion, and it has been seconded. Is there discussion on the question of the adoption of the amendments?

If there is no discussion, those in favor will say, "aye," opposed, "no."

The amendments are adopted. The question now is the adoption of the report as amended.

Governor Hunt: I so move.

Chairman Milliken: Is there a second?

Governor du Pont: Second.

Chairman Milliken: Discussion?

Governor Hunt: Mr. Chairman, I just wanted to take this opportunity to indicate to my fellow governors that the federal cochairman of the Appalachian Regional Commission, the kind of regional commission that I think we want to have all over this country, is attending our meet-
ing. He is a former, and very outstanding, governor of North Carolina and a very good friend of many of the governors here, Bob Scott. He is doing a superb job as federal cochairman. There's a tremendous relationship between the states' cochairman and the federal cochairman. I just wanted to take this opportunity to recognize him.

**Chairman Milliken:** Thank you, Governor. Is there discussion on the motion?

**Governor Milton J. Shapp:** Mr. Chairman, I strongly recommend the approval of the concept contained in resolution E-9. I was fortunate to have been part of the Kennedy Administration that worked on the development of the legislation for the Appalachian Regional Commission back in the early sixties. Pennsylvania is one of the states that benefits greatly from it. It has been living up to every expectation Congress anticipated at the time.

No one state in the United States is an economic entity in itself. All of the states really rely upon each other in order for our nation to have a viable and strong economy. It would be very suitable, in fact desirable, if more states would emulate the Appalachian Regional Commission and the group out in the West in forming regional commissions. Working together you can accomplish a lot more for your individual states than you can working alone. So I strongly support the concept as contained in E-9.

**Chairman Milliken:** If there is no further discussion, all those in favor will say "aye," opposed, "no."

The policy statement is adopted.

**Governor du Pont:** The second of our six areas of activity involved the urban policy task force chaired by Governor Dukakis. There is no vote to be taken. You are all aware of Mike's work in the field of urban policy. His subcommittee will continue to monitor the administration's effort to implement the national urban policy and to gain passage in Congress of the proposed state and Senate legislation.

The third area of activity is the effort of Governor Busbee in regard to the incentives legislation and the consolidation of federal grants. That is a subject close to our hearts. There is again nothing to vote on here, but the Committee on Community and Economic Development will continue to work on the other public interest groups and the Senate and House public works committees to obtain introduction on the Hill of Governor Busbee's proposed legislation to consolidate federal economic grants.

The fourth area is in regard to Resolution E-13, "Public Support of the Arts." The recently established Subcommittee on the Arts will
initiate a cultural exchange program among the states, continue to
monitor the proposed livable cities program, and will work with the
White House in preparing for the White House Conference on the Arts.
Governor Byrne of New Jersey chairs that subcommittee. He gave us a
report yesterday.

I move the adoption of the amendments.

Chairman Milliken: Governor Byrne, would you like to comment?

Governor Brendan T. Byrne: Yes, I am happy to.

Chairman Milliken: May I first have a second to that motion?

Governor Byrne: Yes.

Chairman Milliken: Governor Byrne.

Governor Byrne: I am happy to second that resolution. E-13 is the
first time that the governors of this nation have gone on record in favor
of the arts, so I think it is a very significant resolution on which you
vote.

With the Subcommittee on the Arts, it is the first time that the
association has invited and allowed the spouses of the governors to
participate as voting members of any subcommittee. I think that is a
great idea. If it catches on, we can double our production in this
organization.

Chairman Milliken: Is there any more discussion?

If there is none, those in favor say, "aye," opposed, "no."

The amendments are adopted.

Governor du Pont: Mr. Chairman, having adopted the amendments, I
move the adoption of Resolution E-13, as amended.

Chairman Milliken: Is there support for that motion?

Governor Hunt: Yes.

Chairman Milliken: Is there discussion?

There is none. All in favor say, "aye," opposed, "no."

The resolution is adopted.

Governor du Pont: The next item is the Subcommittee on Small Cities
and Rural Development, chaired by Governor Hunt, which will in the
coming months, through our Committee on Community and Economic
Development and the Committee on Agriculture, work to draft a
national rural policy paper and implementing legislation. The resolution
involved appears as E-14, "Rural Development Policy."
I move the adoption of the resolution. If there is a second, we can then refer to Governor Hunt for discussion.

Chairman Milliken: Is there a second?

Governor Hunt: Second.

Chairman Milliken: Governor Hunt.

Governor Hunt: Mr. Chairman and my fellow governors, in essence this resolution calls for a rural development policy to go hand in hand with the urban development policy that we already have. You have heard me many times at these meetings talk about the importance of small cities and rural areas in this country. Virtually all of the population growth is happening in small cities. It is not right for this nation to have an urban policy dealing with large cities, many of which are distressed, and not give full and adequate attention to the small cities in the rural areas that have problems of both growth and decline.

This resolution calls for a rural development policy with special attention to our small cities. It gives guidelines for the development of a policy and charges the National Governors' Association to work between now and the beginning of the next Congress to help draft a bill that would set forth a rural development policy for this nation that would give us a total balanced growth policy, both urban and rural.

Chairman Milliken: Is there any more discussion on that motion?

Those in favor say, "aye," opposed, "no."

The amendments are adopted.

Governor du Pont: Mr. Chairman, I move the adoption of the policy position as amended.

Chairman Milliken: Is there support for that motion?

Governor Robert F. Bennett: Second.

Chairman Milliken: There is support. Is there discussion?

Those in favor say, "aye," opposed, "no."

The statement is adopted as amended.

Governor du Pont: Mr. Chairman, the final item of business for the Committee on Community and Economic Development is Resolution E-12, "Small Business Development." That work has been done by Governor Busbee and me.

I move the adoption of the resolution, and then we will give Governor Busbee an opportunity to lead us in discussion.

Chairman Milliken: You have a motion for the adoption of the resolution. Is there support for it?
Governor Snelling: Yes.

Chairman Milliken: There is support from Governor Snelling. Governor Busbee, do you wish to comment on that motion?

Governor Busbee: Mr. Chairman, I think we have all read it. I don't know if there is any opposition. I will just move its adoption.

Chairman Milliken: Thank you. Is there any further discussion?

If there is none, the question is on the adoption of the resolution. All those in favor will say, "aye," opposed, "no."

The resolution is adopted.

Governor du Pont: Mr. Chairman, that concludes the report of our committee. We would like to thank the various subcommittee chairmen for the excellent work that they have done over the past year. We hope to continue in that vein in the coming year.

Chairman Milliken: The next item on the agenda is the report of the Committee on Criminal Justice and Public Protection, chaired by Governor Bowen.

Governor Bowen: The committee began its meeting yesterday with the report from Governor Hunt on the Subcommittee on Criminal Justice and Crime Prevention. Senator Edward Kennedy gave a brief analysis of proposed legislation to reauthorize the Law Enforcement Assistance Administration. He explained several major features of the proposed legislation: The bill would give four-year authorization for justice assistance research and statistics programs; the bill would cut down on executive red tape and paperwork and would require a simplified application covering three years of activity; the bill would establish a National Institute of Justice to perform research for improving the criminal justice system; the bill would establish a Bureau of Criminal Justice Statistics to collect and analyze data from criminal justice systems at the federal, state, and local levels; and the bill would provide for an increased role for the state agency, which would be called the Criminal Justice Council. This council would be subject to the jurisdiction of the governor, who would have the authority to appoint the members of the council and designate its chairman.

Governor Mike O'Callaghan, chairman of the Subcommittee on Disaster Assistance, presented his emergency preparedness study and offered a policy statement on comprehensive state emergency management which received full support of the committee. I will call on Governor O'Callaghan in a moment to present a detailed analysis of his project.

Governor Bruce Babbitt offered a policy statement on antitrust en-
forcement, which concerns the recent Supreme Court decision in the *Illinois Brick* case. The policy statement was accepted by the committee, and I will ask Governor Babbitt to present the policy statement later.

The committee was briefed on the Juvenile Justice and Delinquency Prevention Act by John Rector, acting administrator of the Office of Juvenile Justice and Delinquency Prevention. Mr. Rector pointed out that there have been changes in the regulations concerning commingling in juvenile detention or correctional facilities: the office now allows community-based facilities for juveniles or those with a bed capacity of twenty or less to commingle status offenders, non-offenders, and delinquents. The deadline for eliminating noncommunity-based large facilities with a bed capacity of over twenty has been extended to January 1, 1981. The governors and their representatives voiced several concerns. One issue raised concerned the requirement that at least three of the youth members of the state advisory group must have been or must currently be under the juvenile justice system’s jurisdiction. It was pointed out that in some states, including my own, juvenile records are confidential documents and are not available to an official making appointments to the state advisory group on juvenile offenders. Another issue was raised concerning the number of beds in community-based facilities. Mr. Rector admitted that there was no magic to the selection of twenty, but that it was a reasonable average suggested by several studies concerning the problem.

Governor Hunt stated that the Juvenile Justice Act as it had been administratively interpreted has upset many governors and their local administrators. He suggested that the administration should work with the states to resolve differences. Mr. Rector agreed, saying that in many instances, it was a problem with legislative intent and that his office has been considered rather liberal in interpreting the legislation.

Dr. Harold Chase, deputy assistant secretary of defense for reserve affairs, reported on the Defense Department study of the national guard and reserve. Dr. Chase was assisted by General Frank Rogar, executive director of the study. Last year, our committee was quite critical of the Rogar study, so I appointed a task force of national guard commanders from Indiana, Georgia, Nevada, New York, and Virginia to look into this study. The Department of Defense has restructured its study and has been quite cooperative in consulting with the task force. One of our major concerns was to make sure that national guard units allocated to each state were adequate to perform state public protection missions and that those units were adequately equipped. We are pleased to note that the briefing given by the Department of Defense to this committee addressed this problem and the need
for incentives to improve recruiting and retention in the guard and in the reserve. Governor O'Callaghan noted that this year's report was a great improvement over last year's report. He pointed out that in his state, state law prevents the use of the guard to break strikes. The task group will continue to work closely with the Department of Defense as the study progresses and will provide NGA with appropriate comments.

The committee amended a policy statement on the prevention and control of juvenile delinquency, A-5. Mr. Chairman, I move the adoption of the resolution as amended.

Chairman Milliken: The question is the motion by Governor Bowen to adopt the amendments to the resolution. Is there support for that motion?

Governor Hunt: Second the motion.

Chairman Milliken: There is support. Is there discussion?

   If there is no discussion, those in favor say, "aye," opposed, "no."

   The amendments are adopted.

   The question now is the adoption of the resolution as amended. Is there a motion to adopt?

Governor James B. Edwards: I so move.

Chairman Milliken: Is there support?

Governor O'Callaghan: Second.

Chairman Milliken: There is support. Is there discussion?

   If there is no discussion, those in favor say, "aye," opposed, "no."

   The resolution as amended is adopted.

Governor Bowen: I call on Governor O'Callaghan, chairman of the Subcommittee on Disaster Assistance, to give his report.

Governor Mike O'Callaghan: As governors, all of us have become increasingly concerned about the lack of a comprehensive national policy and organization during emergencies. As your subcommittee chairman, I have presented the NGA position to the Office of Management and Budget, the White House, and to both houses of Congress.

   On June 19, after strong resistance by some of the federal agencies concerned, the president submitted Reorganization Plan No. 3 to Congress. He did so because of the strong support for the plan by state and local elected officials as well as several defense and emergency service organizations. The president's proposal is compatible with NGA
recommendations. We, therefore, strongly support the proposal and urge Congress to approve it.

Today I want to brief you on the NGA emergency preparedness study. We have also proposed a new policy position. We believe it is an important milestone that can help develop a cohesive emergency management system where federal, state, and local emergency organizations become equal partners for the first time in our history.

In setting up the study last winter, we decided to look at all kinds of life and property concerns that require governors' coordination of local, state, and/or federal organizations. These emergencies included civil disasters and man-made technological incidents as well as natural disasters.

Because we are concerned with comprehensive emergency management, we decided to study mitigation and long-term recovery aspects of disasters in addition to preparedness and immediate response.

NGA has polled all state emergency service offices, and they report that they have been called on to deal with 1,242 emergencies this year alone, compared to 1,461 incidents in the past five years. Requests for assistance with man-made emergencies such as hazardous materials accidents make up two-thirds of the cases this year, compared to one-fifth of the cases over the last five years. We had 1,461 man-made disasters from 1973 to 1977; in the first six months of this year we have already had 1,242. There have been 269 hazardous train derailments and 281 hazardous materials accidents.

In 1973 to 1977 there were 1,170 natural disasters, but from January to June of 1978, there have already been 423. This indicates that states should augment their capacities to deal with man-made hazards in addition to natural disasters.

Equally important, we recommend that the new Federal Emergency Management Agency establish a national center to provide immediate information and support to the states in dealing with hazardous materials. The variety of hazards is great and growing, as are response costs. Yet personnel, equipment, and dollars are more scarce. We recommend that states review how to make the most efficient use of available resources in a more coordinated manner than is now usually the case.

Our citizens can be better protected if mitigation and prevention mechanisms are emphasized, thereby lessening the threat to life and property and lessening the cost of relief. Further response and recovery programs can better serve our communities if applied to states' long-range development plans.
Our study has found that a variety of skills are needed in a comprehensive emergency management organization. First, preparedness and response personnel need a fast action, decision-oriented approach to their work. Second, mitigation and long-term recovery personnel, on the other hand, must be thoroughly versed in state planning, analysis, evaluation, and policy management and must have a knowledge of the state development plan. This is not just something that happens and then disappears.

The most important overall management finding of the study is that many state emergency management programs are fragmented—note I didn’t say federal. This is not only because uncoordinated federal programs encourage state fragmentation; it is also because the strong relationships of long-term recovery and mitigation of future disasters and actual preparedness and response, all in the context of state development planning, are not always adequately understood. Also, federal-state-local emergency management roles and strong state emergency management policy have not been delineated and articulated.

So we are proposing a new policy resolution. We have found many state emergency and management programs to be fragmented and that mere preparedness and response mechanisms are not good enough. They must be coordinated with active mitigation and long-term recovery programs in the context of state development plans.

We must also recognize that planning, program, and political skills are needed in emergency management. The mitigation programs can save lives and dollars, and we should augment our capacity to deal with man-made emergencies with fuller use of existing personnel and resources. It is in this spirit that the subcommittee proposed the new policy position that you have before you.

One premise for the new policy is that the subcommittee believes an equal local-state-federal partnership is the most effective approach to a comprehensive national system of emergency management. Another premise is that we recommended that the president establish an emergency management agency in his own Executive Office or as an independent agency. He has taken steps to do so, and we should do the same at the state level.

Essentially, this new position describes federal, state, and local roles of comprehensive emergency management, urges Congress to approve the president’s Reorganization Plan No. 3, defines state comprehensive emergency management and the governors’ role in it, and urges the states to do three things: review their current emergency-related programs in the context of comprehensive emergency management, adopt nomenclature, using the words emergency management,
in keeping with the new federal emergency management concept, and empower the Subcommittee on Disaster Assistance to take action on specific recommendations in keeping with the proposed guidelines.

The first two actions may require amending statutes in some states. However, it will be worth the trouble. Assuming the plan for the new Federal Emergency Management Agency is approved, we have a timely opportunity to build a national emergency management system where the federal government, states, and localities may all operate as full and equal partners.

I wish to emphasize that the subcommittee is not suggesting that one or more of the states should necessarily create a new position to oversee comprehensive emergency management. We are stressing only that there must be one individual who is responsible for emergency management, including not only preparedness and response to natural disasters, man-made emergencies, and attack but the functional ability to coordinate mitigation and recovery activities as well.

If some states choose to create a new department, then that is their prerogative. If others choose to merely designate an individual within the governor's office or in some other agency, then that, too, is their prerogative. We are talking about accountability and the need to streamline a process that currently is fragmented. How that is done is up to the individual governors. The president has already made his move.

I urge the adoption of the proposed policy position as amended.

Chairman Milliken: You have heard the motion. Is there support for that motion?

Governor Bennett: Second.

Chairman Milliken: There is support. Is there discussion?

All those in favor of the adoption of the amendment as proposed will say "aye," opposed, "no."

The amendments are adopted. The question now is the adoption of the report as amended. Is there a motion?

Governor Bowen: So move.

Chairman Milliken: Is there support?

Governor Bennett: Second.

Chairman Milliken: Is there discussion? There is no discussion.

May I say before I put the vote that I think Governor O'Callaghan has done a remarkable job in this area. We are all greatly indebted to him, as all of us are indebted to Governor du Pont and Governor Judge for their outstanding work on Title V commissions.
The question is the motion of the adoption of the resolution as amended. Those in favor say, "aye," opposed, "no."

The resolution as amended is adopted.

Governor Bowen: I will now call on Governor Babbitt to present his resolution on antitrust enforcement. I understand this will require a suspension of the rules.

Governor Bruce E. Babbitt: Governor Bowen, I move suspension of the rules to consider the motion.

Chairman Milliken: There is a motion for suspension of the rules, which will require a vote of three-quarters of the members present. Is there support for that motion?

Governor Byrne: Second.

Chairman Milliken: There is support, Governor Babbitt. The question now is the motion for the suspension of rules, which is not subject to discussion. Those in favor will say, "aye," opposed, "no."

The rules are suspended for the purpose of considering the motion.

Governor Babbitt: Before moving this motion, I will describe the facts and events that gave rise to this issue.

In the last five to ten years, as many of you are better aware than I, the states have become very active in enforcement of the antitrust laws. Most of the states made a lot of progress in two areas. One is enforcement of the antitrust laws directly in favor of the states as purchasers of goods and services. The states have recovered damages for overcharges in sales of such things as asphalt, concrete construction, wood, and paper. There have been multi-million-dollar recoveries in most states. States are also recovering multi-million-dollar judgments for overcharges to the consumer in the sale of bread, milk, and a variety of other commodities. These sums are returned directly to the citizens of the states.

This very promising trend was halted by a curious Supreme Court decision, now known as the Illinois Brick case, which for rather arcane reasons of legal symmetry said that henceforth states recover as antitrust plaintiffs only if they purchase goods and services directly from the manufacturers who fixed the prices. In most cases, states are not direct purchasers; they are purchasers from suppliers who in turn are the direct purchaser from the violating manufacturer.

The legislation introduced in Congress to correct this Supreme Court decision has broad-based consumer support. Remarkably it has the support of every attorney general of the fifty states. It will be up for a series of critical votes in both houses shortly after Labor Day.
This motion is offered in support of that legislation, and, indeed, is offered at a very critical time. I would, therefore, move for the resolution's adoption.

Chairman Milliken: You have heard the motion. Is there support?

Governor Exon: Second.

Chairman Milliken: Governor Exon supports it.

Is there further discussion of the motion?

If there is no further discussion, those in favor say, "aye," opposed, "no."

The resolution is adopted.

Governor Bowen: Thank you, Mr. Chairman. This completes the report of our committee. I want to offer my thanks to the members of the committee and their staffs, especially to Governors O'Callaghan and Hunt for their superb work on their respective subcommittees.

I'd like to take this opportunity to call on Governor Hunt for a few comments on LEAA.

Governor Hunt: I want to say just two or three things about LEAA because I feel very strongly that we governors are not personally giving crime control the kind of leadership that we ought to be. I have a feeling that in many states the business of dealing with crime is being left up to somebody else. Courts are expected to do it; the attorney general is expected to do it; local people are expected to do it. Governors are not taking the lead in their own hands to deal with this issue. I think the LEAA program, the governors' crime commission, is an excellent opportunity for us to take that lead.

I think the LEAA reorganization bill introduced in the Senate is a reasonably good bill. It is much better than it was a year ago when we were talking about this matter in Detroit. However, there are still some problems with it. We have come a long way in terms of keeping the concept of one plan with most of the funds coming directly into the state being expended through the governor's crime commission. However, the bill that Senator Kennedy introduced and supported in his joint proposal with the White House does have a provision that cities of over 100,000 and counties of over 250,000 can be directly funded from the federal government. I think that is bad. All of these funds ought to come through the state crime commission.

In North Carolina, we found that the large cities, high crime areas, get more funds now than they would under this new proposal. They are not being mistreated now. If we are to develop effective criminal justice systems, we are simply going to have to have these funds coming through.
The final thing I want to say to you is this: I believe that any governor who is not taking the opportunity to lead the crime commission, to lead his state's efforts to work closely with everyone in the criminal justice field to try to reduce crime and develop an effective system of law enforcement, courts, and corrections is not carrying out the job that the people have elected him or her to do. If you have not been involved in the LEAA program and your crime commission. I would urge you to get involved. We may need your help to get the bill through Congress next year.

Chairman Milliken: Thank you, Governor Hunt.

Next, the Committee on Executive Management and Fiscal Affairs, chaired by Governor Shapp.

Governor Shapp: At the meeting of the committee yesterday, Governor Snelling presented a report on the activities of the Subcommittee on Management Improvement. The report itemized current and future priorities of the subcommittee. First, Governor Snelling described three bills that propose solutions to a number of problems with intergovernmental programs, including duplicative regulations and programs with prescriptive requirements and high administrative costs. Second, the subcommittee has set the expansion of training programs for state officials as a major goal and will develop a work plan to accomplish it. Third, the subcommittee is developing a pilot program to test grant consolidation operations.

Congressman John Anderson supplemented the remarks he made at the plenary session on regulatory reform and participated in a discussion on the topic with the governors present. He urged the governors to work with Congress to achieve meaningful reform of the regulatory process.

Then we discussed the fiscal 1980 federal budget with James McIntyre, Jr., the director of the Office of Management and Budget. Mr. McIntyre indicated that the budget submitted to Congress in January will be a very tight one and asked for the governors' help in identifying opportunities for efficiency and savings on funding reductions. He invited the governors to make suggestions on grant consolidation and asked for their help in winning congressional approval for these consolidations.

Next, the committee unanimously adopted the NGA budget priorities paper. The Executive Committee has also approved this paper, and it will be forwarded to the president and Office of Management and Budget. Among other things, the report calls for an in-depth review of the federal grant-in-aid system. The governors feel that such a review is justified because the system is plagued by red tape.
Since my last report to you, the members of the committee have participated in a number of congressional hearings on legislation that falls within the jurisdiction of this committee. I represented NGA before the Senate Finance Committee at hearings considering the countercyclical revenue-sharing programs. I also spoke to members of the House of Representatives on this issue. The Senate committee has since reported a bill that includes the concept of state participation in this program.

The committee has approved four policy statements for consideration by the association. Of these, three are proposed en bloc for your action: “Federal Fiscal Impact Act,” “State Financial Institutions,” and “State Deposits of Social Security Funds.”

“Federal Fiscal Impact Act,” policy statement B-15, is presented by Governor Brown. It would require the federal government to reimburse state and local governments for the full cost of mandated programs. Governor Brown calls this a “truth-in-spending initiative.” ACIR [Advisory Commission on Intergovernmental Relations] has called similar initiatives “intergovernmental fair play.”

Policy statement B-11, “State Financial Institutions,” is a technical amendment that broadens the existing NGA resolution to include not only banks but savings and loan institutions and credit unions as well. The existing regulation calls for state regulation of state-chartered institutions.

“State Deposits of Social Security Funds,” B-12, amends the existing NGA policy statement by deleting the first paragraph of the current position and strengthening the second paragraph. Governor Pryor, who introduced this amendment, will explain it to you.

**Governor David H. Pryor:** This amendment basically is a restatement of a position taken by the association in February. We believe the states should make social security deposits to the Social Security Administration on a quarterly basis. The Department of Health, Education, and Welfare wants us to make payments on a monthly basis. For a small state like Arkansas, for example, it would cost approximately $300,000 in interest lost. It would cost other states millions of dollars.

I strongly support this restatement of a former position and hope that the governors will consider this favorably.

**Governor Shapp:** I call for a vote on these three statements as a bloc.

**Chairman Milliken:** Governor Shapp moves the adoption of these as amendments.

**Governor Snelling:** Second.
Chairman Milliken: Governor Snelling supports. Is there discussion? Governor Askew.

Governor Reubin O'D. Askew: Mr. Chairman, are we voting on B-15 at this point?

Governor Shapp: B-15, B-11, and B-12.

Governor Askew: I'd like to offer an amendment to B-15.

Governor Shapp: That being the case, let's vote on just B-11 and B-12 and see if we can get those out of the way.

Chairman Milliken: Without objection, the motion has been amended to include only B-11 and B-12.

Is there support for that?

Governor Exon: I second.

Chairman Milliken: Is there discussion?

If there is no discussion, the question is the approval of B-11 and B-12. Those in favor will say, "aye," opposed, "no."

Those amendments are adopted.

The question now is the motion to adopt B-15. Is there support for that?

Governor Snelling: Yes.

Chairman Milliken: There is support.

The chair recognizes Governor Askew.

Governor Askew: Mr. Chairman, I would like to move to amend B-15 by striking the period at the end of the statement, inserting a semicolon, and adding the following additional language: "and that the National Governors' Association endorse the principle of similar legislation in the state's relationship to local governments," which is completely in keeping with what the Advisory Commission on Intergovernmental Relations says. If we are going to ask the federal government to do the same to us, then we should be willing to do the same to local governments.

Chairman Milliken: You have heard the motion to amend. Is there support for that motion?

Governor Hunt: Yes.

Governor Longley: Yes.

Chairman Milliken: There is support.

Governor Shapp, on the motion to amend.
Governor Shapp: It is my understanding that Governor Brown, who introduced that motion, has a similar law in California. So I am sure he would have no objection to this. I see no objections, and I would support it.

Chairman Milliken: Is there further discussion on that motion to amend?

If there is none, those in favor of the motion by Governor Askew will say, "aye," opposed, "no."

The amendment is adopted.

The question now is the adoption of B-15 as amended. Is there discussion on the motion for the adoption of B-15 as amended?

If there is none, those in favor will say, "aye," opposed, "no."

B-15 as amended is adopted.

Governor Shapp: Governor Hunt has proposed federal expenditures guidelines. I will read the proposal to you.

"Since World War II, federal government spending has grown from a 13 percent share of our nation's gross national product to its present share of over 22 percent. This near doubling of the federal government's relative size is of great concern. The growth of the federal government must be contained so that efficient private sector development and stable domestic economic conditions can be sustained.

"To insure that the federal government does not become disproportionately large and its cost increasingly burdensome, the National Governors' Association recommends that a balanced federal budget be achieved by the fiscal year ending September 30, 1981."

I would like to express my opposition to this particular resolution because I do not believe it to be in the best interests of the nation that, at any time, programs important to states, counties, cities, and individuals might be slashed. Emergencies, for example, might arise that could not be financed. If this resolution were passed in its present form, I am afraid that we would perhaps find ourselves on occasion in the federal straitjacket.

Chairman Milliken: Before we proceed with the discussion on this proposal, we should have a motion to suspend the rules. Is there a motion to suspend the rules?

Governor Pryor: So move.

Chairman Milliken: There is a motion from Governor Pryor. Is there support?

Governor O'Callaghan: I second it.
Chairman Milliken: No discussion on this question is in order. Three-quarters of the votes of the members present would be required.

Those in favor of the motion to suspend the rules will say, "aye," opposed, "no."

Based upon the chair's hearing of three-quarters of the members present and voting, the chair rules that the rules are suspended.

The question now before the session is the adoption of the resolution.

Governor Hunt: I move the adoption of the resolution.

Chairman Milliken: Is there support?

Governor du Pont: Second.

Chairman Milliken: There is support.

Once again, on the vote, three-quarters of the members present and voting would be required.

Is there discussion on the motion?

The chair recognizes Governor Hunt.

Governor Hunt: Let me point out that this resolution was passed by the committee, even though it was not sent to the other governors forty-five days before the meeting.

I just want to say that it is governors who have to balance their budgets every single year. It isn't easy; we have to work hard to do it. It requires self-discipline. If you have had the same experience that I have had, you thank goodness that you have to balance the budget, because it is the best single thing that enables us to keep the states in good shape, to keep spending under control, to not have to hire more employees than we can afford, to not pay more salary increases than we can afford.

The president campaigned on a pledge to balance the federal budget by the end of 1981, and he is working toward that end. But I think the problems are in Congress. They continue to vote for more and more spending, which is moving us further and further away, I think, from a balanced budget within this period of time.

Of course, when Congress passes a law, it will have some sort of safety valve, and some sort of safety valve is necessary. But you could spend forever trying to figure out exactly what that ought to be.

I think we governors definitely should support the principle of a balanced budget within this period of time. We are already moving toward working down the deficits. As we look at all these other things we are doing to be more fiscally responsible at all levels of government, surely the idea of a balanced federal budget is the single most important
without any if's, and's, but's, or qualifiers. That is what this resolution urges that we do.

Governor Snelling: Mr. Chairman, I suppose if the question is merely whether the governors favor the concept of a balanced federal budget by 1981, the vote will and should be overwhelmingly in favor of that proposition. But I hope we will carefully consider something else that would be achieved if this resolution is passed by this body. It is the question of how many times we ought to say the same thing. If we are to adopt meaningful policies, we must very carefully and sometimes painfully avoid the temptation of repeating over and over again for effect that which is currently popular and compelling.

In February 1978, we established the following as a policy of the National Governors' Association: “To accomplish these goals, we must guarantee accountability of the way in which our tax dollars are spent. Further, it is imperative we as governors support President Carter in his difficult goal of balancing the federal budget by fiscal year 1981.”

I am not opposed to the proposal offered by the governor of North Carolina. But having once adopted a policy, I think we should restrain ourselves from adopting it over and over again to convince the public that we are on their side.

We have adopted this policy once, and I think that is enough. There is no need for the reintroduction of the same policy.

Governor Dukakis: Mr. Chairman, I am going to vote for this resolution, but I hope we have a clear understanding that if, God forbid, this nation finds itself in the middle of a recession in 1981, our commitment to the principle of a balanced budget does not include a commitment to absolutely tie the hands of our national leadership so they cannot use the kind of stimulative fiscal policy necessary in a recession.

I assume, Governor Hunt, that is your understanding of this resolution as well.

Governor Hunt: Of course.

Governor Longley: I don't think we can repeat this principle too often. Congress is not listening. I support the motion, Governor Hunt.

Governor Shapp: I want to again voice my opposition to this resolution because I do not think that putting Congress in a straitjacket is necessarily in the best interest of this nation.

There are many programs that are important to the states, counties, and cities. If this resolution should pass in its present form, we might find ourselves in a situation where emergencies could not be financed. For example, what would happen if we were forced to defend this nation and we have a resolution like this adopted by Congress?
Every year, the biggest corporations—AT&T, Ford, General Motors, General Electric—find their expenses rising to take care of the growing needs of their companies. Now, I grant you they are in a profit business. But, in a sense, so is the U.S. government. The profit is achieved by enhancing the living conditions of all of our people. I would hate to see the governors go on record with such a resolution, which could be interpreted that, even in the case of emergencies, this nation could not rise to help the citizens or even to defend itself. I urge a no vote on this amendment.

Governor Pryor: I would like to support the motion. This resolution strikes at the very heart of the gravest issue that faces this country at this time. Underlying every discussion at this conference, every informal conference, every formal discussion, has been an attempt to interpret what Proposition 13 means to this country. I do not feel that Congress has truly gotten the message of Proposition 13. They do not know what the American people are concerned about, what is gnawing at the heart. I think this resolution is another expression of our desire and our interest in reaching to the heart of what is troubling this country.

Notwithstanding Governor Snelling and Governor Shapp and their objections, which may or may not be valid, these are hard times. It is going to require some very, very hard decisions.

I would like to support as strongly as I know how the proposed amendment.

Governor Thomson: Mr. Chairman, I want to support this resolution wholeheartedly. I consider this a great step forward. On two different occasions at other conventions, I introduced similar resolutions. Maybe if the resolutions had had a different flavor, they would have been passed. But I am delighted to see this is on the floor.

As most of the governors know, I have also been supporting a resolution for a constitutional limitation on spending. I have talked to all but five or six of the governors here, and it is clear that we would not have the necessary vote to suspend the rules. But I support this resolution, and I don’t think the time has quite arrived when we can push for a constitutional amendment, but I don’t believe it is very far away.

Governor Askew: Mr. Chairman, I think the resolution is a legitimate expression of our opinion. Almost all of us have constantly reiterated our desire for a balanced budget. In all candor, I believe that some of the expressions noted by my distinguished friend from Pennsylvania are legitimate, but I think it also is implicit that the resolution is not so rigid that the country would not be able to handle any type of emergency.
I also think this organization has less than an overwhelmingly credible record of showing the federal government where they could cut. Almost all the resolutions we pass call for more spending. While this obviously will pass, our actions could be a lot more effective if we were to restrain ourselves in asking for more spending at a time we are asking them to balance the budget. I don't think this has been the case.

Governor Snelling: Mr. Chairman, at the risk of appearing to be the Don Quixote of the North Woods, I'd like to try to explain again why I think this resolution and its adoption would be an invitation to mischief within NGA.

We already have expressed very clearly exactly these sentiments. It is in policy statement B-13. If we become tempted to introduce resolutions again and if the governors feel compelled to vote for a resolution no matter how many times it has been adopted, then our workload will expand and we will find that there are very few resolutions in this book that we will not be adopting over and over again in order to demonstrate clearly to the folks back home that we are on the side of the angels.

I submit to you that we really should go on to new business. If we once adopt the policy of readopting resolutions, our work will never be done, and we will cheapen the value of the resolutions that we do adopt.

So despite the fact that my sympathies are with the goal, I say again, unless somebody can show me why it is that we should add this to policy statement B-13, that we ought to consider it done. As the wise old owl of the United States Senate, the former governor of Kentucky, once declared about Vietnam, "Why don't we simply say we have won and go home?"

We have adopted this resolution. Why don't we point to it with pride and go on to other business?

Chairman Milliken: Speaking of going home, time is running out, and we have a great deal of work still to do. However, the chair will recognize Governor Hunt and then Governor du Pont.

Governor Hunt: Mr. Chairman, may I say three things quickly? One: We ought to speak when we can to the most timely and essential matters, and I think this is one of those matters. Two: Of course we have to have a safety valve for the kinds of emergency situations that some of you have mentioned. Any federal law would provide for that at the time, and would look out for that. Three: Perhaps we can help convince Congress to call for a balanced budget. But if that goal is very clearly set, the time is going to come when, in order to take that last
step, the federal government is going to have to do some cutting. I don’t think I have ever heard of the federal government doing any cutting like I have had to do in my state, and I suspect all of you have done in your states, in order to keep a balanced budget.

Today, the people in this country are saying, “We are fed up with government waste.”

If we are to have a balanced budget by a certain date, assuming reasonable times, at some point we are going to have to start doing that cutting. I think that would be applauded more than any other thing this national government could do.

Governor du Pont: Mr. Chairman, I would just like to give Governor Snelling the reason he needs to vote for this resolution. In trying to get the attention of the mule, sometimes one shot with a two-by-four isn’t enough. As a former member of the U.S. House of Representatives, I can tell you unless you say to them again and again and again what you are trying to do, they just don’t understand.

With that reason in mind, Governor Snelling, I trust we will have your support of the resolution.

Chairman Milliken: May the chair urge that we move along as quickly as possible?

Governor Exon: I move for the question.

Chairman Milliken: We have a motion for the previous question. Do we have support?

Governor Dolph Briscoe: Aye.

Chairman Milliken: We have a motion to support. That is not a debatable question.

Governor George D. Busbee: What about parliamentary inquiry, Mr. Chairman?

Chairman Milliken: That is in order. What is your inquiry?

Governor Busbee: I think everybody wants to support Governor Hunt, including Governor Snelling. As you remember Jack Watson talked to us about paperwork. So why can’t we just readopt this resolution and put a ditto down on the policy statement so we won’t have to write it twice.

Governor James B. Edwards: I move the adoption of the motion, Mr. Chairman.

Chairman Milliken: We do have the motion of the previous question. Those in favor say, “aye,” opposed, “no.”
Governor Snelling: No.

Chairman Milliken: The chair would rule that the previous question has been ordered.

The question now is the adoption of the resolution. All of those in favor will say, "aye," opposed, "no."

Governor Snelling: No.

Chairman Milliken: Three-quarters of those present and voting having voted, the resolution is adopted.

Governor Shapp: I have nothing further except, strange as it may seem at this particular moment, I want to thank Governor Hunt who helped us get through some of our measures at the committee meeting.

This is my last appearance at this podium, and I just want to say to all of you that it has been a pleasure working with you. I think on occasion there may have been some differences of opinion, but for the whole, I think it has been a very worthwhile eight years I have served here. I wish all of you lots of luck in the future.

Chairman Milliken: It is my understanding that Governor Askew of Florida will have to leave shortly. Since this is the last time that he will be with us at a governors' conference, I want to say a few words. He was elected governor in 1970 and has been recognized across this country as a man of enormous integrity and ability. He is a pioneer, as I think every one of us knows, in open and responsive government. As my predecessor as chairman of the National Governors' Association, he has won the admiration and the respect of all of us.

Governor Askew: Mr. Chairman, I want to say what a tremendous experience it has been for me, as it is for you, to serve as a governor. The fellowship that is connected with the National Governors' Association has been a very meaningful part of my life and my wife's. I wish to thank all of you and wish all of you well.

In the last several years, the National Governors' Association, particularly under the outstanding leadership of Dan Evans and those who followed, particularly Bob Ray, has moved along. And I think it is going to continue to move along. It has just been a great experience for me, and I thank you very much.

Chairman Milliken: Next, the report of the Committee on Human Resources, chaired by Michael Dukakis.

Governor Dukakis: First, I want to acknowledge the really superb work of the members of the committee who served with me. Unfortunately, two of them who have done yeoman's work in preparing these resolu-
tions, Governors Finch and Garrahy, had to leave early. So I will do my best to explain briefly the thrust of the resolutions that bear their very fine work. I hope I am adequate to the task.

Before I do that, however, the committee would like to call to the attention of all of the governors two major bills that will be coming before the Senate shortly after its members return from their Labor Day recess. Both bills had the strong support of the National Governors' Association and the Human Resources Committee.

The first is the health-care cost-containment bill, which bears very directly on our ability to control costs and to keep our budgets in balance and under control. Amendments will be offered in the Senate that will be consistent with the NGA policy on cost containment adopted in Detroit last year. I hope the members of the association will contact their senators and urge their support of that position.

The other issue coming before the Senate has to do with the raising of the Title XX entitlement. I think many of you know this issue has been floundering in the face of very serious inflation. We have worked hard to lift the entitlement moderately, I might add. The bill was passed by the House in July by a three-to-one majority. The Senate version, Senate Bill 3426, has been introduced by Senators Dole and Gravel and almost twenty sponsors. Because of the tight schedules of the senators working on it, we need to personally contact our Senate delegations to urge the Senate Finance Committee to report out that legislation and have the Senate work on it as quickly as possible after the resumption of the session.

Let me return to the report of the Human Resources Committee and the policy statements. With your permission, Mr. Chairman, I will try to briefly summarize them all. If there is no objection, we can adopt the entire policy statement or take it up a section at a time.

The first resolution, C-1, “General Principles,” is an amendment recommended by Governor Ariyoshi. It deals with federal financial responsibility for the immigration of groups of refugees into the United States as a result of federal policy. I think it is straightforward, the need for it is obvious, and we recommend it to you.

Resolution C-9 on education is fairly short. It does not take a position on the issue of a Department of Education, but deals with the question of the relationship of that department or the federal agency for education and the states. It stresses the importance of the state role and of flexibility in providing the states with responsibility for implementing education programs financed with federal funds.

The employment and training resolution, C-10, was largely the work of our Subcommittee on Employment and Training, under the very able and hard-working leadership of Governor Finch. It incor-
porates a great many of the ideas the governors have had over the years: a strong role for the governor in the development of employment and training programs and a two-tier approach to employment and training in accordance with that strong gubernatorial role. It makes some other rather moderate recommendations with respect to the future of the unemployment compensation system, but attempts to avoid some of the issues that divided us at the Detroit meeting by dealing with the question of the financing of long-term unemployment in a way I believe can be supported by all the governors.

Finally, the three remaining resolutions have to do with health planning. In this area, I think the National Governors' Association has played a major role in ensuring, we hope, that the legislation now moving through both houses of Congress will give governors a major role in health planning and have real responsibility for making those planning judgments for their states. The second resolution on health deals with the question of health maintenance organizations and prepaid health care. It strongly urges the encouragement of HMOs and prepaid care, not as an exclusive means of providing health care, but as an alternative which should be offered to the American people.

Finally, Resolution C-21 on voluntary action and citizen participation reflects the states' increasing involvement in and their encouragement of volunteer programs and citizen participation. There are twenty-nine states now that are involved. I think this resolution reflects the sentiments of virtually all of us that in an era of limited resources and tight budgets, states ought to encourage citizen participation and voluntary cooperation in socially desirable activities. It is a way to involve citizens in these activities and to minimize the need for further government spending and government bureaucracy in attempting to deal with them.

If there is no objection, I move the adoption of all the policy statements.

Chairman Milliken: The question is the motion by Governor Dukakis. Is there support?

Governor Shapp: Yes.

Chairman Milliken: There is support. Is there discussion?

If there is no discussion, all those in favor say, "aye," opposed, "no."

The report is adopted.

Next is the Committee on Natural Resources and Environmental Management, chaired by Governor Julian Carroll of Kentucky.

Governor Julian M. Carroll: The Committee on Natural Resources and Environmental Management, as usual, has been very busy the past
year. We have had a number of new subcommittees appointed this year—one on renewable resources, one on nuclear energy, one on ocean thermal energy, and one on hazardous materials transportation. We have arranged and carried out the second White House conference on energy production, a follow-up to our conference on conservation. We have continued our special efforts in Congress on legislation on impact assistance, coal transportation, facility siting, clean water, and comprehensive state energy management. We have worked with the administration on a national water policy, an impact aid proposal, which is before Congress, nuclear licensing, and regulatory participation in the area of solid and hazardous waste.

We have really had some very hard-working governors on our committee this year, and some very highly motivated governors’ staff people who have been of enormous benefit. We also have had a very effective and responsive committee staff provided by NGA. These factors have led to a good year for us.

The committee has passed several resolutions that won’t necessarily come before you, but about which I would like to quickly advise you. One resolution commends Governor Jay Rockefeller, our Subcommittee on Coal chairman, for his appointment by President Carter as chairman of the President’s Commission on Coal. A resolution on surface mining urges the secretary of the interior to ensure that the implementation and administration of the federal surface mining law, which the governors endorsed, be carried out by the states as originally envisioned. We have already experienced problems in the energy-producing states.

Next, we endorse a resolution passed by the Committee on Transportation and forwarded to us by Governor Busbee for concurrence. You will act on that resolution as S-3 in the next standing committee report.

Finally, we adopted a committee resolution on national energy policy legislation. It is our judgment that a delegation of governors should meet with the president as soon as possible to work on the conference report in general and on the pressing need for passage of a national energy program in particular. Toward that end, I have already discussed the possibility of such a meeting being held this week. We will meet with the president at the White House on this coming Thursday morning at 10 o’clock. It is urgent that we meet with the president as soon as possible. His schedule next week will be dominated by the Camp David summit, so it is necessary that we meet this week. The president’s willingness to see a delegation of governors so soon after our meeting will be very helpful since the energy program will be before Congress immediately after Labor Day.

I appreciate your cooperation and applaud the president for re-
turning to Washington from his vacation to assure congressional action on the national energy program.

Our policy positions result from a very aggressive and rather lengthy effort on the part of our subcommittees and the full committee. The resolutions are: D-3, "Regional Energy Boards"; D-6, "Renewable Resources"; D-15, "Coal Transportation"; D-16, "Nuclear Energy Policy"; D-26, "Advanced Funding of Municipal Wastewater Treatment Grants"; and D-37, "Landsat Information System."

Are there any governors present who would offer an amendment to any of our policy positions? If there are no amendments, I'd like to offer a motion adopting all of them at one time. I would separate one out if any governor proposes an amendment.

**Governor Carlos Romero-Barceló:** Mr. Chairman, I don't have an amendment, but I do have a question.

**Governor Carroll:** First, I move the adoption of the amendments offered by the committee to the resolutions. Then I will come to move the adoption of the resolutions.

**Chairman Milliken:** The question is the motion to adopt the amendments. Is there support?

**Governor Thomson:** I second.

**Chairman Milliken:** There is support. Is there discussion?

There is no discussion. The question is the adoption of the amendment. Those in favor say, "aye," opposed, "no."

The amendments are adopted.

The question now would be the adoption of the resolutions as amended.

**Governor Carroll:** I so move.

**Chairman Milliken:** There is a motion to so do. Is there support?

**Governor Thomson:** Second.

**Chairman Milliken:** Now, there is discussion. Governor Romero.

**Governor Romero-Barceló:** I wanted to request that one of them be separated from the rest. I vote affirmatively on all of them except one, D-16, "Nuclear Energy Policy."

**Chairman Milliken:** Without objection, all of the resolutions will be adopted in a package with the exception of D-16.

So the question now would be the motion to adopt all the resolutions as amended except D-16.
Is there support for that?

**Governor Thomson:** Yes.

**Chairman Milliken:** There is support. Is there discussion?

There is no discussion. The question is the adoption of Governor Carroll's motion. All in favor say "aye," opposed, "no."

The resolutions are adopted.

The question now is the adoption of D-16 as amended. There is a motion. Is there a second?

**Governor du Pont:** Second.

**Chairman Milliken:** Now, you are recognized, Governor Romero.

**Governor Romero-Barceló:** I object to the support we are giving breeder reactors. I don't think my position is going to carry. I just want it registered.

**Chairman Milliken:** Is there further discussion before the vote? The question is the adoption of D-16 as amended. Those in favor say, "aye," opposed, "no."

**Governor Romero-Barceló:** No.

**Chairman Milliken:** D-16 is adopted.

**Governor Carroll:** I want to thank the members of the committee. They've done a tremendous job. I wish our new chairman good luck. Thank you very much, members of the conference.

There has been some confusion as to which committee should move the adoption of resolution S-3, "Implementation Procedures for the Council on Environmental Quality." It has been suggested that we go ahead with it.

I now move its adoption, Mr. Chairman.

**Chairman Milliken:** You have heard the motion. Is there support for it?

**Governor Busbee:** Second.

**Chairman Milliken:** A motion to suspend the rules is required. Governor Carroll so moves. Is there support for that?

**Governor Busbee:** Second.

**Chairman Milliken:** There is support. The question is the suspension of the rules.

Those in favor say, "aye," opposed, "no."

The rules are suspended.

Now, the motion to adopt. Is there support?
Governor Busbee: Second.

Chairman Milliken: There is. The question is the resolution before us.

Governor Carroll: I think the resolution is self-explanatory. I can make a real fine speech about it and tell you that if they do what they are proposing to do, you can bet there'll be more inflation in the building and construction field. The chairman of the Committee on Transportation has asked the Committee on Natural Resources and Environmental Management to concur, which we have done. We recommend its adoption by the conference.

Chairman Milliken: You have the motion before you.

Those in favor say, "aye," opposed, "no."

The resolution is adopted.

The next item of business is the report of the Committee on Agriculture, chaired by Governor Exon.

Governor Exon: As you all know, the Agriculture Committee is the newest standing committee of the National Governors' Association. Our report will be brief, and I hope our future reports will be as brief.

I want to give you a brief background. The Range Land Management Subcommittee is the only subcommittee we have appointed. Governor Evans is the chairman.

Even though the committee was formerly a subcommittee of a standing committee, we have been moving forward aggressively. More governors serve on the Committee on Agriculture than on any other of the standing committees of the association.

We were pleased to have Robert S. Bergland, secretary of agriculture, with us yesterday at the committee meeting for a discussion of the agricultural policy of this nation. It is the opinion of the Committee on Agriculture that we will never have success in agriculture if the government controls it. The only way we are ever going to have stability in agriculture is to allow the free market system to work here and abroad.

But we must recognize the difficulties that we face today. The family-sized farms and ranges that are producing our food are very much discriminated against—far more, I suggest, than are the more traditional industries—in overseas markets. We have been attempting to work constructively with the past and present administrations to bring about fair treatment for the food producers of America in this nation and around the world. We were particularly interested in the secretary of agriculture's report to us on trade negotiations, especially the recent negotiations in Bonn. We had a further report this morning from Ambassador Strauss. Remembering that traditionally we export
a third of our total food production, today we are facing trade barriers that make it almost impossible for us to compete in the European Common Market and in other European countries. Those governments are subsidizing their domestic wheat producers by between $6.50 and $11 a bushel.

The United States could supply all the wheat those countries could ever use for somewhat less than half the $11 a bushel the domestic producers are receiving, for example, in Switzerland. But we are prevented from doing that because of great barriers. The same situation applies to livestock almost everywhere in the world. Today in Tokyo, Japan, livestock sells for over $25 a head—double what it is in Boston. The point is that those who make their living in this country by producing food for all of us are being taken advantage of both at home and abroad.

So the thrust of the Committee on Agriculture has not been to go with hands out to Washington, D.C. We have applauded, for example, the Agricultural Act of 1978, which makes loans, not grants, available to family-sized farmers and ranchers who find themselves caught in a terrific squeeze between cost of operation and income from their products. I want to emphasize that we believe very strongly in agriculture and the free enterprise system, but we suggest that free enterprise and trade is a two-way street.

I will now move four policy statements. There are amendments to G-3, 4, and 5. So I move that we accept the amendments to policy statements G-3, 4, and 5.

Chairman Milliken: You have heard the motion on the amendments to G-3, "Predator Control," G-4, "Restricted Pesticides," and G-5, "Beef Imports and Agricultural Exports." Is there support?

Governor Pryor: Second.

Chairman Milliken: Is there any discussion?

Those in favor will say, "aye," opposed, "no." The amendments have been adopted.

The question now is the adoption of the resolutions as amended.

Governor Exon: Mr. Chairman, I move the adoption of G-1, 3, 4, and 5 as amended.

Governor Arthur A. Link: Second.

Chairman Milliken: Any discussion?

Those in favor say, "aye," opposed, "no."

They are adopted.
Governor Exon: I want to thank the very large number of governors who have served on this committee. I know we will move progressively forward on sound agriculture policy in the future. I thank those of you from the agricultural states for the support for the Committee on Agriculture as a full standing committee of this conference.

Chairman Milliken: Now, the outstanding chairman of the Committee on Transportation, Commerce, and Technology, Governor Busbee of Georgia.

Governor Busbee: Mr. Chairman, the Committee on Transportation, Commerce, and Technology has again this year reviewed all of the policies of our committee in some detail. This was accomplished by task forces of the governors made up of their staffs.

The updated policies were reviewed and approved with minor revisions by the full committee yesterday. Most of the changes are technical amendments, but I would like to discuss the status of the surface transportation legislation. So unless there are any questions concerning resolutions F-1 through F-11, I move the adoption of the amendments.

Chairman Milliken: You have heard the motion.

I assume a second?

Governor James B. Edwards: Second.

Chairman Milliken: Discussion?

Those in favor will say, “aye,” opposed, “no.”

The amendments are adopted.

Governor Busbee: At the mid-winter meeting, I reported on the progress of federal legislation that would be needed before any additional federal appropriation can be made for highways or public transportation. We adopted a position urging the speedy enactment of legislation necessary to continue these extremely important programs. Although there has been some progress since our last report, we still are in bad shape when it comes to transportation.

At the present time, two-thirds of the bills in the Senate have been passed, one on federal aid for the highways and one on highway safety. The one on urban transportation has not been passed. Nothing has been passed in the House. House Resolution 11733 includes all three—highways, highway safety, and urban transit. We have no legislation, so on September 30 we will have no more federal aid projects for highways or urban transportation.

Therefore, our committee recommends that you, Mr. Chairman, send telegrams to the House leadership urging speedy consideration of these items. I so move.
Chairman Milliken: The motion is on sending the telegram. Is there support for that?

Governor Ray Blanton: Second.

Chairman Milliken: Without objection, it is so ordered. We have one technicality to take care of: the adoption of the resolutions from the committee as amended.

First, I should have a motion to do that. I assume I have one from the chairman.

Governor Busbee: Yes.

Chairman Milliken: Is there support for it?

Governor Dixy Lee Ray: Second.

Chairman Milliken: Is there discussion?

Governor Exon: I have one two-word addition that I would like to propose to F-9, "Foreign Trade Expansion." The last sentence reads: "The National Governors' Association will work to improve federal-state consultation on the interaction of foreign policy objectives which affect trade, jobs, investment, and tourism." After the word "affect," I'd like to insert the words "food production." The sentence as amended by my motion would read: "The National Governors' Association will work to improve federal-state consultation on the interaction of foreign policy objectives which affect food production, trade, jobs, investment, and tourism."

Governor Busbee: I unequivocally would say that my committee would approve of what you are doing. I have no objection.

Chairman Milliken: You have heard that motion. Is there support for it?

Governor O'Callaghan: Second.

Chairman Milliken: Is there discussion on it?

All in favor of the amendment as offered by Governor Exon will say, "aye," opposed, "no."

The amendment is adopted. The question now is the approval of the resolutions as amended. Is there a motion for such approval?

Governor Exon: I so move.

Chairman Milliken: Is there support for it?

Governor Snelling: Second.
Chairman Milliken: Is there further discussion?

If there is not, the question is the adoption of the resolutions as amended. All in favor say, "aye," opposed, "no."

The resolutions as amended are adopted.

We now come to actions by the Executive Committee. I call upon Governor Ray of Iowa for a presentation of the resolution.

Governor Robert D. Ray: The resolution is acceptance of the amendment to the Constitution that would allow for representation of the people of the District of Columbia. As you undoubtedly know, Congress now has passed this amendment by the necessary two-thirds vote in both houses. It seems to me that it is a rare time when we have a chance to not just speak in rhetorical terms about human rights and civil rights but to actually take some affirmative action in showing people that we truly believe in the rights of all people in this country. It is hard to believe that there are people in this country who do not actually have representation in Congress. This amendment would allow the people of the District of Columbia an opportunity to have representation in the Senate and the House of Representatives.

Some people have argued that it is a city and not a state. To that, I would respond that it is a district. Whatever you call it, 700,000 people there are disenfranchised at this very moment.

Some would argue that congressional representation would favor one political party, which happens not to be mine. To that I will say, all people have a right to vote. It is up to my party and me to encourage people to join our party.

Some call it a racial problem because most of the people who live there are black. I hope that we are past the time when race has anything to do with the right of people to vote.

We have an opportunity today to go on record in support of something that is right. Even though you might have questions about some of the implications, the fact is it is right. All people should have a chance to vote and have representation.

So, Mr. Chairman, I now move for a vote to support the resolution that is before us.

Chairman Milliken: Is there support for that motion?

Governor Byrne: Second.

Chairman Milliken: There is support.

Is there discussion?

The chair recognizes Governor Longley.

Governor Longley: Mr. Chairman, I really don’t sufficiently understand the consequences of this amendment to feel that it is an equitable
approach. I also submit that this moves us into a legislative arena of preempting our own legislatures, and we accuse the legislative branches of our government of transgressing with the executive branch.

At my first meeting of the National Governors' Conference, I moved before this body for representation with the National Governors' Association for the District of Columbia. It was overwhelmingly turned down. I had one supporting vote from Governor Askew. The message at that point was that the District was not a state, and we were state governors.

I wonder if we are in effect suggesting something that we haven't practiced ourselves. It is a bit inconsistent that we suggest representation within Congress for something we haven't yet done ourselves. I would still support, if Governor Ray would care to submit it, a resolution admitting a representative of the District of Columbia to this organization.

I think this amendment needs further and very careful study. I hope we won't ask Congress to do something the National Governors' Association has not yet done itself.

Chairman Milliken: Governor O'Callaghan.

Governor O'Callaghan: Mr. Chairman, I agree with Governor Ray from Iowa, but I believe that now is the time to send a message to Walter Washington, the mayor of Washington, D.C. No matter what we do here today or what the United States Senate has done, the final decision will be left up to the legislators in the states. Several months ago, an emergency resolution was passed prohibiting travel at District expense to states that had not ratified ERA. Many governors, such as myself, shed a great deal of blood for the Equal Rights Amendment, but our legislators did not approve of it. For us to go back to the same legislators and say, "The District does not allow district money to be spent to go to your states no matter how important the meeting but we want you to vote on the amendment to the Constitution," might run into some difficulty.

Therefore, I agree with you, Governor Ray. I am not voting against what you are asking for, but I think that a lesson in practical politics ought to be sent to Mayor Washington.

Chairman Milliken: The question is the adoption of the resolution. Is there further discussion?

All those in favor of the adoption of the resolution will say, "aye." opposed, "no."

The resolution is adopted.

Governor Longley: Mr. Chairman, would this body welcome at this
point an expression that we go on record as favoring invitation for representation of the District to the National Governors’ Association?

Chairman Milliken: Governor, that would require the suspension of the rules, and if that occurs, the vote by three-fourths of those present.

Governor Longley: Then I would ask for suspension of the rules.

Chairman Milliken: The chair will accept that motion because of the relationship you have chosen to give it to the previously adopted question. The motion will be repeated again by Governor Longley.

Governor Longley: I move that this body go on record as extending membership to the District of Columbia in the National Governors’ Association.

Governor du Pont: Second.

Chairman Milliken: The question is the suspension of the rules to consider that question. Is there support?

Governor du Pont: Second.

Chairman Milliken: It has been seconded.

All those in favor of a suspension of the rules will say, “aye,” opposed, “no.”

The chair is in doubt. All those in favor of a suspension of the rules will raise your hands. Those opposed? The chair will rule there is an insufficient number. The rules are not suspended.

The chair now will recognize Governor Romero for the purpose of offering a policy statement. This will require a motion to suspend the rules.

Do you so move?

Governor Romero-Barceló: I so move.

Chairman Milliken: Is there support?

Governor Bennett: Yes.

Chairman Milliken: There is support.

The question now is the suspension of the rules. Those in favor say, “aye,” opposed, “no.”

The rules are suspended.

The chair recognizes Governor Romero for purposes of a motion.

Governor Romero-Barceló: It is a resolution asking for support of this association for the right of self-determination of people. Yesterday I testified before the United Nations Committee of Twenty-Four. Since 1972, this committee, through the attempts of Cuba particularly, has
been trying to have Puerto Rico declared a colony and be included in the list of colonies of the world. This would obligate the federal government to file an annual report with the United Nations to show what is being done about solving the political status of Puerto Rico and removing it from colonial status. Since 1972, the governor of Puerto Rico has appeared before the United Nations, but as time has gone on, more and more support has been gained for Cuba's position. The support on the committee for the Cuban position is strong.

Yesterday, I told the committee that there is no doubt that we have colonial vestiges in Puerto Rico, but that it is our own fault, not anyone else's. We haven't chosen to decide our political destiny. We made final decisions, and we voted for the solution that is called "the commonwealth status." I told the Committee of Twenty-Four that it was none of their business and none of their affair, that this was an internal matter, that we were not going to tolerate intervention of any international organization or any foreign nation, and that Puerto Rico has the authority constitutionally, legally, and electorally to make its own decision.

Presidents Eisenhower, Kennedy, Johnson, Nixon, Ford, and now President Carter have supported the right of the people of Puerto Rico to self-determination. President Carter has gone even farther. He not only supported whatever choice the people of Puerto Rico made toward independence of the commonwealth, but he urged Congress to so support.

For those of you who might have any doubts as to what the commonwealth status is, let me say that the only difference between a commonwealth and a state is that a commonwealth does not vote in various elections, nor does it have senators or representatives in Congress. In exchange for that, we might have the dubious privilege of not paying income or state taxes, but the income taxes in Puerto Rico are higher than those in any state in the Union. So that is no solution as far as the people of Puerto Rico are concerned.

The Puerto Ricans are full-fledged American citizens, they are subject to the draft, and prior to becoming a commonwealth, when it was a territory, more Puerto Ricans died in the first and second world wars and the Korean and Vietnam wars than the average of the nation or the average in any state.

I ask that the Puerto Ricans' right to self-determination be recognized by this association and that whether Puerto Rico opts for independence, statehood, or commonwealth status in a plebiscite to be held in the near future, this association would be on record as so supporting.

Chairman Milliken: Is there support for the motion that has been made?
Governor O'Callaghan: There is support.

Chairman Milliken: Is there discussion?

Governor Exon.

Governor Exon: Maybe everyone else around these tables knows the proposition. I frankly do not and admit that I do not. Is the resolution merely encouraging the House and the Senate to act in the case of Puerto Rico as they did for Hawaii and Alaska?

Governor Romero-Barceló: No, Governor. It is not even that. It is just stating for the record that the National Governors' Association supports the right to self-determination. We have said that after the 1980 elections, we would have a new plebiscite in Puerto Rico in 1981 or 1982. Whatever the results of that plebiscite, the decision of the people of Puerto Rico as U.S. citizens would be respected, whether we vote for a commonwealth, statehood, or independence.

Let me tell you the probable outcome of the vote. I am a statehood supporter, so I wouldn't be asking for it unless I was convinced the vote will be in favor of statehood. In the elections of 1952, when the present status was adopted, the parties supporting independence received 1 percent of the vote. The only party supporting statehood received 12.9 percent of the vote. In the elections of 1976, the two independence parties received less than 7 percent of the vote, the party advocating statehood received 47.5 percent of the vote, and the party wanting the commonwealth, which had called for the plebiscite, was down to 45.5 percent.

We feel the statehood movement has been steadily growing. We feel that after 1980 we will have the solid support of the people.

Chairman Milliken: The question is the adoption of the resolution. Is there further discussion on it?

If there is no discussion, all those in favor of the adoption of the resolution offered by Governor Romero will say, "aye," opposed, "no."

The resolution is unanimously adopted.

The chair would now call on Governor Thomson of New Hampshire for purposes of offering a resolution.

Governor Thomson: Mr. Chairman, I am back again with a shoe resolution. Twice in the past 24 months, the International Trade Commission has said that the U.S. shoe industry has suffered substantial and severe injury. The resolution says that it is imperative that Congress and the administration move swiftly to control the import of all foreign-manufactured non-rubber footwear in order to provide effective affirmative relief for the domestic shoe industry.
The production of New Hampshire's shoe industry has fallen off 51 percent in the last ten years. The number of employees has fallen off some 49 percent. We have attributed this decline to foreign imports. But what has happened in New Hampshire is minor compared to what has happened throughout the United States. In other states, in the same ten years, the number of employees in the shoe industry has fallen from 600,000 to approximately 200,000. During those same years, there has been a very substantial increase in imports every year except two, sometimes as high as 25 percent.

This resolution calls upon both the administration and Congress to give some very serious consideration to the fact that if something is not done, if some positive action is not taken, to protect the shoe industry, we will not have a shoe industry in America for many more years.

Therefore, Mr. Chairman, I am hoping that the rule to suspend might be supported by the governors here and we might consider this resolution.

Chairman Milliken: The question is a motion to suspend the rules for the purpose of considering this resolution. Is there support for that motion?

Governor O'Callaghan: I second it.

Chairman Milliken: It has been moved and supported. It is not debatable.

The question is the motion for the suspension of the rules. All those in favor say, "aye," opposed, "no."

The rules are suspended. The question now is the motion of Governor Thomson.

Governor Thomson: Mr. Chairman, I would like to move the resolution.

Chairman Milliken: Is there support for that motion?

Governor Bennett: Second.

Chairman Milliken: There is support.

Discussion?

Governor Shapp: Mr. Chairman, it is always a very wonderful occasion when I can rise to support Governor Thomson, who so vigorously supports the free enterprise system.

Chairman Milliken: Is there further discussion?

Governor Babbitt: Mr. Chairman, I would like to speak against the resolution just on a matter of principle. I don't think it is very becoming of this conference to get involved in protectionism of specific issues.
I speak to it because I brought a tariff issue with me to the conference, and personally solicited the signatures of the governors of the states involved. In the face of Mr. Strauss's speech this morning, I frankly don't have the temerity to ask fifty governors to support, without knowledge of the facts, protectionist strategy that is not of general interest to the fifty states. For that reason, I am equally opposed to an automatic protectionist resolution brought before us by suspension of the rules.

Chairman Milliken: Is there further discussion on the motion?

Governor Thomson: When I came before the conference before on this matter, I felt that I could not get the suspension. Therefore, I did circulate a petition, and got either thirty-five or thirty-six of the governors to sign it. As I recall, the governor of Arizona at the time supported the petition because Arizona had a shoe industry. But be that as it may, this is one industry that is certainly going to die if we don't take some sort of action or if the federal government doesn't take some sort of action.

Governor Longley: I share Governor Babbitt's expression of concern, but let me simply say that in Maine, foreign imports have adversely affected thousands of jobs and the unemployment fund. So it has added to the tax burden of the people in the state. I support it because it means jobs to our people.

Chairman Milliken: Is there further discussion?

The motion is before us. Those in favor say, "aye," opposed, "no."

The motion prevails.

The chair will recognize Governor Herschler for the presentation of the motion to suspend the rules on another resolution.

Governor Ed Herschler: I have proposed a resolution to express my opposition to the preemption of states' authority to protect and manage resident fish and wildlife.

I move the suspension of the rules.

Governor O'Callaghan: I second it.

Chairman Milliken: There is support for the motion. Those in favor say, "aye," opposed, "no."

The rules are suspended for the purposes of presenting that motion.

Governor Herschler: In recent months there have been significant efforts at the federal level to assert an unwarranted and harmful pre-
emption of states' authority to protect and manage resident fish and wildlife. Numerous conflicts have developed concerning the impetus of legislative and administrative actions regarding fish and wildlife protection and management. For example, on June 29, 1978, two bills were introduced in the U.S. House of Representatives, H. R. 13371 and H.R. 13772. Both bills concerned state control over fish and wildlife service acquisitions using duck stamp funds. It was apparent that each bill would allow federal agencies to expand land holdings with no concern for compliance with state fish and wildlife plans and objectives. Pursuant to federal legislation, the U.S. Fish and Wildlife Service has attempted on several occasions to propose rules regarding critical habitat and endangered species that preempt the states' authority to effectively manage and protect certain fish and wildlife species.

Other examples of federal intervention are the Wild Horses and Burros Act of 1971, the Marine Mammals Protection Act of 1972, the Endangered Species Act of 1973, and the Fishery Management and Conservation Act of 1976. Currently, Congress is considering legislation that would establish conservation areas in Alaska and, at the same time, deprive that state of a statutory management authority—not only in many of the areas that would be established but also in connection with subsistence hunting and fishing.

I think an important reason for the position that states retain their responsibility for the management of fish and wildlife irrespective of land ownership has to do with the practical impossibility of a management system in which different regulations apply to the same species in different parts of its range. It is manifestly impossible to provide a complete system of management if responsibility for that management is split between the state and one or more federal agencies. Going back to Alaska, where an array of species regularly travel over wide spans of territory and where the ownership of land is rapidly taking on the appearance of a great patchwork, only chaos would result in a mandated position of responsibility.

It seems to me that on balance the best possible arrangement for the effective management and regulation of fish and wildlife resources is one based on cooperation of the federal government in habitat preservation and restoration, international wildlife matters, and in providing support, financial and otherwise, for state governments. Continued federal intervention in protection and management responsibility only leads to confusion and competition and does little in the long run for the resource itself and for the public benefits derived from it. I move the adoption of the resolution.

Chairman Milliken: Is there support for it?
Governor Link: Second.

Chairman Milliken: Is there discussion on it?

If there is no discussion, the question is the adoption of the resolution. All those in favor say, "aye," opposed, "no."

The resolution is adopted.

The chair will recognize Governor Shapp for the purpose of moving the suspension of the rules to consider a resolution.

Governor Shapp: I move to suspend the rules.

Governor Hunt: I will second it.

Chairman Milliken: It has been moved and seconded. Those in favor of the suspension say, "aye," opposed, "no."

There is suspension.

Governor Shapp: Next year marks the twentieth anniversary of the United Nations declaration of the rights of children. In commemoration of this special anniversary, the General Assembly of the United Nations has declared 1979 to be the International Year of the Child. I move that this delegation unanimously resolve to support, in whatever manner feasible, the activities of the National Commission on the International Year of the Child and the resolution of the United Nations declaring 1979 the International Year of the Child.

Chairman Milliken: Is there support?

Governor Hunt: Second.

Chairman Milliken: Those in favor of the adoption of that resolution say, "aye," opposed, "no."

The resolution is adopted.

The chair recognizes Governor Bob Ray for two technical resolutions from the Executive Committee.

Governor Robert Ray: Mr. Chairman, these technical resolutions are necessary and required so that we can proceed into next year knowing that this entire body approves the action that has heretofore been taken by the Center for Policy Research and the Executive Committee.

So I move the adoption of both resolutions at this time.

Chairman Milliken: Is there support for that motion? I assume there is support.

Any discussion?

Those in favor of that motion will say, "aye," opposed, "no."

The resolutions are adopted.

If the chair is correct, we have finally completed our business,
the adoption of resolutions and amendments. Are there any further resolutions to be offered?

If not, we are in the wind-up stages of our conference and I want to make a few comments at this time.

Our friend and former colleague Cecil Andrus used to say that the friendships that we have had the opportunity to make as members of the National Governors' Association will be among those that we will always value the most. As you know, Cecil served as our chairman, and, of course, with great distinction. He said that friendships among the governors transcend differences in party or philosophy or region.

Perhaps the warm mutual respect among governors stems from the fact that at home in our states, all of us face the same tough problems and the same unremitting pressures. All of us share the joys and the frustrations that go with being the chief executive of a state.

Jim Exon, elected governor of Nebraska in 1970 and reelected in 1974, has been a leading advocate in Nebraska and the nation for responsible fiscal policy and for strong foreign policy. He has served as the first chairman of the new Committee on Agriculture, and we deeply appreciate his outstanding efforts in this capacity and in other important areas of vital concern to all of the governors.

Mike O'Callaghan, elected governor of Nevada in 1970 and reelected in 1974, is admired in Nevada, the West, and the nation for his no-nonsense approach to government and his deep concern for human problems. The president has adopted the reorganization plans of the Subcommittee on Disaster Assistance, which he chairs. All governors are in his debt for his outstanding work in this and in other fields.

Milt Shapp, elected governor of Pennsylvania in 1970 and reelected in 1974, earned the nation's gratitude and respect for helping to resolve a national trucking strike and has been persistent in his fight against poverty and urban decay. He has been a highly creative chairman of the Committee on Executive Management and Fiscal Affairs as well as the Committee on Transportation, Commerce, and Technology. He has become known for his innovative ideas on fiscal and management issues and has made major contributions to the state and the nation, which we greatly appreciate.

Dolph Briscoe, elected governor of Texas in 1972 and reelected in 1974, has been a powerful force in the amazing growth of his state during the 1970s. He has served with distinction as chairman of the Subcommittee on Oil and Gas, and we are greatly in his debt for the keen insight he has provided for the governors in the formulation of energy policy.

Jerry Apodaca, elected governor of New Mexico in 1974, has been recognized for his outstanding achievements in fields ranging
from energy to education. As the first chairman of the Subcommittee on Education, he provided leadership and direction for the governors in this vital field. For that and for his many other important contributions, we are deeply grateful.

Ray Blanton, elected governor of Tennessee in 1974, has achieved widespread recognition for his record in the field of economic development. As chairman of our Subcommittee on International Trade and Tourism, he has worked to shape the governors' agenda in these vital fields. We greatly appreciate his important efforts.

Jim Edwards, elected governor of South Carolina in 1974, has been a leading national spokesman for fiscal responsibility, economic development, and energy. As the first chairman of our Subcommittee on Nuclear Energy, he made a deep personal commitment in resolving the problems of nuclear waste disposal. We are grateful for the major contributions that he has made.

Jim Longley, elected governor of Maine in 1974, has been a strong and effective independent voice on many issues of vital concern to Maine and the nation. He has served with distinction as vice-chairman of the Committee on Executive Management and Fiscal Affairs. We have all benefited from his honesty, his integrity, and his forthrightness.

David Pryor, elected governor of Arkansas in 1974 and reelected in 1976, has earned a national reputation for his work on the problems facing older Americans as well as the difficult issues of rural development. He has served as a member of the Committee on Criminal Justice and Public Protection, and we are grateful for his contributions in this and other vital fields.

Harvey Wollman, who succeeded our good friend Dick Kneip as governor of South Dakota, will also be completing his term of office in 1979. We deeply appreciate his service as a member of the National Governors' Association and the Committee on Agriculture.

These governors, our friends and colleagues, will complete their service as governor this year. But our friendships and our respect for them will continue long afterwards. I would like these governors now to remain seated while we rise and express our appreciation to them for all their contributions to their states and to their nation.

The chair will recognize Governor Busbee for the purpose of offering a resolution.

Governor Busbee: Mr. Chairman, I know that all of the governors here join with you in the remarks that you have made about our colleagues who are attending their last meeting of this association. For that reason, I would like to ask unanimous consent that the rules be suspended and that we pass a resolution authorizing you as chairman of this associa-
tion to draft formal individual resolutions expressing what you have just stated about each of our departing colleagues.

**Governor Hunt:** Second.

**Chairman Milliken:** The motion has been offered and seconded. I assume it has the unanimous support of every member of this conference, and as outgoing chairman, I will undertake the intent of the resolution to draft a resolution of appreciation.

The chair will recognize Governor Apodaca.

**Governor Jerry Apodaca:** Mr. Chairman, I would like unanimous consent to suspend the rules to read a very brief statement regarding some constituents of mine, if I may.

**Chairman Milliken:** Without objection, you may proceed.

I hear no objection.

**Governor Apodaca:** As many of you probably know, several weeks ago three great New Mexicans—three great Americans—embarked from New England on what was to become a very historic journey. Five days later, upon landing in a wheat field fifty miles outside of Paris, they became the first individuals to cross the Atlantic in a balloon.

In the tradition of Charles Lindbergh, this history-making trip required a great deal of courage, stamina, and perseverance. It was truly an all-American event, as they departed from the coast of Maine, were monitored by a weather station in Massachusetts, returned to New York, and came back to New Mexico via Colorado.

With these things in mind, Mr. Chairman, I would like to ask for the unanimous consent of the governors to formally recognize and applaud the efforts of Maxie Anderson, Ben Abruzzo, and Larry Newman for the display of fortitude and strength required to successfully complete this journey, and to formally extend our most sincere congratulations and commend these great Americans and New Mexicans for this grand accomplishment. I further ask that the record indicate action to that effect.

**Chairman Milliken:** At this point, I would like to let the governors of the six New England states know how grateful we are for their hospitality. To Governor Dukakis, our host governor, and Mrs. Dukakis, we are deeply grateful. To Governor Carey, Governor Grasso, Governor Longley, Governor Snelling, and Governor Thomson, on behalf of all of the governors, I say thank you all for your magnificent efforts on our behalf.

I would also like to thank Don Dowd, Rick Rogers, and the many, many people who worked tirelessly with them to make this meeting
run smoothly and efficiently. I would like to express my personal appreciation to Steve Farber and the NGA staff. The National Governors Association is a strong, vital, and respected organization today because of the hard work of the governors, their administrations, and the NGA staff. Steve, I want you to know that the governors deeply respect and appreciate the outstanding work that you and the staff have done on their behalf.

I would also like to recognize the service of Herb Wiltsee, who this year will retire from the Council of State Governments after thirty-six years. During this time, Herb has worked with state legislators, attorneys general, lieutenant governors, and governors. I want to express our appreciation to Herb for his long and distinguished service to state government.

Now, I would like to call on Governor Jim Edwards, the chairman of the Nominating Committee, to present nominations for chairman and the Executive Committee.

REPORT OF THE NOMINATING COMMITTEE

Governor James B. Edwards: The Nominating Committee consisted of Governor Shapp, Governor Link, Governor du Pont, and Governor Snelling. The Nominating Committee has chosen for our chairman Governor Julian Carroll of the great bluegrass state of Kentucky. The Executive Committee will be Governor Milliken, Governor Robert Ray, Governor Bennett, Governor Bowen, Governor Dalton, Governor Judge, Governor Dixy Lee Ray, and Governor Rockefeller.

Mr. Chairman, I nominate these governors for your consideration.

Chairman Milliken: You have heard the nominations and the motion to approve. Do I hear support?

Governor Shapp: As my last official act, I second it.

Chairman Milliken: Governor Shapp, as his last official act, without objection. Let's be formal about this. All in favor of the report of the Nominating Committee say, "aye," opposed, "no."

The nominations are approved.

I want to say at this point that I greatly enjoyed serving you during this last year as chairman of the National Governors' Association. It has been a great personal experience for me, one of the most satisfying things I have ever done. And now, it is my pleasure to turn over the gavel officially to the distinguished governor from Kentucky, Julian Carroll, who will serve, I know, with enormous distinction in his capacity as chairman in the coming year. I think I have seldom seen a
man who, in anticipation of the possibility that he might be elected, has already begun to work and to think ahead about where he would like to see this association go in the coming year. So it is with great pleasure that I now turn over the gavel to Julian Carroll, with the hope that he will find great satisfaction, enjoyment, and challenge in this responsibility during the coming year.

Governor Carroll: As Bill said earlier, one of the great assets of this organization is the friends that you make as a result of your membership. I have had the occasion now to serve in this association since 1974.

Bill Milliken has certainly fulfilled his responsibilities as our chairman with his unique quality and his quiet attitude. At times he has brought together the conflicting positions of those of us who are at various extremes on the issues. He has given this association a substantial amount of recognition within Congress, the administration, and within the general public.

At this time, I want to present to our outgoing chairman a plaque and a gavel showing the governors' salute to Bill Milliken for his outstanding leadership as chairman of the National Governors' Association for 1977–78. Our congratulations, Bill.

I also want to join Bill in expressing to Mike Dukakis and his fellow governors our personal appreciation for an outstanding conference. I told Mike earlier today my family has had a most enjoyable time. I have hardly seen them since I arrived here on Sunday.

There is a new and rapidly growing mood in this country. Many of you, those facing reelection particularly, have already felt it. Some pundits regard it as resignation, some call it outrage. In either case, it is expressed as a demand that government spending be curtailed, that taxes be equitable, that waste be eliminated, that programs be relevant and necessary, that inflation be stopped. There appears to be a growing recognition that the most effective government is at the state level.

We, the nine elected officers of this organization, have both the talents and the ability to respond. Our ability is inherent in the potential of the National Governors' Association to become the champion of the states and citizen interest in our national capital, in the halls of Congress, and in the White House.

I accept the position as your chairman for the coming year only because I intend to pursue an active path toward the serious goals that you have established in the past several years. As our friend Bill Milliken already said, I plan to indeed hit the ground running. I want today, not a month or two or three months from now, to announce the appointment of all of our standing committee chairmen and our vice chairmen. The chairman of the Committee on Agriculture is to be Jim
Exon again, and his vice chairman is to be Governor Arthur Link. The chairman of the Committee on Community and Economic Development is to continue to be Governor du Pont. His new vice chairman is Governor Byrne. The new chairman of the Committee on Criminal Justice and Public Protection is Governor Jim Hunt, succeeding Otis Bowen, who has done a great job. His vice chairman will be Governor Joe Garrahy. The chairman of the Committee on Executive Management and Fiscal Affairs will be Governor Richard Snelling. The new vice chairman will be Governor George Ariyoshi. Our present chairman of the Committee on Human Resources will continue to do a fabulous job, Governor Mike Dukakis. His new vice chairman will be Governor Martin Schreiber. The Committee on Natural Resources and Environmental Management, a committee that I have headed, goes to a distinguished governor, Dick Lamm. His new vice chairman is Governor Scott Matheson. Our Committee on Transportation, Commerce, and Technology will have the continued leadership of its great chairman, Governor George Busbee. His vice chairman is Governor Jim Thompson.

It is my hope that the chairmen who have just been reappointed will continue their strong leadership and that our new chairmen will immediately assume their responsibility. I have spent considerable time already with our retiring chairmen. I know you fully appreciate their leadership.

I would be remiss if I did not publicly thank Bill Milliken for the great support he has given me in making this transition. I have recently consulted with the leadership of the House and the Senate of the United States Congress. In the House, I've met with Speaker O'Neill, the majority leader, Jim Wright, and the minority leader, John Rhodes. In the Senate, I've met with Senators Byrd, Baker, Kennedy, and Jackson. I have met with representatives of the administration. I have communicated privately with many of you and will be extending those conversations in the coming weeks.

I have already met with all of the NGA staff in Washington. NGA has made great progress in the past few years. We have a new name, a new home, and a new spirit. Our voice has been heard on energy impact assistance, on disaster assistance, on welfare reform, on methods of cutting red tape of the federal bureaucracy, and on many, many other issues. The working schedule of this association is a symbol of our renewed dedication to getting down to the basics.

Our July 1979 conference in my home state in Louisville will be just as hard-working. But despite our best intentions and all our progress, NGA has not yet reached its stride. We must reinforce the symbols and the substance of our dedication with the pledge. How often
have we learned too late of federal regulation, regulation that was ill-conceived and impractical for efficient implementation in our own home states? How often have our lobbying efforts been too weak because of our own distractions and too much dependence on an overburdened staff? How often have we failed to avail ourselves of our collective insight toward solution of our mutual problems?

We must improve our communications and our relations with each other, with our staff, with Congress, and with the White House. We must streamline our committee system to a model of effective research, analysis, and recommendation. We must establish an early warning system so that our voice can be raised at the formative stage of federal action, rather than be forced to react with criticism after the fact.

We must learn when to delegate responsibility to our staff and when to exert the authority of our own experience and position. We must be certain that our own staff and the NGA staff in Washington are functioning at peak morale and efficiency.

When we strongly believe in a matter, we must delineate our position and let it be known that we will effectively pursue the legitimate needs of our citizens. We must establish the priorities, we must set the direction. NGA can only be as good and as strong as the level of our participation.

I have the same dedication and commitment set by our former chairman. I will be seeking your further comment in the coming weeks in order that we might dedicate ourselves to our present challenge. I strongly encourage that the members of the Executive Committee and the chairmen of the standing committees meet for just a few minutes today so that we might set those directions.

Again, I want to thank our chairman, Bill Milliken, for a great conference and a great year of direction under his leadership. I thank you and accept the challenge of improving our ability to represent the people of the United States through our state efforts. Thank you so very much.

Is there any further business to come before the 1978 meeting of the National Governors' Association?

Governor O'Callaghan: Move we adjourn.

Governor Bennett: Second.

Governor Carroll: The motion is made and seconded that we now adjourn. All those in favor please agree by standing. The meeting is adjourned.
APPENDIXES
## Appendix I

### THE GOVERNORS, AUGUST 1978

<table>
<thead>
<tr>
<th>State or Jurisdiction</th>
<th>Governor</th>
<th>Regular Term, in Years</th>
<th>Present Term began, January</th>
<th>Number of Previous Terms</th>
<th>Max. Consecutive Terms Allowed by Constitution</th>
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<tr>
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<td>4</td>
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<td>—</td>
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<td>David H. Pryor (D)</td>
<td>2</td>
<td>1977</td>
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<td>California</td>
<td>Edmund G. Brown, Jr. (D)</td>
<td>4</td>
<td>1975</td>
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<td>Colorado</td>
<td>Richard D. Lamm (D)</td>
<td>4</td>
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<td>Ella T. Grasso (D)</td>
<td>4</td>
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<td>Delaware</td>
<td>Pierre S. du Pont IV (R)</td>
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<td>Florida</td>
<td>Reubin O'D. Askew (D)</td>
<td>4</td>
<td>1975</td>
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<td>Georgia</td>
<td>George Busbee (D)</td>
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<td>Guam</td>
<td>Ricardo J. Bordallo (D)</td>
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<td>Hawaii</td>
<td>George R. Ariyoshi (D)</td>
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<td>Idaho</td>
<td>John V. Evans (D)</td>
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<td>Illinois</td>
<td>James R. Thompson (R)</td>
<td>4(i)</td>
<td>1977</td>
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<td>Oui R. Bowen (R)</td>
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<td>Iowa</td>
<td>Robert D. Ray (R)</td>
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<td>Kentucky</td>
<td>Julian M. Carroll (D)</td>
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<td>Louisiana</td>
<td>Edwin Edwards (D)</td>
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<td>Maine</td>
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<td>Minnesota</td>
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<td>4</td>
<td>1977</td>
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<td>Montana</td>
<td>Thomas L. Judge (D)</td>
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<td>J. James Exon (D)</td>
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<td>Brendan T. Byrnes (D)</td>
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<td>Hugh L. Carey (D)</td>
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<td>North Carolina</td>
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<td>Arthur A. Link (D)</td>
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<td>Northern Mariana Is.</td>
<td>Carlos S. Camacho</td>
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<td>Ohio</td>
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<td>Oklahoma</td>
<td>David L. Boren (D)</td>
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<td>Robert W. Straub (D)</td>
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<td>Pennsylvania</td>
<td>Milton J. Shapp (D)</td>
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<td>Carlos Romero-Barceló (NPP)</td>
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<td>1977</td>
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<td>J. Joseph Garrity (D)</td>
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<td>Ray Blanton (D)</td>
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<td>Texas</td>
<td>Dolph Briscoe (D)</td>
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<td>4</td>
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<td>Richard A. Snelling (R)</td>
<td>4</td>
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<td>Virginia</td>
<td>John N. Dalton (R)</td>
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<td>Juan F. Luis (I)</td>
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<td>Washington</td>
<td>Dixy Lee Ray (D)</td>
<td>4</td>
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<td>West Virginia</td>
<td>John D. Rockefeller IV (D)</td>
<td>4</td>
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<td>Wisconsin</td>
<td>Martin J. Schreiber (D)</td>
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<td>1977(w)</td>
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<td>Wyoming</td>
<td>Ed Herschler (D)</td>
<td>4</td>
<td>1975</td>
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</tbody>
</table>
Independent.

New Progressive Party.

Previous terms 1963–67; 1971–75.

Alaska Constitution specifies first Monday in December as Inauguration Day.

Governor Coleman is the first elected Governor of American Samoa. He was elected to office in November 1977; his term will expire in January 1981, when the gubernatorial election cycle in American Samoa will change to presidential election years.

Governor Coleman served as presidentially appointed Governor from 1956 to 1961.

Governor Babbitt, as attorney general, became Governor in March 1978, following the death of Governor Wesley Bolin.

Absolute two-term limitation, but not necessarily consecutive.

Hawaii Constitution specifies first Monday in December as Inauguration Day.

Governor Evans, as Lieutenant Governor, became Governor in January 1977, when Governor Cecil D. Andrus resigned to become secretary of the interior.

Illinois is changing its gubernatorial election cycle to non-presidential election years. Thus, Governor Thompson was elected in 1976 for a two-year term expiring in January 1979.

Two-year terms.

December 1975.

Governor Carroll, as Lieutenant Governor, became Acting Governor in December 1974, when Governor Wendell H. Ford resigned to become United States senator. Elected to full four-year term in November 1975.

Governor cannot serve immediate successive term.

May 1976.

Acting Governor Lee, as Lieutenant Governor, became Acting Governor in October 1977, when Governor Marvin Mandel was suspended from office, pending appeal of a court case.

Governor Milliken also served a prior partial term.

Governor Perpich, as Lieutenant Governor, became Governor in December 1976, when Governor Wendell R. Anderson resigned to become United States senator.

Governor Camacho is the first elected Governor of the Northern Mariana Islands. He was inaugurated January 9, 1978, when, with the inauguration of its new constitutional government, the Northern Mariana Islands entered into the final stage of becoming a commonwealth.

Absolute three-term limitation, but not necessarily consecutive.


Governor Wollman, as Lieutenant Governor, became Governor in July 1978, when Governor Richard F. Kneip resigned to become U.S. ambassador to Singapore.

Governor Luis, as Lieutenant Governor, became Governor in January 1978, upon the death of Governor Cyril E. King.

Acting Governor Schreiber, as Lieutenant Governor, became Acting Governor in July 1977, when Governor Patrick J. Lucey resigned to become U.S. ambassador to Mexico.

August 1978
Appendix II

ARTICLES OF ORGANIZATION

Article I

NAME AND MEMBERSHIP

The name of this organization shall be the "National Governors' Association," hereinafter referred to as the "Association."

Membership in the Association shall be restricted to the Governors of the several States of the United States, the Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Northern Mariana Islands. The Association shall maintain its headquarters in Washington, D.C.

Article II

FUNCTIONS

The functions of the Association 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 of 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 Association shall meet semi-annually. A winter meeting shall be held in Washington, D.C., and an annual meeting shall be held at a time and place determined by the Executive Committee. The proceedings 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 Association may be held at the call of the Executive Committee.

Twenty-five members present at the semi-annual meetings of the Association or any special meetings of the Association, as may be called by the Executive Committee, shall constitute a quorum.
Article IV

CHAIRMAN

The Chairman of the National Governors' Association shall be elected by the Association at the final business session of the annual meeting.

The chairmanship shall alternate annually between the two major political parties, and a majority of the members of the Executive Committee shall always be of a political party other than that of the Chairman.

The Chairman shall hold office until the adjournment of the succeeding annual meeting and until his successor is chosen. A vacancy in the chairmanship shall be filled by vote of the remaining members of the Executive Committee at the next subsequent meeting of the committee. 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 Association, as well as any special meetings called by the Executive Committee.

The Chairman of the Association shall appoint the chairmen of the standing committees of the Association, and following consultation with the Executive Committee and appropriate standing committee chairmen, appoint members and chairmen of any subcommittees or special committees, special projects, or study committees authorized by the Executive Committee or by the Association. The chairmen of the subcommittees reporting to each standing committee, supplemented as necessary by other Governors appointed by the Association Chairman, shall constitute the membership of the standing committee.

The Chairman of the Association shall, with the assistance of the Executive Director of the Association, 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 Association shall periodically inform all Governors of the status of current and proposed activities and projects of the National Governors' Association.

The Chairman shall appoint a Nominating Committee to serve at the annual 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 Association. 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 exceeds the number of officers to be elected.

Article V

EXECUTIVE COMMITTEE

The Executive Committee of the National Governors’ Association shall consist of the Chairman of the Association and eight other members elected at the final business session of the annual meeting.

Not more than five members of the Executive Committee shall be representative of a single political party. To the extent practicable, the members of the Executive Committee shall be widely representative of the various areas and regions of the United States.

Members of the Executive Committee shall hold office until the adjournment of the succeeding annual meeting and until their successors are chosen, 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 Association 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 Association and to assign and re-assign to such committees the activities and studies authorized by the Association.

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 Association and shall have responsibility
for the administration of all Association 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 Association in accordance with budgets adopted by the Executive Committee and shall provide the Association with periodic reports on the activities and projects of the Association and its personnel.

The Executive Director shall be the Secretary of the Association and shall attend and keep a correct record of all meetings of the Executive Committee and of the Association; safely keep all documents and other property of the Association 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 Association. 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 Association. The Treasurer or his agent as may be authorized by the Executive Committee shall have custody of the funds of the Association, and shall deposit the funds of the Association in its name, annually reporting at the close of each Association 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 Association.

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 Association.

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 service to the Association and its members. Such services may include, but not necessarily be limited to, general logistical support for Association activities, research on special projects, publications, and general staff support. The Executive Director of the National Governors' Association 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 Association. Any such agreement shall be subject to continuing oversight and supervision by the Association's Executive Committee.

Subject to specific recommendations of the Association's Executive Committee and acceptance by the Association at a semi-annual or at a special meeting, the Association may affiliate with other organizations or may accept the request of other organizations to affiliate with the Association.

Article VIII

POLICY STATEMENTS

Statements reflecting policy positions or resolutions of the Association shall be in the form of summary statements prepared by standing committees, subcommittees, 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 Chairman, in consultation with the Executive Committee, shall determine the number and jurisdiction of each committee and subcommittee 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 fifteen days in advance of any meeting where their adoption is sought. Adoption by the Association 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 Association 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 Association, both the Executive Committee and standing committees of the Association are empowered to adopt policy statements not inconsistent with existing policy adopted by the Association. Such policy statements are subject to review by the Association 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; however, a policy statement adopted by a
standing committee is subject to review by the Executive Committee as well as the Association.

The Executive Committee, upon recommendation of the appropriate standing committee, is empowered to endorse or oppose specific federal legislation or administrative actions, when, in the judgment of the Executive Committee, such action is in the best interests of the states. Such action shall require the affirmative vote of at least two-thirds of the members of the Executive Committee. All Governors shall be immediately notified by the Chairman of any Executive Committee action of this type.

Any individual Governor desiring to have a policy statement considered by an authorized committee of the Association shall do so by transmitting the substance of such a policy proposal to the Executive Director of the Association not less than 45 days prior to the meeting of the Association, at which time such an 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 Association and to the chairman and all members of the appropriate standing committee of the Association.

**Article IX**

**DUES**

Each member shall contribute such amounts as may be necessary to finance the programs and operations of the Association, in accordance with contribution schedules approved by the Association. Budgets shall be prepared and adopted by the Executive Committee. Annual financial reports shall be submitted to all members of the Association 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 Association 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 Association at least thirty days prior to submitting an amendment to vote at a meeting. In the absence of such notice, a three-fourths majority vote shall be required for the adoption of any proposed amendment.
Article XI

SUSPENSION

Any article of procedure for conducting the business of the Association may be suspended by a three-fourths vote.

Article XII

DISSOLUTION

In the event of the dissolution of the National Governors' Association, any assets of the Association shall be distributed to the members (as defined in Article I) in the proportion which each member contributed to the support of the Association 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' Association and, to the extent practicable, shall be consonant with precedents and traditions of the Association.

2. On any issue not covered by these Rules of Procedure or by the Articles of Organization, Robert's Rules of Order shall be the standard authority, when applicable.

RULE I—POLICY STATEMENTS AND RESOLUTIONS

1. Policy statements or resolutions shall come before the Association in the manner set forth by Article VIII of the Articles of Organization. Policy statements or resolutions adopted by the Association shall remain in force and effect until rescinded or superseded by the Association.

2. Subject to the review of the Association 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 Association 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 Association 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 Association.

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 except in cases where the meetings of the Association are scheduled for less than three days in duration. If a meeting is for two days, then a member who intends to offer a motion for suspension of the Articles of Organization to consider a policy statement or resolution on his own behalf or on behalf of a standing committee shall give notice of such intention and shall distribute to all members present at the meeting a copy of such proposal by the end of the calendar day 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 Association 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 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. 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 Association 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**

**FINANCIAL REPORT**

**COMBINING BALANCE SHEET**

June 30, 1978

<table>
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<tr>
<th>Assets</th>
<th>National Governors' Association</th>
<th>National Governors' Association Center for Policy Research</th>
<th>Combined Total</th>
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<td></td>
<td>Undesignated</td>
<td>Designated</td>
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</tr>
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<td>Current assets:</td>
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<tr>
<td>Equity in pooled cash and investments</td>
<td>$154,915</td>
<td>$1,954,686</td>
<td>$(376,521)</td>
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<td>Receivables:</td>
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<td>State dues</td>
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<td>Grants and contracts—principally U.S. government</td>
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<td>-</td>
<td>516,258</td>
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<td>Royalties</td>
<td>-</td>
<td>29,877</td>
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<tr>
<td>Other</td>
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<td>5,184</td>
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<td>Total receivables</td>
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<td>29,877</td>
<td>521,442</td>
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<td>Prepaid expenses</td>
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<td>Total current assets</td>
<td>234,478</td>
<td>1,984,563</td>
<td>144,921</td>
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<td>Advances to joint venture</td>
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<td>Property and equipment, at cost:</td>
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<tr>
<td>Furniture and equipment</td>
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<td>Leasehold improvements</td>
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<td>Total property and equipment</td>
<td>141,144</td>
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<tr>
<td>Less accumulated depreciation and amortization</td>
<td>17,892</td>
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<tr>
<td>Net property and equipment</td>
<td>123,252</td>
<td>-</td>
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<td>Liabilities and Equity</td>
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<td>Current liabilities:</td>
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<tr>
<td>Accounts payable and accrued expenses</td>
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<tr>
<td>Advances on grants and contracts in progress in excess of related costs</td>
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<td>-</td>
<td>46,660</td>
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<tr>
<td>Total current liabilities</td>
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<td>-</td>
<td>180,884</td>
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<tr>
<td>Equity (deficit)</td>
<td>351,922</td>
<td>1,984,563</td>
<td>(35,963)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 475,066</strong></td>
<td><strong>$ 1,984,563</strong></td>
<td><strong>$ 144,921</strong></td>
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STATEMENT OF REVENUE AND PROGRAM EXPENSES
July 1, 1977 – June 30, 1978

<table>
<thead>
<tr>
<th></th>
<th>National Governors' Association</th>
<th>NGA Center for Policy Research</th>
<th>Combined Total</th>
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<td></td>
<td>Undesignated  Budget  Actual</td>
<td>Designated  Budget  Actual</td>
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<td>Beginning Fund Balance (Deficit)</td>
<td>$233,500  $280,348</td>
<td>$1,586,600  $1,613,238</td>
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<td>Revenue:</td>
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<td>Dues from the States</td>
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<td>Interest</td>
<td>14,000   37,860</td>
<td>108,300  109,889</td>
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<tr>
<td>Royalties</td>
<td>—</td>
<td>430,500  371,325</td>
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<tr>
<td>Publication Sales</td>
<td>10,000   4,616</td>
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<td>5,000  8,067</td>
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<td>Registration Fees</td>
<td>29,000   27,150</td>
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<td>2,000  18,571</td>
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<td>Grants and Contracts</td>
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<td>1,481,800  1,656,457</td>
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<td>Transfers from NGA</td>
<td>(80,600) (80,600)</td>
<td>(108,300) (109,889)</td>
<td>188,900  190,489</td>
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<td>3,635</td>
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<td>Total Revenue</td>
<td>$1,022,509  $1,043,261</td>
<td>$430,500  371,325</td>
<td>$1,677,700  1,879,510</td>
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<table>
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<th>Program Expenses:</th>
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<td>Human Resources</td>
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<td>$ 655,900</td>
<td>645,149</td>
<td>$ 761,500</td>
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<td>629,500</td>
<td>468,687</td>
<td>722,200</td>
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<td>Executive Management and * Fiscal Affairs</td>
<td>82,800</td>
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<td>47,650</td>
<td>69,170</td>
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<td>Transportation, Commerce and Technology</td>
<td>80,200</td>
<td>85,092</td>
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<td>182,400</td>
<td>149,147</td>
<td>262,600</td>
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<td>73,800</td>
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<td>Crime Reduction and Public Safety</td>
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<td>103,000</td>
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<td>187,000</td>
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<td>Chairman</td>
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<td>Winter Meeting</td>
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<td>Annual Meeting</td>
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<td>Center Research and Management</td>
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<td>118,150</td>
<td>159,546</td>
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<td>Other</td>
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<td><strong>Total Expenses</strong></td>
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<td>1,857,060</td>
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<td>371,325</td>
<td>11,950</td>
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<td>Month/Date</td>
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<td>Washington, D.C.</td>
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<td>1911</td>
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<td>1913</td>
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<td>9th</td>
<td>1916</td>
<td>Washington, D.C.</td>
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<td>1922</td>
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<td>1927</td>
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<td>1958</td>
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<tr>
<td>51st</td>
<td>San Juan, Puerto Rico</td>
<td>August 2–5</td>
<td>1959</td>
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<td>52nd</td>
<td>Glacier National Park, Montana</td>
<td>June 26–29</td>
<td>1960</td>
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<tr>
<td>53rd</td>
<td>Honolulu, Hawaii</td>
<td>June 25–28</td>
<td>1961</td>
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<td>54th</td>
<td>Hershey, Pennsylvania</td>
<td>July 1–4</td>
<td>1962</td>
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<td>55th</td>
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<td>July 21–24</td>
<td>1963</td>
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<td>56th</td>
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<td>1964</td>
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<td>57th</td>
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<td>July 25–29</td>
<td>1965</td>
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<tr>
<td>58th</td>
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<td>July 4–7</td>
<td>1966</td>
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<td>59th</td>
<td>S.S. Independence and Virgin Islands</td>
<td>October 16–24</td>
<td>1967</td>
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<td>60th</td>
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<td>July 21–24</td>
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<td>61st</td>
<td>Colorado Springs, Colorado</td>
<td>Aug. 31–Sept. 3</td>
<td>1969</td>
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<td>62nd</td>
<td>Lake of the Ozarks, Missouri</td>
<td>August 9–12</td>
<td>1970</td>
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<td>63rd</td>
<td>San Juan, Puerto Rico</td>
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<td>1971</td>
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<td>64th</td>
<td>Houston, Texas</td>
<td>June 4–7</td>
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<td>Lake Tahoe, Nevada</td>
<td>June 3–6</td>
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<td>66th</td>
<td>Seattle, Washington</td>
<td>June 2–5</td>
<td>1974</td>
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<td>67th</td>
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<td>June 8–11</td>
<td>1975</td>
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<td>68th</td>
<td>Hershey, Pennsylvania</td>
<td>July 4–6</td>
<td>1976</td>
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<td>69th</td>
<td>Detroit, Michigan</td>
<td>September 7–9</td>
<td>1977</td>
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<tr>
<td>70th</td>
<td>Boston, Massachusetts</td>
<td>August 27–29</td>
<td>1978</td>
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Appendix VI

CHAIRMEN OF THE NATIONAL GOVERNORS' ASSOCIATION
1908–1978*

-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'Conor, 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

* At the initial meeting in 1908, President Theodore Roosevelt presided.
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
Governor Cecil D. Andrus, Idaho ............ 1976–77
Governor Reubin O’D. Askew, Florida ............ 1977
Governor William G. Milliken, Michigan ............ 1977–78
Governor Julian M. Carroll, Kentucky ............ 1978–79
Appendix VII
APPROVED POLICY STATEMENTS
Criminal Justice and Public Protection

A.- 1

ADMINISTRATION AND IMPLEMENTATION
OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT

The National Governors' Association 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. LEAA's actions in fostering the development of qualified staff at the state level, providing wide latitude to the states in devising plans to improve 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 which could well be emulated by other federal departments.

Therefore, the Association reaffirms its confidence in the LEAA program and urges Congress and the Administration to form a partnership with the Governors in working to strengthen LEAA to assure effective intergovernmental action in dealing with one of the nation's most serious domestic problems.

Crime is one of the nation's primary domestic issues. The Governors, as well as independent assessments, have concluded that the Crime Control Act of 1968 has brought about critical and significant improvements to state and local criminal justice systems.

The Governors, as well as independent assessments, have concluded that the block grant is the most effective federal financial assistance delivery mechanism to states and local units of government to address crime and comprehensive criminal justice system improvement.

The success, momentum, and thrust of the LEAA program are jeopardized and undermined by a failure to appoint strong and effective federal leadership to LEAA and a failure to support the LEAA program with adequate appropriations. The National Governors' Association calls upon the attorney general to appoint a strong and dedicated administrator of LEAA and to give that individual full support in carrying out the purposes of the program.

The National Governors' Association calls upon the Administration to support, and the Congress to appropriate, the full authorization level of the LEAA programs for fiscal year 1979.

The National Governors' Association strongly reaffirms its support for the block grant as the federal financial assistance delivery mechanism for the LEAA program and, therefore, rejects the principal recommendation of the Department of Justice study group report to the attorney general which calls for replacing the block grant with a program of special revenue sharing.
In addition, the National Governors' Association calls upon the attorney general to appoint a new reorganization study group, at least half of whose members would be Governors or their designees and other state and local representatives, whose principal task would be to review and analyze the responses to the June 23, 1977, report which were submitted to the Department of Justice by September 1, 1977. The newly constituted study group would then make its own recommendations to the attorney general for improving LEAA. It is the strong feeling of the National Governors' Association that a new study group is needed to replace the existing study group which is made up entirely of LEAA and Justice Department personnel and which has no representatives from state or local government.

The National Governors' Association calls upon Congress and the Administration to streamline and simplify the LEAA program.

The Association urges each state to review immediately its state planning agency supervisory board to determine whether certain components of a state's criminal justice system are underrepresented and to rectify any imbalance that may exist. Governors particularly are urged to examine representation by local officials, the state judiciary system, and the state legislature.

The Association further urges state planning agencies to give greater attention to the needs of the courts through greater participation by representatives of the judiciary on state supervisory boards. Where feasible, a planning group representing the courts should be established to prepare plans and make recommendations on funding to the state planning agency.

The Association renews its intention to work closely with state legislatures in developing comprehensive state plans and to consult appropriate legislative committees, where feasible, to elicit their suggestions and ideas concerning the content of state plans.

The Association urges state planning agencies to emphasize programs to aid population centers with high crime rates. The Association renews its opposition to the creation of new categories and reaffirms its support for the current comprehensive state planning process.

Revised September 1977.

A.- 2

STATE-CITY COOPERATION

The National Governors' Association restates and reemphasizes its commitment to vigorous and effective action to control the burgeoning crime problem in urban areas of the 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 Crime Control Act. The Governors are firmly committed to a working partnership with elected and other policy-making officials in the counties and municipalities to accelerate development of comprehensive metropolitan crime control programs and facilities.
The Association recognizes the need 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' Association believes that one of the most critical needs in the improvement of many states' criminal justice systems is the revision, modernization, and simplification of their criminal codes. 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 Association urges the Department of Justice to establish a clearinghouse for state criminal code revisions as a source of advice and information sharing among the states.

A.- 4

CRIMINAL JUSTICE STANDARDS AND GOALS

The National Governors' Association considers the establishment of standards and goals for the criminal justice system essential to achieving a meaningful reduction in crime and delinquency. To facilitate this process, the Association urges each state and local government to begin evaluation of its law enforcement and criminal justice system. The Governors and their individual state planning agencies are urged to take the lead in this effort.

The Association endorses the goal of reducing in ten years the rate of high-fear crime by 50 percent from its 1973 level. (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.- 5

PREVENTION AND CONTROL OF JUVENILE DELINQUENCY

The National Governors' Association urges each state to act as the focal point for coordinating the planning and services of all state and federal agencies that contribute to the prevention, control, and treatment of juvenile delinquency.

To achieve that objective, greater emphasis should be placed on cooperation among the numerous federal agencies with juvenile delinquency programs and between federal and state agencies.
Because the problem of juvenile delinquency is broader than the criminal justice system, program planning should promote maximum use of private and public, social and educational services to youth.

Also, because the key to a meaningful reduction in juvenile delinquency is prevention, each state should strengthen its commitment to basic prevention programs and give particular emphasis to home, school, and community services aimed at youth in danger of becoming delinquent.

The Association commends Congress for enacting the Juvenile Justice and Delinquency Prevention Act (PL 93-415). However, the success of the program depends on the availability of fresh resources, and the Association urges appropriation of the full amount authorized by the act.

Full and satisfactory implementation of the Juvenile Justice and Delinquency Prevention Act has been frustrated by continuing confrontation between the Office of Juvenile Justice and Delinquency Prevention and state agencies handling juvenile justice matters. Even though recently modified, the Office of Juvenile Justice and Delinquency Prevention's arbitrary restriction on the commingling of status offenders and juvenile delinquents in community-based residential facilities continues to cause disagreement between the states and the office. This restriction does not flow directly from the act or the intent of Congress, but results from a policy decision made by the Office of Juvenile Justice and Delinquency Prevention. Furthermore, there is no current body of social research that provides a basis for the prohibition of commingling.

The problems that have occurred between the office and the states stem from the unreasonable interpretation of rules and regulations regarding juveniles. Moreover, the lack of coordination and communication with appropriate state agencies has frustrated the planning and implementation of comprehensive juvenile justice programs within the states.

Therefore, to ensure that each state and territory is afforded an equitable opportunity for maximum participation in juvenile justice programs, the National Governors' Association urges that the Office of Juvenile Justice and Delinquency Prevention adopt the following principles:

1. Categorical (special emphasis) programs should be coordinated with formula grant programs through the state agency designed by the Governor to develop a state's juvenile justice plan.

2. Categorical programs should be designed to provide an equitable share of funds to rural and urban, participating and nonparticipating states.

3. The Office of Juvenile Justice and Delinquency Prevention should ensure that state plans, grant applications, and communications between the office and the states are processed expeditiously.

4. The Office of Juvenile Justice and Delinquency Prevention should ensure that rules, regulations, definitions, and responsibilities pursuant to the act are reasonable and take into consideration their impact upon the states. Furthermore, they should be designed to encourage full participation in the program by all states.

Revised August 1978.
The National Governors' Association pledges full support and cooperation in the intergovernmental war to eradicate organized crime and urges the states to consider the following actions to improve their capacity to deal with organized crime:

1. Establishment of State Crime Prevention Councils to study organized crime 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 businesses 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 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.

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 protect individual liberties, the Association recommends that those states which 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.

To assist the states in organized crime programs, the Law Enforcement Assistance Administration should broaden its technical aid and training programs for 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, LEAA should develop and broaden guidelines to help federal, state, and local governments improve their effectiveness in dealing with organized crime.
The National Governors' Association recommends that the federal government, in combating the proliferation of narcotics and drug abuse problems, continue and strengthen present efforts to coordinate federal programs and to develop goals, objectives, and priorities.

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.

Successor legislation to the Drug Abuse Office and Treatment Act of 1972 should be enacted to provide sufficient funds for 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 direction for the federal effort and designate the National Institute on Drug Abuse as the grant funding authority.

2. Continue and strengthen the state planning capability and channel all federal grants for drug abuse prevention through single state agencies.

3. Provide for standardization and streamlining of the grant application procedure to facilitate prompt and efficient funding of state and local projects.

4. Implement a nationwide system of block grants and contracts to the states to facilitate coordinated management of federal and state programs.

The Association recommends that states enact 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. States should unify all state drug control programs and coordinate public and private drug control efforts.

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.

The National Governors' Association urges the Administration to revise its budget for the Selective Service System to provide a more effective civilian and state role in the procurement of personnel for our armed forces by retaining the unpaid local board members during the standby period and by maintaining the state directors and a minimal office staff for each state headquarters.
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 rates and the high mobility of fugitives from justice.

The National Governors' Association supports the efforts of the National Association of Extradition Officials to achieve uniformity in the extradition laws and procedures. The Association recommends that states adopt the Uniform Extradition Act as proposed by the National Conference of Commissioners on Uniform State Laws and use the uniform extradition document and forms drafted by the National Association of Extradition Officials.

THE NATIONAL GUARD

The Army and Air National Guard of the several states are organized in more than 4,000 units located in 2,600 communities. The Guard is the most cost-effective of the nation's armed forces, providing 16 percent of the organized force for less than 3 percent of total U.S. military expenditures. The Administration in its fiscal 1977 budget proposed to alter current practices which would adversely affect the Guard's ability to recruit new members and to carry out its state mission effectively.

The National Governors' Association supported recent congressional action to ensure that:

1. Administrative pay will not be eliminated for Guard commanders.
2. Present regulations which allow civilian federal employees to receive military pay while performing field training will be retained.
3. The forty-eight annual drill requirement for Guard units will be continued.
4. New enlistees will be eligible for pay prior to commencement of their initial active duty training.
5. All Guard units will be furnished the same quality of equipment and the same level of training as afforded to regular units of the U.S. Army and Air Force.

CRIMINAL JUSTICE INFORMATION SYSTEMS

The National Governors' Association urges development of legislation establishing basic 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 dispo-
positional data and the review and expunction of outdated or inaccurate data, 
and establish sanctions for the misuse of confidential information. Access to 
individually identifiable information should be strictly limited. States should 
be permitted to exceed federal minimum standards, and their own legislative 
standards should prevail over less restrictive federal or sister state standards.

Any federal legislation pertaining to the privacy and security of criminal 
justice data should expressly provide full state participation in the develop-
ment and promulgation of regulations and in the administration of the act. In 
the case of automated data systems, Governors should decide whether information 
should be stored in a shared or dedicated facility.

A.- 12

PRIVACY

Personal privacy is a fundamental right of every American citizen. How-
ever, the increasing application of technological advances and the prolifera-
tion of personal data information systems threaten that right as never before.

Numerous instances of misuse and abuse of information by the public and 
private sector exist: gathering too much extraneous personal data; using infor-
mation for purposes other than those for which it was collected; using incor-
rect, incomplete or out-of-date information; and keeping the existence of a 
person's file and its contents a secret from him or her. Because there is little 
legal protection against the abuse and misuse of personal information, the 
National Governors' Association supports the efforts of the states, the Admini-
strations, and Congress to develop and establish privacy safeguards and stan-
dards for the collection, maintenance, and dissemination of personal data, and 
encourages the enactment of legislation to protect privacy.

The Association urges that any federal legislation pertaining to privacy 
should provide full participation by states in the development and promulga-
tion of regulations and administration of the act. The designation of shared 
or dedicated computer systems should be left entirely to the discretion of the 
Governor.

The Association supports the following privacy safeguards:

1. Data systems should collect only the data necessary to carry on their 
purposes and should institute security precautions to prevent unauthorized 
access and misuse of data.

2. Data files should be periodically updated and purged of incorrect 
information. Data operators should keep a record of those to whom information 
is disseminated so that they may be notified of corrections. Operators should 
publish annual notices of the existence and character of their systems.

3. Individuals should have access to their files and be able to learn how 
information about them is being used and to whom it is being disseminated. In-
dividuals should be able to challenge incorrect or out-of-date information on 
themselves and to have corrections made upon verification of the facts. If the
data system declines to accept the challenge, it should be recorded and disseminated with the data. No data collected about an individual for one purpose should be used for an unrelated purpose without the individual's consent.

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, twelve states have instituted programs to compensate individuals who have been injured as a result of violent crimes. 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 on the states of meeting existing financial obligations has deferred many new programs.

The National Governors' Association urges Congress to approve legislation that would provide financial support for existing state compensation programs and for others that may be enacted in the remaining states. Such a federal program should be administered by the Law Enforcement Assistance Administration.

A.- 14

STATE LOTTERIES

Revenues from existing state lotteries contribute much to the support of education and other fundamental state services. The National Governors' Association reaffirms the traditional view that state lotteries should not be subject to excise or occupational taxation by the federal government. States that 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. The Association opposes any federal action, through taxation or otherwise, which would tend to discourage or obstruct the successful operation of state lotteries.

A.- 15

ILLEGAL ALIENS

The number of illegal aliens coming into the United States seeking employment has increased dramatically. This flood of immigrants exacerbates unemployment problems in both rural and urban areas. The National Governors' Association urges the federal government to commit the resources necessary to ensure that legal limits on immigration are observed.

To discourage immigration and exploitation of illegal aliens the Association recommends enactment of legislation to prohibit the knowing employment of these aliens. However, enforcement of any sanctions should be consistent with the free exercise of the civil rights of all people.
CONSUMER PROTECTION

Because consumers currently 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 the interests of consumers, the National Governors' Association supports federal legislation that would create an independent, non-regulatory, consumer protection agency.

DEPARTMENT OF DEFENSE REVIEW OF NATIONAL GUARD STATUS

The Department of Defense, at the request of the President, is studying the role and mission of the National Guard and reserve forces. Because of the interdependence of the state and federal missions of the National Guard in defense of the nation, the President should advise the Department of Defense that "no change in the branch, organization or allotment of a unit located entirely within a state may be made without the approval of its Governor." The Governors support the current departmental review because of their deep interest in the future and well-being of the National Guard.

The Governors wish to express their appreciation to the Department of Defense for the informative briefing provided the Committee on Criminal Justice and Public Protection on September 8, 1977. However, the Governors demand that the Department of Defense consult with the Governors before policy recommendations are forwarded to the secretary of defense and the President.

Adopted September 1977.

RESTORATION OF FISCAL YEAR 1979 LEAA PART B PLANNING FUNDS TO THE FISCAL YEAR 1978 LEVEL

The 1976 Crime Control Act reads, in its declaration and purpose, that:

It is therefore the declared policy of the Congress to assist state and local governments in strengthening and improving law enforcement and criminal justice at every level by federal assistance. It is the purpose of this title to encourage, through federal assistance, states and units of general local government to develop and adopt comprehensive plans based upon their evaluation of their particular problems of law enforcement and criminal justice.
The major vehicle for addressing the pressing problems of crime and the criminal justice system has been the state criminal justice planning agency, supported by LEAA Part B funds. The President's proposed budget for fiscal year 1979 calls for only $30 million nationally for Part B, compared to $60 million in fiscal year 1977 and $50 million in fiscal year 1978.

The National Governors' Association finds the proposed reduction in Part B funds to be inconsistent with the purpose of the 1976 Crime Control Act and urges the President and Congress to return the Part B level to $50 million and recognize the need for an orderly transition in any changes in the LEAA program that could affect the states.

Adopted February 1978.

A. - 19

COMPREHENSIVE STATE EMERGENCY MANAGEMENT

Emergencies can have major or monumental human, economic, and political consequences for all levels of government. The National Governors' Association recognizes the importance of coordinating federal, state, and local activities in the comprehensive management of emergencies arising from attack or man-made or natural sources. This comprehensive approach should include not only preparedness and response but long-term recovery and mitigation.

We commend the President for proposing reorganization plan number 3 to Congress. This plan calls for the establishment of a federal emergency management agency, whose director shall report directly to the President. Congressional approval of the plan will lay the groundwork for the development of a strengthened federal-state-local partnership in emergency management. We urge Congress to approve the plan.

The Governors also recognize the need to review the effectiveness of state emergency operations. The findings of an in-depth NGA emergency preparedness study, initiated last year, indicate the need to establish comprehensive state management strategies that are compatible with the proposed federal reorganization.

The National Governors' Association hereby adopts the following guidelines for comprehensive state emergency management:

Government Roles and Responsibilities

States recognize that local government has the first line of official public responsibility in the preparation for and response to most emergencies. States encourage local governments to use local resources and to exchange and share resources for emergency programs with other local jurisdictions. Local governments also should share comprehensive emergency mitigation, preparedness, response, and recovery management activities with the state. Local governments should recognize and upgrade, where needed, the responsibilities of local civil defense coordinators to emergency management coordinators for all hazards.
The state's role is to develop and maintain a comprehensive program of emergency management activities that supplements, facilitates, and provides leadership, when needed, to local efforts before, during, and after emergencies. The state must be prepared to maintain or accelerate current services and provide new services to local governments that may be unable to manage all aspects of an emergency. The state also cooperates at multistate levels when appropriate. Further, the state is responsible for facilitating the acquisition of federal resources to deal with emergencies.

When states have insufficient resources to manage all prevention, mitigation, preparedness, response, or long-term recovery services themselves, the federal government should provide services that are responsive to all types of emergencies and disasters. Such services include fiscal resources, research and dissemination of research results, economic and other impact analyses, information and educational materials, technical facilities, and assistance, equipment, and materials.

State Emergency Management

Comprehensive state emergency management consists of the judicious planning, assignment, and coordination of all available resources in an integrated program of prevention, mitigation, preparedness, response, and recovery for emergencies of any kind, whether from attack or man-made or natural sources.

While all emergency-related program activities are not the responsibility of one single office, they should be integrated and coordinated. Effective emergency management involves coordination between the Office of the Governor, the state emergency management office (if it is not located in the Office of the Governor), the state planning office, the state budget office, the state legislature, the emergency liaison officers of a state's line agencies, the regional director of the proposed federal emergency management agency, and representatives of local government.

State emergency management includes intergovernmental linkages that should: (1) ensure that any emergency is handled at the lowest appropriate level of government, (2) provide direct support to local emergency programs as requested and appropriate, (3) facilitate acquisition of needed federal resources to support local emergency programs, (4) encourage multistate resource sharing, and (5) stimulate mutual aid agreements among local jurisdictions.

Sound emergency management requires regular reviews of the performance effectiveness and coordination of a state's emergency-related program in light of public need and resources utilization.

Role of the Governor

The Governor has the mandated responsibility to promote the general welfare and provide for the common good of the citizens of the state. Because of this, the Governor has special powers and resources that can be used in emergency situations.

The Governor establishes policy and performance standards for the state's emergency organization. The Governor appoints leadership personnel. Just as national emergency management must have the interest, support, and confidence
of the President, the entire state emergency management program should have the direct interest, support, and confidence of the Governor. The state emergency manager should have direct access to the Governor.

The Governor, with the assistance of the emergency manager, should: declare the policy on emergency management, establish or maintain a comprehensive state emergency program, issue state or area emergency declarations and invoke appropriate state response actions, activate emergency contingency funds and/or reallocations of state agency budgets for emergency work, and apply for and monitor the use of federal assistance.

Emergency Management Actions

States should review all their current emergency management programs to ensure that all appropriate ones are included in a coordinated program of emergency mitigation and recovery, in addition to preparedness and response, for all types of emergencies.

In keeping with the concept of a full federal-state-local partnership in the consolidation of all-risk emergency management, state and local governments should adopt consistent nomenclature, using the words emergency management.

The National Governors' Association Subcommittee on Disaster Assistance will review the specific findings of the emergency preparedness project and take action on specific recommendations that are in keeping with these guidelines.

Adopted August 1978.

A. - 20

ANTITRUST ENFORCEMENT

As major consumers, states spend billions of dollars each year on the procurement of goods and services. As one means of ensuring that taxpayers receive a fair return on the use of their taxes, states have actively used antitrust laws to recover damages for the violation of those laws by suppliers of goods and services needed by states.

Recently, the Supreme Court of the United States decided in Illinois Brick Company v. Illinois that in most cases state and local governments may recover for injuries sustained as a result of antitrust violations only if they deal directly with violators of the law, that is, if a state purchases goods or services directly from a manufacturer rather than through a wholesaler. The decision bars states from recovering tax dollars from violators with whom they have dealt indirectly, thus hindering efforts to hold down the cost of government.

The judiciary committees of the Senate and the House of Representatives have approved legislation that would amend the antitrust laws and effectively overrule Illinois Brick by allowing states to recover damages for injuries sustained as a result of antitrust violations of indirect as well as direct suppliers of goods and services.
The National Governors' Association strongly recommends that Congress enact and the President sign legislation amending the antitrust laws that would overrule the Supreme Court's decision in *Illinois Brick* and enable states and other antitrust plaintiffs to maintain suits against antitrust violators from whom they have purchased goods or services either directly or indirectly.

Adopted August 1978.
The National Governors' Association had no higher priority than the renewal of the General Revenue Sharing program. The Governors applaud the approval by Congress of revenue sharing legislation which provides for guaranteed long-term funding to be distributed according to the current allocation formula. However, the Governors are concerned that the legislation will raise administrative costs significantly above the current rate of 1/12 of 1 percent of program funds.

The Governors urged Congress to approve a general revenue sharing bill in accord with the following principles:

1. Continuation of the distribution of funds directly to states and general purpose governments, using the existing formula which reflects need, population, and tax effort.
2. No additional categorization of programs or funding.
3. Long-term, multi-year funding.
4. An increase in the annual funding level to compensate for inflation.
5. Enforcement of civil rights provisions of the act to guarantee non-discriminatory expenditure of funds with adequate provision for due process for all individuals and governments involved and consolidation of enforcement responsibility in a single federal agency.
6. Guaranteed public hearings providing for citizen participation in revenue sharing appropriations to be conducted by recipient governments as part of their normal legislative budget processes.

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 continuing demand for capital, it is imperative that this market provide a dependable source of funds at reasonable rates of interest. For this reason, the nation's Governors and the National Governors' Association oppose any proposal that would directly or indirectly limit the continued tax exemption of state and local bonds, including inclusion of investment income from state and local bonds in the calculation of minimum income tax liability and the proposed federally subsidized taxable bond option.

The Association has noted recent proposals for federal regulation of the practices and procedures by which state and local governments disclose financial
information to investors and bond dealers in connection with bond issues. Such proposals are ill-founded. While the Governors firmly support continued improvements in disclosure practices based on existing industry standards developed and published by the Municipal Finance Officers Association, we believe that federal regulatory intrusion into this area is both unwarranted and potentially damaging to the municipal market.

The Association supports pending legislation to: (1) increase the current maximum limit on industrial development revenue bond issues from $5 million to $10 million; and (2) remove the current capital expenditure rule.

Adopted September 1977.

B. - 3

GRANT-IN-AID OMNIBUS

Public disenchantment with government is currently so great that it threatens the effectiveness of the nation's political institutions. Further, the prime element of growing public cynicism is the fact that government has become so complex, bureaucratic, and pervasive that it has lost the capability to respond to the concerns of the average citizen.

The National Governors' Association believes that the cause of much of the complexity and duplication now paralyzing governmental effectiveness is found in the continuing tendency of Congress to enact programs that do not recognize a proper balance of federal, state, and local roles, responsibilities, and structures in addressing domestic problems. Congress continues to enact more programs, and to make more complex, narrow, and duplicative those that already exist.

The federal bureaucracy, in the absence of sufficient oversight and management direction, continues to add its own perspectives and priorities to congressional enactments through rules and regulations which often extend well beyond the congressional mandate.

Increased congressional attention to the structural and procedural mechanisms through which programs will be achieved can significantly simplify and improve governmental performance and intergovernmental relations. Such attention should reflect an awareness of the unique balance of roles and responsibilities of federal, state, and local levels, which is essential if programs are to be delivered effectively.

Toward this objective, the Association urges that Congress, in the enactment of domestic legislation, recognize and incorporate the following elements:

1. Congressional determination of a compelling need for federal action over and above state and local action.

2. Clear statements of measurable program objectives to reduce administrative confusion and judicial interpretation of congressional intent and priorities.

3. Authorization and appropriation of sufficient funds to meet identified program objectives realistically.
4. Modification of existing maintenance-of-effort requirements so that recipients that lower their "own source" effort would lose federal funds only in the same percentage as their own reductions.

5. Limitation of administrative authority over planning and reporting requirements by specifying the product of planning rather than the process; by designating substate areawide planning to organizations created under state law or by executive order of the Governor; and by requiring justification of any reporting not clearly necessary for the proper administration of congressional objectives.

6. Authority for the administering agency to make agreements with states to perform program audits.

7. Non-specification of state and local administrative structures and program administration in accordance with the Intergovernmental Cooperation Act of 1968.

8. Enactment of appropriations for federally assisted intergovernmental programs one fiscal year in advance of the year in which funds are to be spent.

Wherever possible, the current system of categorical grant-in-aid programs should be simplified by consolidating programs with substantially similar objectives into broad block grants. These grants should include adequate time and procedures for the transition from categorical to block administration and hold-harmless funding provisions for recipients to prevent reduction below their allocation under the categorical programs being consolidated. Any future reduction in federal funding should be made only in proportion to the savings from reduced state and local administrative costs.

The Association urges Congress to adopt a requirement that all federal agencies justify their existence program by program, setting forth need, federal ability to fund, duplication of services, and conflicting requirements and objectives which hinder effective delivery of program benefits and state and local efforts to administer programs.

Congress should consider the impact of its actions on state and local abilities to finance and administer their own programs and terminate those federal programs which, after extensive objective review, are found to have failed to make a significant contribution toward resolving the problems they were created to address.

B. - 4

PUBLIC PENSION PLANS

The regulation of public pension plans is the sole responsibility of state government, and most states already regulate their public pension plans. Congress should not enact national legislation to regulate public pension plans. The National Governors' Association urges each state to reexamine its regulations to provide for adequate and assured pension plans for both the public and private sectors.
PUBLIC EMPLOYEE RELATIONS

Gubernatorial discretion and flexibility in the management of state personnel programs are 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. Federal personnel standards will hamper efficiency, stifle development of innovative personnel management techniques, and limit administration of the major components of state and local government.

The National Governors' Association opposes federal action that would establish federal controls on the ability of state and local public employees to organize and bargain collectively pursuant to state laws; specify merit system standards that are inconsistent with the broad principles outlined in the Inter-governmental Personnel Act of 1970; unilaterally supersede longstanding state and local personnel standards; or impose wage-and-hour provisions on state and local governments.

The Association 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 Association takes no position on the principle of collective bargaining for public employees, but reaffirms its commitment to the view that government personnel management is best left to the jurisdiction of the states and localities.

ETHICS IN GOVERNMENT

Two centuries ago, the American people went to war in order to assure open and accountable government. Now, there is a growing citizen distrust of elected officials and government at all levels. This is 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 elected officials and politicians, the nation's Governors reaffirm their faith in the capacity of the democratic system to reform and renew itself in a time of crisis and to maintain the confidence, as well as the consent, of the governed.

Toward that end, almost every state has acted to reduce the influence of money and secrecy in its policy process. Building on this foundation, the National Governors' Association urges action at all levels of government to ensure:

1. 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, and independent enforcement procedures with strong statutory penalties.
2. 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.

3. 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.

4. Registration and full disclosure of lobbying activities by all special interest groups.

B. - 7

INTERGOVERNMENTAL PROGRAM MANAGEMENT

The federal government, with firm state support, has sought to improve the management of intergovernmental programs through the adoption of the Intergovernmental Cooperation Act of 1968, the Joint Funding Simplification Act of 1974, revenue sharing and block grants, as well as through the issuance of management-oriented circulars (such as OMB's A-95 and Federal Management Circulars 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 nonexistent. 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 confronted continually with uncoordinated programs that have interrelated objectives or serve the same constituency. Each program tends to develop independently with its own peculiar rules, procedures, and practices. These rules are often conflicting, 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 the grant-in-aid system. 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, and excessively bureaucratic.

The National Governors' Association believes the federal government must dedicate itself fully to simplifying program management through the reduction of regulations and the enactment of statutory changes to improve efficiency, effectiveness, and productivity.

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.
The Association 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. Specifically, the Association urges:

1. Continued Administration support for decategorization of federal aid programs as the best approach to simplification of intergovernmental programs.

2. Vigorous enforcement by OMB of all intergovernmental management circulars and directives.

3. Major review of intergovernmental program planning and reporting requirements to determine if they are justified in view of congressional intent.

4. Renewed efforts to improve intergovernmental information systems by strengthening OMB oversight of agency information policies to eliminate continuing problems over dedicated computers, by strengthening the Budgetary Information System with emphasis on federal regional agencies' performance, and by review of agency performance under Treasury Circular 1085.


6. Renewed Administration support for programs to strengthen state and local planning and management assistance, particularly under the Intergovernmental Personnel Act, and for intergovernmental funding of projects and programs under the Joint Funding Simplification Act.

7. Increased decentralization of federal program administration to the ten standard federal regions with emphasis on equalizing the administrative latitude of regional administrations.

B. - 8

PREFERENCE TO IN-STATE CONTRACTORS

Several states currently grant, or authorize their local governments to grant, preference to contractors located within their states by penalizing specified out-of-state bidders. This is done either by a direct grant of preference or penalty or through a complex arrangement designed to retaliate against contractors from states or localities engaged in preferential practices.

The National Association of State Purchasing Officials opposes any legislation to regulate prices or restrain trade. The granting of in-state preferences either through direct grants to in-state contractors or retaliation against specified out-of-state bidders could, in some cases, reduce the number of bidders for government contracts, thereby reducing competition and indirectly affecting prices.

The use of preferences or penalties based solely on the location of the bidder and no other factor is an unreasonable restraint of trade and invites retaliation which provides further restraint of trade.
The granting of such preferences or penalties also violates federal regulations, which prohibit preferential treatment in the use of federal funds, and requires enormous additional paperwork to comply with retaliatory provisions and calculations of bids. The trend has been toward repeal of preference legislation since it is an additional burden on the taxpayer as well as a restraint of trade.

The National Governors' Association supports the elimination of legislation granting preferential treatment to in-state contractors or penalizing out-of-state bidders. The Governors are committed to identifying and removing unreasonable restraints of trade and competition adversely affecting citizens and taxpayers.

B. - 9

ADVANCE BUDGETING FOR INTERGOVERNMENTAL PROGRAMS

The National Governors' Association urges the Administration and the Congress to further reform the federal budget process by utilizing appropriate advance budgeting procedures whenever possible in funding federally assisted intergovernmental programs. Such procedures would improve significantly the delivery of public services by reducing the extent to which federal, state, and local program planning, budgeting, and execution are hampered by uncertainty about the availability of federal funds.

The need for increased certainty of federal funding levels is a function of the relative timing of federal and state budget preparation and the increasing lead time needed to plan effectively for public expenditure.

State budget decisions are almost uniformly made on a time sequence closely paralleling federal decisions for the same fiscal year. With five exceptions, states begin their fiscal years on July 1. This means that most Governors must submit budget requests to their legislatures in January, at about the same time the President submits his budget to Congress. However, because the federal fiscal year begins on October 1, three months after most of the states', these legislatures will have completed their FY 1978 appropriations by July 1, when the congressional appropriation cycle is only half complete.

Since about 25 percent of a typical state government's expenditures are from federal funds, Governors and legislatures must make decisions about three-quarters of their budgets each year in the face of uncertainty about the remaining one-quarter. Furthermore, since most federal funds require a matching contribution from the state's own resources, even a minor change in federal funds causes an immediate ripple effect in the way state funds must be allocated.

A federal decision to "cap" federal spending for a program, to shift heretofore federal costs to states, or even to step up federal support for a program involving matching funds means that states must reallocate their own resources, often after the legislature has adjourned.

For these reasons, it is imperative that a mechanism be found that allows the incorporation of federal budget decisions into the normal decision processes of the states.

Such techniques as one-year advance appropriations, three-to-five-year rolling budget targets, multi-year budget carry-over provisions, and advanced
contract authority applied to intergovernmental programs for which they are most appropriate would provide a fundamental and much-needed improvement in our ability to better serve the public.

B. - 10

INTERSTATE SMUGGLING OF CIGARETTES

The Advisory Commission on Intergovernmental Relations has estimated that cigarette smuggling between low and high tax jurisdictions now costs states nearly $400 million annually in uncollected cigarette tax revenues. In spite of extensive individual and collective efforts to curtail cigarette bootlegging, states have been unable to reduce its incidence. Indeed, revenue losses from cigarette bootlegging have grown rapidly in recent years and the practice is now a significant source of income for organized crime.

The Governors believe that the interstate nature of cigarette bootlegging and the growing involvement of organized crime in the activity underscore the need for federal intervention. The National Governors' Association supports the enactment of federal legislation which would make the interstate smuggling of cigarettes to avoid state and local taxation a federal crime. The Governors call upon the appropriate federal agencies, particularly the U.S. Department of the Treasury and the U.S. Department of Justice, to join NGA, the National Association of Tax Administrators, and the Advisory Commission on Intergovernmental Relations in supporting such legislation.

Adopted September 1977.

B. - 11

STATE FINANCIAL INSTITUTIONS

The National Governors' Association believes that the respective states have the responsibility and the authority to establish an overall financial structure within their borders that fulfills the needs of their residents.

The Association will oppose vigorously federal legislative proposals that would constitute an unwarranted preemption of state authority in such matters or that fail to give due recognition to state laws or regulations in effect that are designed to protect the interests of its residents in connection with the operation of its state-chartered financial institutions. The Association recognizes that it is essential that state financial institutions remain strong to ensure the viability of dual systems, that competitive equality must exist between state-chartered and federally chartered financial institutions, and that as state financial institutions are strengthened, the Federal Deposit Insurance Corporation, the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration should defer to the states in the examination and regulation of state-chartered financial institutions.

Adopted February 1978; revised August 1978.
STATE DEPOSITS OF SOCIAL SECURITY FUNDS

The Department of Health, Education and Welfare has proposed regulations that would require the states to make monthly transmittals of social security contributions instead of the present quarterly transmittals. Deposits of all social security contributions would have to be made not later than fifteen days after the close of each month. At present, these deposits are made not later than the forty-fifth day after each calendar quarter. The new regulations are to become effective sometime in 1980.

The unilateral action of the secretary is not in keeping with the agreements between state participants in the social security program and the federal government. Further, the action is premature because it fails to take into account a study of the social security program under way at HEW. The study report, due in 1980, is expected to find the need for far-reaching changes in the social security system. The revision of existing, effective state procedures just prior to a more extensive overhaul of the system seems unnecessarily disruptive to us.

The National Governors' Association favors retention of the quarterly deposit system for social security funds and supports legislation necessary to maintain the current system.

Adopted February 1978; revised August 1978.

FEDERAL BUDGETING PROCEDURES

To stop inflationary governmental spending and unnecessary increases in federal taxes, we must clearly identify program objectives and establish strict performance standards, while ensuring the efficiency and effectiveness of services delivered to the people of this country.

To accomplish these goals, we must guarantee accountability of the way in which our tax dollars are spent. Further, it is imperative that we, as Governors, support President Carter in his difficult goal of balancing the federal budget by fiscal year 1981. Additionally, we cannot afford to balance the federal budget at a level that simply transfers increased costs of current services to local and state governments. A balanced federal budget must incorporate the principle of stimulating private sector economic growth at the lowest possible cost.

Many of our current fiscal difficulties can be traced directly to the method by which we calculate and measure our national budget and the impact our current budget calculations have on stimulating the economy.

The National Governors' Association therefore requests that President Carter appoint a presidential committee to investigate and review thoroughly our present federal budgeting system, and, further, that such a committee study the structure of our federal budget to determine if, in its present form, it presents a true picture of our nation's needs and whether these needs are being fulfilled.
It is further proposed that this special budget commission be assigned the task of preparing a national balance sheet that would compare the assets of our nation with its liabilities.

Adopted February 1978.

B. - 14

EXPANDING THE STATE AND LOCAL GOVERNMENT BOND MARKET

Congress is currently considering legislation that would expand the market for revenue bonds issued by state and local governments by authorizing commercial banks to underwrite these bonds as they are now authorized to underwrite general obligation bonds issued by these governments. This expanded market would increase the competition for revenue bonds and reduce significantly the cost of revenue bond financing.

State and local governments and the authorities established by them to own and operate public works have in recent years relied increasingly on revenue bond financing to fund a wide variety of public facilities, such as water and sewer systems and plants, park and recreational facilities, hospitals, power plants, airports, and highways. Revenue bonds will account for over 50 percent of all new municipal bonds issued in 1977, a dramatic increase from 33 percent in 1970. The dollar value of the 1977 issues is expected to exceed $20 billion, compared to $6 billion in 1970.

Bank participation will broaden the market for revenue bonds, thereby resulting in lower interest costs. The National Governors' Association supports legislation that would authorize commercial banks to underwrite state and local revenue bonds.

Adopted February 1978.

B. - 15

FEDERAL FISCAL IMPACT ACT

In recent years, state and local governments have been spending more and more of their tax dollars for programs mandated by federal laws and regulations. These federally imposed burdens have contributed in significant measure to the current concerns of taxpayers about the level of taxes and public expenditures.

The National Governors' Association urges the President to endorse and Congress to enact a law that would require the federal government to reimburse state and local governments for the full cost of implementing congressional and executive directives, including new programs, increased service requirements, and maintenance-of-effort requirements that lead to increased state and local expenditures and revenue losses.

The National Governors' Association endorses, in principle, the adoption of similar legislation affecting the states' relationship to local governments. Adopted August 1978.
Since World War II, federal government spending has grown from a 13 percent share of the nation's gross national product to its present share of over 22 percent. This near doubling of the federal government's relative size is of great concern. The growth of the federal government must be contained so that efficient private-sector development and stable domestic economic conditions can be sustained.

To ensure that the federal government does not become disproportionately large and its cost increasingly burdensome, the National Governors' Association recommends that a balanced federal budget be achieved by the fiscal year ending September 30, 1981.

Adopted August 1978.
The National Governors' Association supports the concept of income-based eligibility for programs offering income maintenance, social services, subsidized medical care and nutritional assistance. Equal treatment for families, the working poor, childless couples and individuals should be provided regardless of marital status or family composition.

The Association believes that human services programs should be structured according to 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.

5. Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

The Association supports proposals to remove barriers to states in planning and administering a broad range of allied human services programs in a coordinated manner which more adequately reflects state priorities. Such action would be an important first step toward needed basic reforms, including consolidation of existing categorical programs and a strong leadership role for the states. The Association supports the following principles:

1. State-designated, substate service areas should be recognized as the common geographical areas for planning human services programs.

2. States should be allowed to transfer a portion of funds available to a certain program to other federal programs included in a state or substate human services plan.

3. States should have the option to waive certain statutory requirements and administrative regulations if they impede the development of a coordinated services program.
4. Special funds for comprehensive planning activities by state and sub-state service areas and administrative start-up costs for the implementation of such plans should be provided.

5. States should be permitted to consolidate funds for planning in various programs of the Department of Health, Education and Welfare.

The Association commends Congress and the Administration for enactment of the revised social services law (Title XX) and urges that the same spirit of cooperation and maximum flexibility for states which characterized the development of the legislation be continued in the implementation and refinement of the program.

However, the Association supports suspension of enforcement of the Federal Interagency Day Care Requirements developed in 1968 and mandated by Title XX regulations. The quality of day care services should be regulated through the day care licensing programs of individual states.

Federal legislation and programs should provide for increased experimentation among the states and for differing approaches in implementation and administration of these programs to meet the varying needs and situations of the states. This could include an option in which states devise their own structures and programs to meet the goals and objectives of the federal legislation.

The Association urges Congress to provide in all grant-in-aid legislation a specific section that allows the legitimate state budgetary process to occur prior to the implementation of any new program or changes in existing programs.

The Association 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.

Positive management and initiatives by both federal and state government could increase efficiency and reduce errors in public assistance payment programs. The Association does not believe that the punitive program of fiscal sanctions levied against states and localities on the basis of error rate samples contributes to the goal of reducing error rates or recognizes the equal responsibility of federal and state partners for high error rates. The Association urges HEW to revoke its regulation imposing fiscal sanctions and to focus instead on efforts to stabilize regulations, simplify administration and assist states in developing constructive programs to minimize error.

The Association urges continued financial assistance to programs now funded through the Head Start, Economic Opportunity and Community Partnership Act of 1974, including state offices of economic opportunity. Federal financial assistance to community action agencies should be granted only with the approval of the Governor or a local official designated by the Governor.

When federal policies and actions authorize and encourage the immigration of groups of refugees into the United States, the federal government should assume full financial responsibility for the resulting social, public assistance, and health costs of the individuals of those groups.

Revised August 1978.
INFLATION AND COST-OF-LIVING ADJUSTMENTS

Inflation is having a disproportionate and very severe impact on the poor, the unemployed, the disabled, the aged and other people served by human resources programs and on the amount of financial support for programs designed to assist such people.

The National Governors' Association urges the federal government to make a special effort to provide financial adjustments for inflation in human resources programs and to develop new initiatives to stop continuing increases in the prices of basic human needs, such as food, medical care, and home energy needs.

Federal financial adjustments for inflation in human resources programs should be made through additional appropriations for cost-of-living adjustments in the welfare program, for higher stipends in worker training programs, for larger basic grants for higher education students, and for other related programs.

Minimum wages should be raised to keep up with inflation, and income eligibility criteria for participation in human resources programs such as educational aid for disadvantaged children should also be increased.

When increases in the minimum wage or inflation reduce the net amount of services that can be offered within statutory ceilings, such ceilings should be raised.

A special federal effort should be made to control the rise in the price of basic human needs through the use of national guidelines, long-range planning, appropriate wage-and-price controls, and national legislation to restructure inflationary economic arrangements, such as might be done with national health insurance.

HEALTH

The National Governors' Association is concerned about the crisis in the nation's medical care system. The Association has adopted statements of its position on several aspects of that crisis. While any problem is resolved more easily by dividing it into manageable parts, the Association feels that the parts of this problem must be dealt with in a specific order.

The National Governors' Association feels that a national health insurance program is needed, but its premature enactment can magnify the problem of cost inflation which currently plagues the medical care system. Without a serious effort to contain costs and utilization, and without a coherent plan for the orderly development of medical care resources, a new financing mechanism will encourage current inefficiencies.
For this reason, the National Governors' Association urges that the federal government take strong steps to curtail the pressures of inflation in the health sector and strengthen the health planning process to insure the more effective implementation of a system of national health insurance.

In each statement of policy on medical care, the Association has tried to list principles to guide the design of workable programs in each area. The staff of the National Governors' Association—and of the individual Governors—is ready to work with federal government officials on the development of specific statutory language based upon these principles.

Adopted September 1977.

C. - 4

MEDICAID

While the purpose of Medicaid is sound—medical assistance for the poor—the design and administration of the program have produced a system which is bankrupting the states and their localities.

Medicaid has become the most rapidly escalating cost of state budgets and the largest item in many local government budgets. In some states, the amount of money spent by Medicaid on a person's health care is greater than that person's welfare benefits. Many governments approach a time when they will be financially unable to provide adequate assistance for the poor and medically indigent. That is unconscionable and cannot be allowed to happen.

The spiraling cost of this program must be controlled, but without holding the poor hostage to forces beyond their control. The fundamental issues are the need for better control over the rates paid for health services and the utilization of those services by patients.

State governments, which are responsible for the management of the Medicaid program, must intensify their efforts to manage the program better.

To accomplish this, the federal government, in cooperation with the states, must revise existing regulations and legislation which pose obstacles to effective and efficient management of the program at all levels. The National Governors' Association has analyzed and debated possible reforms in financing, services delivery, organization, and administration of the Medicaid program. From this effort, the Governors are united in supporting certain principles and recommendations regarding Medicaid reform, while recognizing that there may be alternative methods or means to achieve these reforms.

Organization and Administration

1. Federal health care finance functions should be consolidated into one major division of the Department of Health, Education and Welfare (HEW). This new division would develop a framework of consistent and uniform health care policies for all citizens. Accompanying such a consolidation should be a careful study and clarification of the roles and functions to be performed by regional office personnel.
2. The Medicaid technical assistance role of HEW should be strengthened, with added emphasis on on-site training of federal staff in the states.

3. A comprehensive program for the detection, investigation and prevention of recipient and provider fraud and abuse within the Medicaid program should be developed, with emphasis on improved coordination between Medicaid personnel and federal, state, and local law enforcement agencies.

4. State management of the Medicaid program should be strengthened by:
   - Replacing negative program penalty provisions with positive fiscal incentives for improved state management;
   - Implementing the Medicaid Management Information System (MMIS) or an acceptable comparable alternative in all states;
   - Developing federal framework policy manuals and provider agreements, for use by states at their discretion, which would provide consistent information on programs and clear intent on policies; and
   - Increasing the federal matching ratio for state Medicaid administration to 90 percent if states meet certain performance criteria.

5. HEW must take the lead in establishing a common data base for use in developing fee structures for each provider type, based on information available to every health care program.

6. HEW must simplify all medical reimbursement systems and should establish for federally supported programs a fixed hierarchy of first-to-final responsibility for payment on behalf of persons eligible for two or more benefit plans.

7. Prior to the implementation of proposed regulations, reports, and standards, HEW should be required to conduct an impact study emphasizing both fiscal and service delivery areas.

8. HEW should establish a central depository of information on policies, procedures, and data systems used throughout the country that have proven successful.

9. A national subrogation policy (assignment of all residential health care or insurance benefits while eligible for public assistance) for categorically and medically eligible recipients in the Supplemental Security Income (SSI) and Aid to Families with Dependent Children (AFDC) programs should be adopted.

Financing

1. Congress should give immediate consideration to alternative methods by which the spiraling costs in the health care industry could be brought under control more effectively.

2. Federal legislation should be enacted to allow states wider flexibility in developing and implementing methods of reimbursing health care providers--
particularly in establishing allowable costs. Alternative reimbursement methods should extend to all payers, and federal health planning programs should be coordinated with reimbursement programs.

3. Because of changes in the program and among the states since the Medicaid law was enacted, the current formula ought to be examined by Congress to determine if there are more acceptable methods of deriving the federal financial share.

4. The current system of enforcing fiscal and program accountability within state Medicaid programs should be altered by specifically directing any management fiscal sanctions and eliminating program fiscal sanctions. Increased emphasis should be placed on positive financial incentives for improved state management (as measured by acceptable levels of program performance).

5. The federal government should finance from general revenues the full financial obligation of co-payments and deductibles for Medicare recipients also eligible for Medicaid.

Delivery of Services

1. In the interest of economy, states should be allowed to determine which health service providers a recipient may choose, if the same quality care can be purchased at a lower cost.

2. Federal regulations should be changed to give states wider authority to impose realistic and appropriate sanctions against recipients who willfully overutilize Medicaid.

3. SSI eligibility rules should be amended to prohibit divestiture of personal assets for the purpose of becoming eligible for SSI and Medicaid benefits.

4. Congress and the Administration, in cooperation with the states, must develop a coherent national policy for health and social care of the elderly. This policy must endorse use, wherever appropriate, of alternatives to traditional long-term care. Such alternatives should be financed substantially by federal funds, as institutional care is now financed. If the federal government continues to encourage the use of traditional institutions to care for elderly persons by providing financial assistance mainly for this type of care, the states will have to seek full federal assumption of the costs of this care.

5. The law and regulations should be changed to allow states to contract with Professional Standards Review Organizations (PSROs) and to review and approve proposed PSRO policies to ensure that these functions are reasonably accountable to the states.

6. States should be allowed to implement a nominal co-payment on mandatory services for categorically eligible Medicaid recipients.

7. States should be allowed to restore family supplementation for Medicaid patients in nursing homes.

The nation's Governors are convinced that reform toward these ends can help bring the costs of the Medicaid program under control without reducing the
availability or quality of care to the poor. Unless such reasonable, strong and immediate action is taken by the federal government, the states cannot promise to supply these needed services at the requisite levels because they will be unable to afford them.

C.-5

INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED

The National Governors' Association fully supports efforts to develop high-quality, comprehensive services for the mentally retarded. This requires the development of services and programs that offer appropriate alternatives to life-long institutional care as well as the improvement of necessary institution-based services.

The objectives of ICF/MR regulations (49 Code of Federal Regulations 249.11) generally are consistent with the effort to improve the quality of services provided in an institutional setting. However, the March 18, 1977, deadline for compliance with these regulations imposes a severe burden on the states, and ultimately on the retarded. Title XIX participation would be denied states even when good faith progress had been made toward the deadline, but because of circumstances compliance was not possible. The arbitrary nature of the deadline ignores the potential hardship to residents that may result from too rapid an implementation effort. Finally, the deadline does not permit the recognition of other program efforts on behalf of the retarded to improve service delivery and diminish the need for long-term residential programs.

The Association recommends that the regulations as modified by NGA recommendations shall become effective as standards for ICF/MR Title XIX participation. Provisions should be added to existing regulations to permit the Secretary of health, education and welfare to approve Title XIX participation based on reasonable, time-limited, corrective action plans. HEW's acceptance of these plans should be conditioned by:

2. Time-limited corrective action which provides for scheduled progress and allows for reasonable compliance deadlines for states entering the program after issuance of the 1974 federal regulations.
3. Reasonable assurance of state executive and legislative support.
4. Provision that states will not request federal financial participation for clients who remain in facilities that clearly are hazardous to their safety and well-being.
5. Recognition that a significant deinstitutionalization plan that calls for comprehensive community-based services may constitute a reasonable corrective action.
The Committee on Human Resources of the National Governors' Association has surveyed the nation's Governors on national welfare reform. It is clear that changes in the present income maintenance system are needed. The Governors believe that a new national consolidation of social benefits should be developed according to the following basic principles:

1. Income maintenance should be available under a unified program to all eligible people below an established minimum income level.

2. A national minimum payment level based on a national poverty level should be established, with provision for regional variations in the national minimum payment level to reflect differences in costs of living.

3. All recipients between the ages of seventeen and sixty who are not disabled, are not in secondary school, or do not have children under the age of six or older dependents requiring full-time care should be required to register for work at the time of application.

4. All registered recipients should be required as a condition of assistance to cooperate fully with employment programs and to accept employment within reasonable commuting distance at the applicable federal or state minimum wage.

5. Assistance recipients should be given equal consideration for public service or subsidized employment programs, and Congress is urged to consider the expansion of these programs, including community work and training, so that employment opportunities are made available to all those required to register for employment.

6. States should be authorized to establish work experience and training programs that would convert authorized maintenance payments into wages which would be earned by recipients doing public service work at the minimum wage.

7. Federal tax incentives designed to expand employment opportunities for the poor should be continued and increased.

8. Disincentives for work should be eliminated, and chronic dependency should be discouraged while self-sufficiency is stimulated.

9. A national income maintenance program should be developed in the context of thoughtful reform of all other social insurance programs (unemployment insurance, workers' compensation, social security). Such an approach should substantially remove inequities and encourage the proper development of a more basic insurance system.

10. There should be full federal funding at a federally mandated minimum benefit level with 75 percent federal aid available for the costs of state
supplemental payments and program administration. Consideration should be given
to the full range of administrative options.

The Association recommends that the Administration and Congress move
quickly to propose new welfare reform legislation that can serve as the basis
for a rational discussion of national welfare policy issues. Action is needed
to provide a stimulus to and a focus for solution of this national problem.
Such a proposal should address itself at a minimum to the following parameters:
a national payment and eligibility standards; coverage of all eligible individ-
uals; a rational administrative system; elimination of disincentives to employ-
ment; and fiscal relief for state and local governments. However, nothing con-
tained herein shall be an endorsement of a guaranteed annual income.

The Association believes that its staff and the Committee on Human Resources
should be involved actively in the evaluation of specific legislative proposals
and in the development of broad-based support for effective reform proposals.

The National Governors' Association commends the efforts of the Administra-
tion to develop a welfare reform proposal. The Administration has worked
closely with local and state governmental units throughout the development of
this proposal. This continuing interaction has had a significant impact on the
final proposal.

The Administration's plan is far-reaching, indeed audacious, in its aims,
and the Association applauds the proposal.

The National Governors' Association has called for the enactment of a
comprehensive program of national welfare reform that includes:

- Equity among the states;
- Adequate benefits to those in need;
- Fiscal relief for state and local governments;
- A strong work requirement with an emphasis on job creation;
- Consolidation of existing programs;
- Elimination of categorical distinctions; and
- Streamlining of administration.

Welfare is a complex problem and its solution will require a series of
compromises. In our view, the President's Program for Better Jobs and Income
is responsive to the goals and principles adopted by NGA, and we urge its
early and favorable consideration by Congress.

Changes in specific elements in the proposal are inevitable in the con-
gressional debate. We urge that Congress and the Administration continue to
work closely with the states in assessing and evaluating those changes. We
ask Congress, however, to focus on the basic principles of the Program for
Better Jobs and Income and to consider them carefully in their deliberations.
These are important principles which should be preserved.
NGA also endorses legislation designed to provide earlier fiscal relief and urges Congress to include provisions in the Program for Better Jobs and Income that will reduce state and local financial contributions to welfare over time. NGA believes that the states must play an important role in the administration of these programs, and we suggest that the legislation provide the flexibility and authority needed to make such a role possible.

Welfare reform, to be successful, must provide a simpler, more adequate, and more universal benefit structure; it must encourage and expand job opportunities; and it must provide a measure of fiscal relief. In our view, the President's program clearly is designed to meet these objectives.

Revised September 1977.

FOOD STAMP REFORM

The National Governors' Association is concerned about the rapid increase in the costs of the food stamp program and the reported high error rates in the determination of eligibility and benefit levels. At the same time, the Association is just as concerned about the unnecessary administrative complexities introduced by constantly changing federal regulations and by projected curtailment of available benefits to families still in need.

The Association favors a clear definition of program content by Congress, adequate federal financing, effective safeguards against fraud and simplified administrative and reporting requirements. Specifically, the Association urges Congress to adopt the following changes in legislation as the current food stamp program is modified:

1. Benefits should continue to be related to the nutritional needs of the individuals and families served.

2. Eligibility should be based solely on income and assets, and categorical eligibility should be eliminated. The existing system of variable deductions should be replaced by a single standard deduction which increases according to family size. This standard deduction should be increased for aged individuals or family members and should be applied to gross income less mandatory withholding (income tax, social security, union dues). Eligibility should be based on prior month or concurrent available income.

3. The purchase requirement for food stamps should be eliminated and the bonus value stamps should be distributed directly to eligible applicants.

4. The administration of the food stamp program should be transferred from the Department of Agriculture to the Department of Health, Education and Welfare to facilitate the development of administrative and reporting requirements which are compatible with present or modified public assistance procedures. The states should have maximum flexibility in administering the food stamp program. States with excessive error rates should be required to develop and carry out corrective action plans specifically tailored to the conditions in each state. The frequency of eligibility determination should be based on the frequency of errors in broad categorical groups and should not be set arbitrarily.
5. Food stamp recipients should still be required to register for employment and cooperate with employment efforts. Those people sixty years of age or older should be excluded from work registration requirements.

6. Food stamps should not be available to students from families that do not also qualify.

7. The current definition of households should be modified so as not to discourage eighteen-year-olds who work.

8. The requirement for cooking facilities should be eliminated for the elderly so that food stamps would be available for congregate meals and Meals on Wheels programs.

C.-8

CHILDREN'S SERVICES

The National Governors' Association recommends expanding current state child neglect and abuse laws to include emotional, physical and sexual abuse as well as neglect; provide for preventive and remedial measures, and not simply punitive ones; mandate reporting of suspected neglect by all people regularly coming into contact with children; and ensure coordinated reporting and service functions.

The Association urges the states to enact legislation requiring health insurance companies to begin coverage of children at birth. States should strengthen and support family foster care for children separated from their natural parents.

The Association 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. Health care providers are urged to make special efforts to provide this treatment. The Association also supports all efforts to assist in the elimination of nutritional deficiencies in children.

C.-9

EDUCATION

Universal education and the dramatic expansion of post-secondary education opportunities are among the most remarkable successes of the United States in the past century. In 1976, 89.2 percent of the children aged five to seventeen were enrolled in school. In the last sixty-five years, the median education attainment of persons aged twenty-five and older in the United States has increased from 8.1 years to 12.3, with the percentage of high school graduates increasing from 13.5 percent to 62.5 percent. Despite these successes, much remains to be done to sustain the quality and diversity of opportunity in the face of rising costs and competing public priorities, and to provide opportunities for still unserved or underserved special populations and persons with unique needs.
Within the federal system, the states are responsible primarily for developing the mechanisms for financing education and the establishment of policies to govern its delivery. While local education agencies are responsible directly for providing educational services, these agencies were created by state law, and over the years the states have provided an increasing percentage of the support for elementary and secondary education.

In 1975, 44 percent of the revenue for public elementary and secondary schools was provided by states. State appropriations for education, including post-secondary education, constitute more than one-half of state appropriations of tax revenues.

In recent years, a number of states have undertaken major reforms in financing elementary and secondary education. These reforms have been in response to pressures to equalize tax burdens and educational opportunity among school districts as well as to finance programs for students who have special needs, particularly educationally disadvantaged and handicapped students. Similarly, states substantially have increased support for programs of assistance to post-secondary education students in addition to providing for dramatic expansion of state post-secondary education institutions. Collectively, these state actions and policies constitute a national commitment to equality of educational opportunity which should be supported strongly and complemented by federal education programs.

The federal government also has increased substantially its commitment to education in recent years. Total federal education expenditures will reach $20 billion in 1978. But even with this commitment, there is still no consistent national policy in education. The federal programs are, for the most part, a collection of single-purpose statutes which reflect the needs of, and pressures from, elements of the public with legitimate but often narrow concerns. The states, on the other hand, have a constitutional obligation to provide public education to all students while attempting to meet special needs within this broader context. It is especially important that the Congress and the federal executive branch recognize in the making of laws and in their implementation that federal educational programs must be carried out in the context of a total educational system for which the states primarily are responsible.

States increasingly have been hampered in their efforts to carry out their educational responsibilities by the plethora of federal laws and regulations with often conflicting and uncoordinated eligibility standards, state plans, administrative structures and reporting requirements. The problems which the federal programs present for the states do not reflect differences in values or objectives, but rather that federal education programs are focused on single objectives rather than the entire educational system. The National Governors' Association believes that these problems, a number of which are described below, can be resolved. The result will be a better education for young Americans and a more efficient use of both federal and state resources.

Specifically, the Governors believe that federal statutes should be modified to remove existing restrictions on state initiatives to reform school aid systems and to provide programs for students with special needs. Further, federal statutes should recognize the diversity among the states in systems of finance and governance and should permit and encourage the coordination and integration at the state level of federal and state programs aimed at the same
substantive objectives. Finally, federal programs should not dictate administrative structures or procedures to be uniformly applied to all states in a manner that produces conflicts with long-established state statutes and policies.

The following specific recommendations regarding existing federal programs arise largely from these concerns:

1. **Definitions of State in Federal Education Statutes**

   Federal education statutes, especially those relating to elementary and secondary education, require that the state education agency be the unit responsible for the federal program within the state. The elected leadership of state general-purpose government—the Governor and the state legislature—is thereby limited in its authority to relate the federal program to other state priorities and concerns. The National Governors' Association recommends that federal education statutes be amended to make the definition of "state" and the establishment or designation of state agencies to administer federal programs conform with definitions as constituted by state law. Federal laws should detail the substantive objectives to be achieved through federal assistance and should leave to the states the determination of state structures and procedures to carry out the federal law.

   The National Governors' Association further recommends that Governors initiate a thorough reexamination of state statutes that assign responsibility for federal education programs to a state agency in a manner that limits the authority of the Governor and state legislature to relate the fiscal and legal commitments required by federal programs to other state priorities.

2. **Compensatory Education**

   The National Governors' Association recommends that appropriations for Title I of the Elementary and Secondary Education Act be increased to the authorized level. Because of inadequate funding, only about half of the eligible pupils currently are being served.

   The National Governors' Association further recommends that the Title I statute be amended to:

   - Concentrate federal funds on schools with a high incidence of disadvantaged children determined on a statewide basis;
   - Allocate federal funds to states on the basis of the most recent accurate data;
   - Allow states to combine Title I and state compensatory education programs to create a single, coordinated program to meet the educational needs of disadvantaged youth. (Title I should encourage, rather than discourage, development of state compensatory education programs which supplement the Title I program within the state.)

   The National Governors' Association further recommends that the federal statutes be amended to simplify, consolidate and provide for coordinated administration of the various federal compensatory education programs aimed at specific populations (Title I, bilingual education, etc.). These programs
should be better coordinated at the federal level to avoid fragmented and duplicative efforts to serve individual children who meet the eligibility criteria of more than one federal program.

3. Education of Handicapped Children

The National Governors' Association recommends that the Education for All Handicapped Children Act (PL 94-142) be amended to:

- Make the approval of the state plan by the U.S. commissioner of education a contractual obligation of the federal government to pay a specific share of the costs of the program;

- Eliminate the phase-in of federal authorizations to provide FY 1978 federal assistance equal to 40 percent of the national average per pupil expenditures for public elementary and secondary schools in the United States;

- Provide that the obligation of a state to meet the specific procedural requirements of PL 94-142 be deferred until such time as the federal government's contribution reaches the level of 40 percent recommended above;

- Maintain the mandatory pass-through of federal funds to local educational agencies, but authorize states to allocate the funds to local educational agencies on the basis of a uniformly applicable formula;

- Modify the detailed requirements for state agency supervision to leave the determination of state structure to the states;

- Modify the unnecessarily detailed procedural structures on due process to give states the flexibility to establish procedures consistent with unique state circumstances, provided the substantive requirements of the federal law are met; and

- Clarify the congressional intent that the development of the required individualized educational program is to be a process for involving the parent, child, and school system in the formulation of an educational program, not a legal adversary proceeding.

The National Governors' Association further recommends that Governors examine thoroughly the costs to a state of the legal commitments and procedural provisions of PL 94-142 in comparison to the dollars the state will receive under the program. The decision of a state to participate in PL 94-142 should be made consciously on the basis of the benefits for handicapped children that will result from the program.

4. Post-Secondary Education Student Assistance

Government must do everything possible to limit increases in the cost of both public and independent higher education in order that cost increases are not merely passed along to students and their parents in the form of tuition and tax increases. New incentives must be developed for families who are not only incapable of affording the phenomenal escalation of tuition costs, but
also are unable to obtain substantial student aid. The Governors advocate federal and state tax incentive plans to encourage families to save for their children's higher education costs. Such plans would permit parents to make limited contributions to trust accounts created for the support of their dependent's higher education. These contributions would be tax deductible by the parents in the year of contribution and applied as taxable income to the dependents after the completion of their higher education.

The National Governors' Association strongly endorses efforts to achieve a better coordination of federal, state, and institutional student assistance. Specifically, NGA urges that there be:

- A common calendar for management of federal and state student assistance programs;
- A common application form; and
- A uniform methodology for determining a student's need for assistance.

5. Administration of Federal Education Programs

Education has been and continues to be a major priority for state government. During the past decade, as the federal role in education has expanded, federal policies have frequently limited the ability of state governments to administer a broad range of education and education-related programs most suited to the needs of individual states. It has become evident that a more distinct focal point and an increased opportunity for the involvement of Governors and state governments in the formulation of federal education policy are essential in order to improve coordination and cooperation among all levels of government.

The National Governors' Association believes that the creation of a federal Department of Education may effectively promote this objective. Properly structured, such a department could strengthen the federal, state, and local partnership in education.

A federal Department of Education, if created (or the federal agency responsible for education programs, wherever that responsibility is found), must:

- Include a high-level access point for Governors and other state and local policy makers, such as that incorporated in the position of deputy under secretary for intergovernmental affairs within the Department of Health, Education and Welfare;
- Involve and ensure consultation with Governors in the formulation and implementation of policies of direct importance to the states;
- Better coordinate the administration (policies, definitions, reporting requirements, et cetera) of separate offices within the agency, such as the Office of Civil Rights and the Office of Education (currently within HEW), that have direct impact on state agencies, schools, and students in the states;
- Identify the estimated costs and policy impact on states, schools, and post-secondary institutions of proposed policies, programs, regulations, or surveys before these are implemented; and

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Provide for delegation of responsibility to state governments for administration of federal programs whenever this option is authorized by statute.

Adopted September 1977; revised August 1978.

C. - 10

EMPLOYMENT AND TRAINING

Fundamental Principles

The Governors recognize that a cohesive, comprehensive approach to employment and training is not yet a reality in this country. NGA's statement of policy provides a balanced framework which considers the interdependence of labor supply, demand, intermediaries, and costs. Employment and training programs must be considered in relation to numerous other federal, state, and local efforts to (1) meet the economic and career needs of individuals for personal satisfaction through employment and income and (2) develop and allocate human resources in the production of goods and services. Although the operation and specific activities of employment and training programs vary among the states, the following basic policies provide the foundation for an integrated approach to these programs.

To prepare people for employment, training and education programs must be available to enable individuals to develop and maintain marketable skills for jobs that exist now or are expected to exist in the future. These programs must be open to everyone, regardless of race, religion, national origin, sex, age, or handicap. There must be education and training systems to meet the needs of persons unable to complete formal education programs. Primary support services, available through health and social service agencies, should be utilized to assist those least able to compete in the labor market. Employment and training programs should prepare individuals for jobs that yield income above the poverty level. The match between training and jobs, between supply and demand, is essential. State and local program effectiveness is influenced by national economic policy, international trade policies, income maintenance, education, state economic development policy, and other social policies. Employment should be available to all who are willing and able to work. However, such employment should be a part of a set of planned, sound economic growth policies.

Improving the job supply requires that the federal government develop policies to stimulate an increase in private-sector employment. The federal government should provide employment impact analyses to officials in state and local government when national policies are to be changed. Reliable fiscal and program data are necessary for state decision making and coordination of supply and demand in employment and training programming.

Reducing cyclical and structural unemployment will require concepts of equal employment opportunity in the job creation initiatives. Transition to unsubsidized employment, enabling the individual to become self-sufficient, should be the ultimate goal of public service employment.
To provide assistance that will enable individuals to enter the labor market and maintain employment, state and local government must assume a more dominant role in determining policy and providing direction to programs. There must also be improved definition and coordination of responsibilities among various levels of government, agencies, and organizations.

The federal government should be responsible for developing a coordinated framework of a total employment system. State government should be given the authority and flexibility to adapt federal policies and authorizations to the economic and social characteristics of the state. Local governments and consortia of local governments should be responsible for the delivery of employability development services, except in sparsely populated areas where states are best equipped to provide services. Citizens should be involved to the fullest extent possible in planning and evaluating programs and related services.

The states can perform a critical and unique set of functions in the intergovernmental framework. One of the pivotal roles for the states is data collection and dissemination of information. A strong state information capacity is necessary to determine the basic levels of service and financial support needed to sustain national employment policies and program implementation of those policies within states.

Employment represents the focus of meaningful long-range planning within the states. In the context of comprehensive state planning, Governors should be given clear responsibility to review and coordinate employment, welfare, education, social insurance, rehabilitation, economic and community development, corrections, and health manpower programs. This state planning and coordination role is essential to help direct all government intervention programs toward producing a skilled and employable citizenry and a corresponding availability of employment opportunities.

Annual employment review statements that include state employment goals, the economic outlook for the year, areas of potential growth or decline in employment, and the expected effect on individuals, industries, and communities should be used as the basis for intrastate review and planning. State employment goals should guide the administration of all programs, regardless of the source of funding or administrative mechanism used to provide direct services to individuals. Employment review statements can also provide a basis for a rational system of self-monitoring and evaluation of all employment-related programs within the state.

In the distribution of financial responsibility, federal allocation formulas should consider the geographic location of unemployment, include a need index for targeting funds, and provide sparsely populated states guaranteed minimum base funding levels. Funds should be allocated from the federal government to the states and, where appropriate, local governments, through forward-funded, noncategorical grants.

Policy Recommendations

During the coming year, Congress and the Administration have the opportunity and responsibility to exercise leadership in developing a more coherent framework for employment and training programs and activities. The following recommendations are made to provide direction for a 1978-79 legislative program that is consistent with National Governors' Association policies.

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NGA has repeatedly stressed the need for improvements in the employment and training delivery system, most recently in testimony to Congress on welfare reform and reenactment of the Comprehensive Employment and Training Act (CETA). Legislative revisions to the Wagner-Peyser Act constitute an essential element in strengthening the capabilities of state and local governments to respond to the employment and training needs of unemployed and underemployed citizens. NGA is pleased that Congress has indicated a commitment to review the operation of the federal-state employment service with a view toward improved delivery of labor market services.

NGA endorses the following principles for incorporation in a legislative reform of the Wagner-Peyser Act:

1. The primary purpose of labor market services should be to improve the operation of labor markets in fulfilling the employment needs of jobseekers and employers. This purpose can best be achieved through a two-tier approach to the delivery of employment assistance services. The first tier of services should consist of basic labor exchange services available to all jobseekers and employers. The second tier of services should be oriented toward providing special employment services to employers and serving individuals experiencing particular problems in obtaining unsubsidized employment.

2. Services that should be universally available to all jobseekers through a statewide network of public employment offices include employment-related intake, registration, and interviewing; assessment, counseling, and testing; job information, job referral, and placement services; career guidance; administration of work test requirements for recipients of unemployment insurance; and referral to training and supportive services. Services that should be available to employers, labor unions, and community organizations include, as appropriate, listings of job openings; screening, selection, and referral of qualified applicants; assistance in the development of employer-sponsored training programs; technical assistance in job design and restructuring to stabilize and expand employment; and labor market information and technical assistance in developing programs to ensure equal employment opportunities. These basic labor exchange services should be financed through forward-funded block grants to Governors, preferably out of federal unemployment tax revenues. Funding considerations should include the size of the state labor force, the extent of unemployment within each state, and the minimum base funding needs of small and rural states. Funding continuity should be ensured through a hold-harmless requirement on a significant percentage of each state's annual allocation. In no case should an individual state's allocation be reduced from present funding levels. A system of administrative rewards should be provided for those states that achieve high levels of productivity or demonstrate superior performance in the delivery of labor exchange services.

3. In addition to basic labor exchange services, states should be responsible for planning and administering special employment assistance programs designed to facilitate the entry of youth into the labor force, support economic development in economically distressed areas, promote the development of state strategies that integrate a variety of state-oriented programs into a coherent framework for meeting unmet employment and earned income needs, and provide
special labor market services not otherwise adequately available to individuals experiencing particular difficulties in the labor market. Special labor market services should also be available to employers to help them eliminate institutional barriers to employment through job restructuring, assistance in the development of affirmative action programs, test validation, development of flexible work schedules, and other activities designed to facilitate the employment of the so-called hard-to-employ population. Grants to Governors for special labor market services and programs should be financed out of federal general revenues and distributed based on consideration of the problem of structural unemployment.

4. States are in a unique position to provide for the effective planning and administration of labor market services and programs and to ensure coordination of employment-related programs within local and statewide labor markets. Governors should be given responsibility for the development of state employment assistance plans that identify the employment needs of citizens within the state, describe local and statewide labor market conditions, and describe services and activities to meet identified needs. Governors should be allowed maximum flexibility to develop appropriate administrative arrangements for the delivery of services within local labor markets, including the flexibility to administer programs directly through state agencies or to negotiate third-party subcontracts to provide certain services in a local labor market area. In order to ensure coordination of labor market services with other employment-related programs, employment assistance plans should be developed in conjunction with state plans required under the Comprehensive Employment and Training Act and should draw upon the cooperation and input of local CETA prime sponsors, community organizations, vocational education agencies, businesses, and organized labor. It is also essential that the federal government institute common planning cycles, common terminology, and forward funding of allocations in order to achieve a more rational delivery system.

5. Separate funding should be provided to Governors to carry out programs of job search assistance for welfare recipients and participants in federally funded employment and training programs. Job search assistance programs should be designed to help eligible individuals obtain unsubsidized employment. They should include such activities as job development, orientation to the labor market, job search workshops, job search and relocation allowance, follow-up counseling and referral, and other activities that help individuals attain self-sufficiency in the labor force.

6. Labor market information is a critical element in the effective planning and administration of a variety of economic development, education, and employment-related programs. The secretary of labor should be responsible for the development of a national system for the generation, compilation, and dissemination of labor market information. Financial assistance should be provided to Governors through a consolidated grant mechanism for the development of labor market information necessary to ensure proper and effective planning and administration of state and local employment and training programs.

7. Regulatory and enforcement functions currently assigned to the federal-state employment service system are inconsistent with the role of a public labor market intermediary. To the extent feasible, these enforcement responsibilities should be transferred to appropriate federal and state regulatory agencies, and state enforcement of federal regulatory requirements should be subject to
negotiation on a cost-reimbursement basis. Similarly, eligibility certification for food stamp recipients represents an extraordinary program cost and should be subject to appropriate cost-reimbursement agreements.

The Incorporation of Work and Training Requirements in Welfare Reform

One of the critical issues facing the nation concerns the services and direct financial support that should be available to economically disadvantaged individuals. The Governors recognize that basic income maintenance for the most needy citizens exceeds the capacity and responsibility of state and local governments. So too does the responsibility for financing programs to provide employment and training opportunities for individuals who are able to work and achieve self-sufficiency.

Each state should be required to develop a work incentive and training program that would eliminated the individual's dependence on the income maintenance system by increasing his or her ability to obtain and hold unsubsidized employment.

Because of the wide variations among the states in economic and labor market conditions, each state should have sufficient flexibility to provide the services that are best suited to meet the needs of its citizens. However, the program should be subject to approval by the federal government and should contain the following minimum requirements:

1. The program must provide a broad mix of training and job development alternatives, which could include job training in concert with private industry, education, and vocational training.

2. Sufficient federal funds should be available to provide employment and training opportunities for the individuals expected to work. Physical or mental disability, enrollment in secondary school, and care for dependents demanding full-time attention are recognized as legitimate reasons for exemption from a work requirement. If a state demonstrates that certain prevailing conditions, such as a high unemployment rate, make mandatory participation of other groups not feasible, the federal government should waive the work requirements for those groups.

3. The program must provide for optimum utilization of existing state and local mechanisms for the delivery of employment and training services. Whenever feasible, the CETA prime sponsor network should be used to develop public service employment job sites and provide training for individuals expected to work.

4. The program should offer services on a statewide basis to all eligible applicants.

5. The program should be subject to a public hearing mechanism prior to submission by the Governor to the federal government.

If funding for direct job creation and training programs is insufficient, states should have the option to pay employers of welfare recipients that portion of the income maintenance grant that the individual would otherwise have received. Community service training projects should also be an option if the mandated hours of participation do not exceed the amount of the grant divided by the minimum wage.
The fulfillment of the above requirements will depend on an adequate level of federal/state funding. The funding mechanism should be in the form of a block grant based primarily on the number of recipients to be served.

Renewal of the Comprehensive Employment and Training Act

By the end of 1978, Congress will have reenacted the Comprehensive Employment and Training Act which provides funds for employability development and job creation services targeted to disadvantaged individuals. The implementation of programs under the reenacted legislation should maintain and strengthen the decentralized, decategorized concepts envisioned in the original 1973 legislation.

Only programs that are interstate in scope or critically influenced by federal laws should be administered at the national level. Examples of the above include programs for migrants, Native Americans, and immigrants.

Public service employment jobs should be equitably distributed within a local area to units of government based on each unit’s pro-rata share of the public workforce.

The Department of Labor should undertake an intensive evaluation of the management information systems currently used in all federally funded employment and training programs. This assessment is necessary to ensure that appropriate data are being collected to meet congressional evaluation needs; to ensure commonality of key data definitions among the various programs; and to ensure that data generated from management information systems are available on a continuous basis at the state level to facilitate effective program monitoring, review, and self-evaluation.

Consortium arrangements should only be approved by the federal government after review and approval by the Governor. This measure is necessary to ensure that such arrangements are compatible with interstate labor markets and accepted substate delivery mechanisms.

The implementation of the new private sector initiative program throughout the country should be closely coordinated with Governors to ensure that designated program areas encompass labor market areas. This is particularly critical in local labor markets that contain multiple prime sponsors. The success of the program will be highly dependent upon the ability to provide services within an entire labor market area, irrespective of local prime sponsor jurisdictional boundaries.

Unemployment Data

Current methodologies for determining state unemployment rates are inadequate. The margins of error affect the distribution of federal funds and undermine public confidence in the ability of state governments to measure monthly changes in their economy.

Because billions of dollars in federal funds are allocated based on unemployment data, steps must be taken immediately to obtain accurate state unemployment rates. Pending the report of the National Commission on Employment and Unemployment Statistics, NGA urges that the secretary of labor take the following steps:
1. Obtain funds for the expansion of the current population survey in order to have a statistically reliable base for the calculations of unemployment rates.

2. Provide for quarterly benchmarking of preliminary state unemployment estimates to current population survey data.


Unemployment Insurance

The unemployment insurance (UI) program has undergone rapid and significant changes in recent years. During the recession years of 1974 and 1975, unemployment insurance was one of the primary means of combating the disruptive economic effects of massive unemployment. Coverage was broadened to include millions of previously uncovered workers. Benefit durations were extended up to sixty-five weeks, and the role of the program was changed dramatically as emergency federal benefits programs were superimposed on existing state programs. NGA is concerned about the lingering impact which these emergency measures have had on the character of the unemployment insurance system.

NGA recognizes that a job insurance system should be a critical component of our national employment and training policy. Distinctions between unemployment insurance and social welfare programs should be defined based on the degree of an individual's attachment to the labor force. The purpose of the UI program should be to provide benefit entitlements for insured workers to compensate for income lost due to frictional or cyclical unemployment. The needs of the long-term unemployed and individuals who lack substantial attachment to the labor force cannot be met properly by the UI program and should therefore be addressed through other employment and training mechanisms.

NGA urges the National Commission on Unemployment Compensation to thoroughly examine all aspects of the unemployment insurance program, with an eye toward establishing basic underlying principles that should guide the future of the UI program.

NGA suggests the following principles for consideration by the National Commission on Unemployment Compensation:

1. Unemployment compensation is not a substitute for productive employment. The program is ill-equipped to deal with the needs of the long-term structurally unemployed. Program emphasis should be on maintaining workers' income during temporary, short periods of involuntary unemployment.

2. The UI program should provide maximum assistance to unemployed workers in finding new employment. Financial incentives should be structured to strongly encourage claimants to undertake intensive job search activities, taking into account the earning potential and previous training of the individual.

3. Unemployment insurance should continue to be an "earned right" limited to workers who have demonstrated a substantial attachment to the labor force.

4. Unemployment compensation benefits should be considered in calculating benefit entitlements under other income maintenance and social insurance programs in order to maintain appropriate work incentives.
5. Unemployment insurance should be financed to foster stable employment practices, encourage job expansion, and promote economic growth in all regions of the nation.

6. State funding of the unemployment insurance program should support benefit payments during the first twenty-six weeks of unemployment, and federal funding should finance half the cost of benefits from the twenty-seventh to thirty-ninth week.

7. Income maintenance for individuals unemployed longer than thirty-nine weeks lies outside the proper domain of the UI program. Any benefits provided for these individuals should be subject to needs test eligibility requirements and should be financed out of federal general revenues. States should have the option to implement innovative work and training programs for long-term unemployed individuals, including the flexibility to divert benefits to wages and training stipends for limited periods of time.

8. The federal-state relationship in the UI system should be structured to allow states flexibility in determining benefits and eligibility standards in accordance with minimum standards set by the federal government. Benefit standards should take into account the relationship between benefit levels and average wages paid in a state.

NGA also urges the National Commission on Unemployment Compensation to examine the institutional structure in which the current unemployment insurance benefit payments and, particularly, the job search activities are conducted. This assessment is needed to assure that recipients of unemployment insurance and other individuals seeking employment are provided job-seeking services that are commensurate with their needs in the most efficient and effective manner possible.

While NGA strongly supports extensive study of the UI program by the National Commission on Unemployment Compensation, reforms in the financing of the programs should not be delayed pending the completion of the commission's work. Of particular concern to NGA is the dampening effect which payroll tax increases produce on the national economy, particularly with respect to expansion of private sector employment. While NGA recognizes the need for adequate financing of social insurance programs, recent increases in social security and unemployment insurance taxes pose a threat to sustained economic growth by contributing to the dual problems of inflation and unemployment. The depletion of state and federal unemployment insurance reserves caused by the recent national recession represents a particular problem in this regard. Attempts to restore solvency to the federal-state unemployment insurance system by increasing UI taxes may be at the expense of the expanded employment necessary to support continued economic recovery.

NGA therefore urges Congress and the Administration to consider the use of federal general revenues to finance extraordinary federal and state unemployment insurance costs as an alternative to escalating payroll taxes. Specific measures that NGA endorses in this regard include: (1) retroactive general revenue financing of federal supplemental benefits and (2) implementation of a reinsurance system that will reimburse states for a portion of excess benefit costs incurred during the 1974-75 recession and relieve states from bearing the full costs of future national economic recessions.

Adopted September 1977; revised August 1978.
NON-DISCRIMINATORY TREATMENT

The National Governors' Association urges that federal programs and legislation in the human resources area be revised to provide non-discriminatory treatment for the people of the Commonwealth of Puerto Rico and the territories.

The Association supports the removal of ceilings on the amount of federal Medicaid expenditures, of "set-asides" on the amount of federal education expenditures, and of formulas which do not treat Puerto Rico and the territories in the same way as the states. Each state should develop and administer all its programs in a completely non-discriminatory manner.

LONG-TERM CARE

As early as the 1950s, states, recognizing the need for expanded services to the elderly, mentally ill, and mentally retarded, began implementing community-based services for these groups. In the mid-1960s, with the advent of federal categorical health programs (especially Medicaid and Medicare), the development of community-based programs was curtailed. The new emphasis was on publicly supported institutional treatment, with little federal money going to state institutions for moving patients into the community. Governors have the primary responsibility for long-term care. As such, we see a number of problems with the current emphasis:

- Classification of patient on the basis of category rather than diagnosis of necessary treatment;
- Lack of public confidence in institutional care;
- Federal Medicaid reimbursement biases against non-medical and non-institutional care; and
- A lack of continuity of care caused by fragmented federal programs and compounded by complex and irrational federal regulations and guidelines.

Such federal mandates encourage the most expensive form of medical services (institutionalized care), forcing states to reallocate available resources to meet these demands while leaving states with inadequate service alternatives.

While institutionalized care is a vital component of the essential health and social care needed by this sector of our population, the needs of the elderly, mentally ill, and mentally retarded often are multifaceted and can be addressed adequately only by an interdisciplinary package of services.

Public medical dollars are channeled into categorically funded institutional settings. Yet there is widespread belief that neither the quality of care nor the quality of life are being improved substantially. This emphasis on narrowly defined, institutionally based programs limits state government's ability to support other necessary services. Such other services, especially early preventive health care, could eliminate the need for later, more costly, institutional care.
The Governors believe the individual's best interest can be served most effectively through a more comprehensive examination of personal needs and an improved delivery system. A strict medical model, as now is encouraged by federal policy, often inhibits the development of community-based programs of residential and habilitative care. Such systems must integrate the social and medical needs of this constituency. We call upon the federal government to encourage—rather than continue to stifle—such programmatic design flexibility.

States must have the necessary financial and programmatic tools to provide appropriate alternatives to institutionalization. Only through such flexibility can Governors serve the best interests of the individual—interests that require a more comprehensive examination of personal needs and an expanded delivery system. The apparent lack of continuity of service in state and local long-term care reflects the myriad of federal categorical grants, requiring seemingly endless paperwork because of rigid and unnecessary regulations.

The Governors call for flexibility in the rigid federal structure to allow, in addition to medical care, for the provision of housing, community development, transportation, rehabilitation, employment, recreation, manpower development, and other basic supportive development services as appropriate and needed by the individual.

Alternative approaches should emphasize patient care in the community as a more humane, non-institutional treatment that allows individuals' needs to be met by a network of community-based programs. Such programs would be geared to each person's special needs.

The Governor should have the flexibility to develop an inter-disciplinary state plan of human resources programs, reflecting the urgent and unique demands of his or her state. The Governor would be required to develop a community-based delivery system incorporating all facets of social and community programs. Under such a system, the Governor could build upon the expertise of all service-providing units of state and local government. The Governor should be allowed to delegate responsibility for implementation of such a comprehensive service plan to any appropriate state or local agency.

The Committee on Human Resources will continue to develop a detailed legislative proposal encompassing comprehensive medical and social components to address the needs of the elderly, mentally ill, and mentally retarded. The National Governors' Association encourages the executive branch and the Congress to work closely with the Committee on Human Resources in this endeavor.

Adopted September 1977.

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CHILD ABUSE AND NEGLECT

Child abuse and neglect are complex problems whose historical roots stretch back through the centuries. Unfortunately, even in our modern age, abuse and neglect are still common. Thousands of children are abused and neglected, sexually assaulted, and battered by parents and others responsible for their care and well-being.
Abused and neglected children and their families require a complex of social services provided at the state level which frequently are fragmented and uncoordinated. No single agency or person currently is adequate to assure that all services are coordinated. The lack of continuity and coordination may lead to tragic oversights.

As Governors, we are responsible at the state level for coordinating human services in developing policy alternatives for child protection and reversing the trend toward family disintegration. Such action at the state level can help to achieve these goals by eliminating bureaucratic problems within our own human services agencies. Individually within the states, we must continue to meet these responsibilities to provide better and well-coordinated services.

In addition, at the federal level, the National Governors' Association urges the Congress to continue its support for research, demonstration projects, and grants to states to help to understand, treat, and prevent child abuse and neglect through reauthorization of the Child Abuse Prevention and Treatment Act. NGA urges the Congress to act promptly in reauthorizing the act and in providing allocations to the states for the development and implementation of treatment programs.

Adopted September 1977

Rights of the Handicapped

The National Governors' Association strongly supports equal opportunity for all citizens and supports the spirit and purpose of Section 504 of the Rehabilitation Act of 1973, as amended by Section 111(a) of the Rehabilitation Amendments of 1974. However, compliance with these regulations is likely to prove costly. The cost ultimately must be borne, for the most part, by government. The Governors urge that the federal government provide technical assistance and financial aid to make full compliance possible. The Governors recognize that implementation will require the careful testing of alternatives and mandates. We believe that the resulting issues can best be resolved through cooperative efforts based on a frank and open discussion between the states and the federal government. The National Governors' Association offers its assistance to help resolve these problems.

Adopted September 1977

Health Planning

The National Governors' Association is interested in developing a viable system for the formulation of health policy in each state. NGA hopes that the National Health Planning and Resources Development Act of 1974, as amended (Titles XV and XVI of the Public Health Service Act), can work as a policy development tool for both the state and national levels of government.
To survive, the health planning system envisioned by the federal law must focus on the development of public policy. The National Governors' Association is concerned that some of the more restrictive provisions of the law may prevent such a focus. To encourage coordination between state and national health policy making, the National Governors' Association urges that the National Health Planning and Resources Development Act of 1974 be amended to reflect the following concerns:

1. The process by which health service areas are designated should allow the Governor to define such areas, consistent with other substate planning districts.

2. No health systems agency (HSA) should be designated or redesignated without the prior approval of the Governor of the state (or states) in which the agency will be asked to function. In no case should an HSA be designated finally without prior approval of its health systems plan by the state health planning and development agency.

3. Public health systems agencies should be given the same degree of autonomy as is granted private, nonprofit agencies. Public HSAs should not be required to delegate authority and responsibility to separate governing bodies.

4. When an entire state has been included in a single health service area, the law should allow the state more latitude in designing a health planning system that will avoid duplication and overlap between state and local agencies. In addition to the possibility of a single, statewide HSA, the national statute should allow either that no HSA be designated for the state or that criteria be waived to allow the designation of more than one area, as negotiated by the Governor and the secretary of health, education, and welfare.

5. In general, the federal statute should be amended and administered to allow the Governor to design and manage a health policy planning system that is consistent with state law and custom.

6. The federal statute should recognize the Governor's constitutional responsibility to act on behalf of the state that he or she governs. All final actions by state government, such as regulatory decisions, approval of plans, and the expenditure of public funds, should remain the responsibility of the Governor.

7. The role of the statewide health coordinating council (SHCC) in the review of the expenditure of state funds should be to advise the Governor and the state legislature prior to the completion of the appropriation process.

8. Federal statutes should not require a health planning agency to undertake procedures or functions that are contrary to the state constitution or law.

9. The National Health Planning Law should forbid the secretary of health, education, and welfare from acting on the recommendation of an HSA that will result in major changes in a state's health care system without prior approval of the recommendation by the Governor.

10. At the discretion of the Governor and with the approval of the secretary of HEW, the Governor of any state should be permitted to assume the responsibilities of the secretary specified in Titles XV and XVI.
11. The state health plan required by Title XV must be approved by the Governor if it is to become a policy document of state government. The plan must be developed by the agency (or agencies) of state government designated by the Governor and must be coordinated with the categorical health plans required by other federal and state statutes. The federal statute can appropriately require this coordination but must avoid specifying the structural relationships between the state health planning and development agency and other agencies of state government. Most states have recognized the need for coordination between policy planning and categorical health planning and have worked diligently to ensure that every voice in the medical care sector is heard in the policy-planning process. Detailed structural requirements in the federal law are therefore unnecessary and would, in many cases, require a state to reconstruct a carefully designed and workable planning mechanism.

12. The law should encourage statewide health coordinating councils and HSAs to assure adequate representation of mental health and retardation interests in the composition of their governing boards.

13. Any amendment to the federal law that may require alteration in state laws should be made effective no sooner than three years after the amendment is passed. This period of time is necessary to ensure that each state government can act in a timely fashion to provide for compliance with any new federal requirements.

The National Governors' Association also is concerned about the low priority implied by the modest amount of funds appropriated for state-level activities under the national health planning law. The Association urges the Administration to seek, and Congress to appropriate, funds commensurate with the duties assigned to the states by Titles XV and XVI.

The National Governors' Association pledges its continued support for the development of a coherent state and national health policy-making system. The NGA staff will be available to the Administration and Congress to assist in achieving this goal.

Adopted September 1977; revised August 1978.

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MEDICAL CARE COST CONTAINMENT

The National Governors' Association finds that recent inflation in the cost of medical care is an unreasonable and unnecessary burden on society. The cost of medical care is causing serious dislocations in the national and state economies. The current level of expenditure on medical care will require us, as a nation, to forego the production and purchase of other needed goods and services in order to finance this sector of the economy.

Based upon the experience of several states, the National Governors' Association is convinced that the problem of hospital costs is complex and not amenable to simple solution. For this reason, the Association urges the enactment of a strong national statute that establishes a joint federal and state government cost containment program. The National Governors' Association recommends the development of a cooperative program that includes a common report-
ing system and is based upon the decisions reflected in each state's health plan and medical facilities plan. Without common reporting, we will be unable to judge the success of a cost containment program; without a basis in state plans, decisions made through a cost containment program can create serious discontinuities in the development of a state medical care system.

To succeed, a medical care cost containment program must have at least the following characteristics:

1. In recognition of the differing needs of states for the development of health services, budgets for medical care expenditures within each state should be individually negotiated within a cost containment program.

   • Such a program must include a national capital expenditure target which will be achieved through state government capital expenditure review programs.

   • Cost containment must include an enforceable limit on annual increases in the revenues available to covered providers.

   • A cost containment program must provide for the reallocation, through the state health planning system, of any medical care resources whose current utilization is no longer appropriate.

   • The program should include incentives for effective state government administration and should allow states that do not have existing cost containment programs to develop such programs as long as state standards are at least as restrictive as the federal requirements.

2. As a regulatory program, cost containment must vest authority and responsibility in appropriate state government agencies and officials.

The National Governors' Association urges the enactment of a national hospital cost containment program as a first step in the reform of the medical care system. NGA offers the assistance of its staff to the Administration and the Congress in the design of such a program, and urges each Governor to make such assistance available from his or her own staff.

Adopted September 1977.
system of support for services to the aged. We believe that the heightened national awareness of and attention to the problems of older people, which have found concrete expression in the Older Americans Act, must continue to grow.

Population studies indicate that the number of older Americans has increased and that older Americans are living longer. An analysis of trends shows that every four years an additional 1 percent of all Americans will be over age sixty-five. Today, one in every five older Americans is in need of supportive services in order to remain in the community. The need to ensure decent and dignified lives for older people has become a major national issue, with economic, social, and political dimensions.

The network of planning and service activities at state and local levels established by the act is beginning to acquire the capacity for truly effective advocacy and is beginning to create the system of programs and services to assist older people in areas affecting their health, mobility, economic status, and personal independence. The network must continue to enlist community and other resources into the service of older Americans so that their growing needs are met more fully.

We believe that this intergovernmental partnership should be nurtured and strengthened toward the goal of a fully integrated service system that recognizes the need for a holistic approach to all the needs of older Americans.

To assure that this growing commitment to advocacy and service is carried out, the National Governors' Association recommends that the Older Americans Act be reauthorized for a three-year period.

The funding of the act must be increased to ensure that states have the capacity to fulfill their expanding responsibilities for programs, administration, coordination, and advocacy on behalf of their elderly citizens. Funding to the states should be allocated in a way that is equitably related to their changing aging populations.

Specific Statutory Recommendations

Specific recommendations on reauthorization, including both reaffirmations and new directions, which NGA urges the Congress to adopt, include:

Title VII - Nutrition Programs. A separately authorized home-delivered meal program should be administered through the Older Americans Act network and be made available to specified populations of non-elderly.

To ensure the integrity of the meal component of the nutrition program, the 20 percent limit on use of Title VII funds for "supporting services" should be continued.

Means Test Prohibition. Because the Older Americans Act attempts to respond to needs and problems arising from the social, psychological, and physical consequences of aging--needs that often exist regardless of personal income--it is appropriate and essential that Older Americans Act services continue to be available to people without a test of means. The success of the current law's provision regarding an "opportunity to contribute" proves
that services can be extended to those in greatest need without resorting to a policy of exclusion based on income.

Biennial Planning. The Older Americans Act should authorize a biennial planning process in order to encourage setting longer-range goals, realistic priorities, and more effective overall administration.

Title III/Area Agencies. Advocacy, planning, and program development should continue as the principal focus of the area agencies on aging (AAA) where these are in place. The law should not require creation of area agencies for all planning and service areas (PSAs). States must retain the option for direct administration when they determine that this approach will more effectively foster a comprehensive and coordinated system of local services.

The current limitation on direct services by area agencies should be continued, except where, in the judgment of the state agency, consideration of service quantity and quality requires the direct provision of such service.

Match provisions under Title III should be made uniform at 90/10 for all functional categories.

Title V. Title V of the OAA should be converted into a state formula grant program with state option on the distribution of funds.

Title V should be revised to cover the costs of new construction where there is no available facility suitable for renovation or alteration.

Part B of Title V should be reauthorized and amended to provide funds for operating costs, including staffing grants. In addition, this funding should be ongoing, and federal financial participation should be constant at 90/10, similar to Titles III and VII.

Structural Considerations

There are some structural considerations that NGA believes must be strongly supported by the legislative intent, though not in every instance written into the statute.

State and local decision making that involves the participation of older people themselves is and must remain the keystone of the Older Americans Act. The success of this local planning concept, however, must be supported by an intergovernmental partnership. This, in turn, demands a federal Administration on Aging (AOA), which can serve as an effective and visible focal point for programs for the aged on the federal level. The AOA should have primary responsibility for administering all age-specific service grants and programs, as well as the authority and capacity to represent the interests of older people in other federal programs, policies, and regulatory decisions that affect the elderly. To this end, the National Governors' Association recommends:

1. In addition to administering all the titles of the act, including Title IX, the AOA should, as the federal focal point, be given responsibility for the senior volunteer programs now administered by the ACTION agency. We
believe that this transfer of the Senior Companion, R.S.V.P., and Foster Grandparents programs will promote greater senior visibility, increased coordination, less duplication, and a strengthened system of services for and by seniors.

2. The OAA should give the Administration on Aging explicit authority and responsibility to advocate effectively on behalf of its constituency, older Americans. A strengthening of AOA's review and comment role with respect to other federal programs and policies affecting the elderly is essential to fulfilling this responsibility.

3. The placement of AOA within the Department of Health, Education and Welfare should be consistent with its role as the principal reviewer of federal decisions affecting the elderly.

4. The funding and staffing of AOA must be established and maintained at a level that is adequate to assure the effective and consistent discharge of its grants administration and advocacy responsibilities.

5. The federal Council on Aging should be supported in its role as adviser to the President.

State Responsibilities

In order to assure maximum coordination and responsiveness to local needs and opportunities, states must have the primary responsibility, the necessary authority, and sufficient funding to assure that federally funded programs and services aimed at the elderly are administered and implemented effectively. Accordingly, the National Governors' Association recommends:

1. In cooperation with the area and local network, states should have primary responsibility for the planning, policy development, priority setting, and evaluation that govern Older Americans Act activities within their respective jurisdictions. To realize this more fully:

   • Federally mandated priority services should be removed from Title III to assure responsiveness to state and local priorities and needs. If Congress deems it appropriate to identify overriding national priority services, these should be authorized and funded under separate titles.

   • States should be assured increased authority over the awarding of grants and setting of policy regarding training (Title IV-A), research (Title IV-B), multidisciplinary centers (Title IV-C), and model project grants (Section 308 of Title III).

   • Title V funds should be allocated as a formula grant to the states, rather than awarded at the discretion of the commissioner.

2. The role of the designated state units as the advocates and representatives of the interests of older citizens in state-level decision making should continue to be strengthened. At a minimum, state units should be afforded a meaningful opportunity to review and comment on all major state plans, policies, and decisions that significantly affect the health, mobility, economic status, personal independence, and community involvement of older people.
3. As previously emphasized, closer coordination of the various programs authorized under the Older Americans Act must be a primary consideration in designing the administrative structure created by the act. Because of differing service delivery systems and opportunities among the states, however, it is imperative that states retain the option of determining whether titles other than Title III should be administered through the area agencies on aging. In those states where AAAs do not administer programs under titles other than Title III, the AAAs should be assured review of and comment on such programs within their planning and service areas. We strongly endorse the recently revised federal regulations that transfer to states the responsibility for determining when and in what specific instances an extension of Title III funding will best promote the program development goals of the title.

4. Annual plans for the administration and use of all Title IX funds within a state should be subject to review and formal approval by the Governor. Furthermore, the income eligibility standards for Title IX should be established by each state, within broadly established federal guidelines, in order to reflect differences in economic circumstances among the elderly and to avoid inappropriate barriers to participation by people in need.

5. The new law should not stipulate any conditions for intrastate allocation formulas, but should require that such formulas be subject to appropriate public review, as determined by the individual states.

6. The administrative funding of state units must be increased to assure them the capacity to fulfill their expanding responsibilities of program administration, coordination, and advocacy. It is imperative that administrative funds be provided for Title VII, as well as the other separately appropriated program titles. Title III administrative funds should be increased commensurate with the increase in total funding under Title III.

Adopted February 1978.

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INTERGOVERNMENTAL COST SHARING FOR PUBLIC HEALTH PROGRAMS

The National Governors' Association has expressed the desire of the states to work with the federal government to plan and manage a cost-effective medical care financing and delivery system. The Association is concerned, however, that our emphasis on medical care has caused us to lose sight of the greater improvement in the health of our citizens that can be expected from the delivery of community-wide preventive health services. The Association therefore invites the federal government into an expanded partnership designed to finance and deliver public health services.

Since the enactment of the first quarantine law, the delivery of public health services has been a responsibility of state and local governments. Federal financial assistance to the states for public health services was sporadic and categorical until 1966, when section 314(d) was added to the Public Health Service Act by PL 89-749. This legislation represented the
first block grant created by the federal government and has allocated less than $100 million per year to the states according to a formula based on population. The Association urges the President and Congress to expand upon the concept embodied in section 314(d) through legislation based on the following principles:

1. The responsibility for the delivery of public health services must remain with state and local governments.

2. Financing arrangements must be flexible enough to permit state and local governments to concentrate available resources on the highest-priority problems in local areas.

3. The federal government should be responsible for surveillance of environmental threats to the public health. In concert with state and local officials, federal authorities should provide the leadership necessary to mount nationwide health promotion efforts such as those focused on childhood immunization and the hazards of smoking.

4. State government should be responsible for the design of public health programs that account for national priorities while focusing on local needs.

5. Federal financial support for basic public health activities should be increased. In addition, federal financial assistance should be made available to match state public health expenditures for additional services that state and federal officials agree should be eligible for such additional support.

6. All public health activities funded by the federal government within a state should be under the sponsorship of the appropriate agency of state government.

The Association feels that legislation based on these principles will go far toward a coordinated intergovernmental delivery system for public health services. Such legislation can help assure that the independent policy-making processes at all levels of government are moving toward the same goal: the development of a healthful environment in which controllable hazards are minimized.

The National Governors' Association pledges its support to this type of initiative and instructs its staff to work with the Administration and Congress on its development.

Adopted February 1978.

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SOCIAL SERVICES

Working in a spirit of cooperation with Congress and the Department of Health, Education and Welfare, the National Governors' Association was instrumental in the development of Title XX of the Social Security Act in
1974. This new section of the law took a comprehensive approach to the provision of federally funded social services, previously funded under a number of titles of the Social Security Act. In a fundamental departure from previous law and practice, Title XX reversed the trend for greater federal control and placed the responsibility for the planning, development, and delivery of social services with states. The Governors looked to this legislation as an opportunity for states to develop an integrated, coordinated, and comprehensive social services system at the state level that responded to the needs of people, rather than to a series of categories and target groups.

Although beset with serious problems during its initial implementation, three years after the law was enacted Title XX has a basic soundness. A major strength of the current Title XX statute is that it provides states with the flexibility they need to cut across traditional program lines to identify the needs of people and then develop the service mix that best meets those needs.

The major impediment to the effective implementation of the law, however, is the negative impact of the federal spending ceiling. Enacted as part of the General Revenue Sharing Act of 1972, the $2.5 billion cap was an immediate solution to the prospect of runaway federal spending for this program.

In the intervening six years, there have been a number of changes that relate directly to the ceiling.

1. In 1972, only six states were spending at their state allocation levels; in 1977, almost thirty states had reached these levels.

2. Inflation has reduced the real "purchasing power" of the $2.5 billion to $1.8 billion in 1977 dollars.

3. Higher unemployment rates over the past six years have strained all human services programs.

4. With the enactment of Title XX in 1975, the eligible population for federally funded social services was greatly expanded to include the working poor and persons in need of protection from abuse or neglect.

5. Shifting population patterns have caused a reduction in the individual allotments of some states that are experiencing a significant and continuing increase in the need for social services.

These and other factors have effectively negated the most positive provisions of the law and seriously threaten the quality of existing programs in states where there has been little or no room for program maintenance or growth due to the federal cap. In addition, states increasingly are facing great difficulty in using severely limited program resources to develop more sophisticated management and planning systems that will provide for an even more precise determination of needs and a responsive allocation of resources.

The National Governors' Association therefore calls upon Congress to:
1. Raise the federal expenditure ceiling for Title XX in a rational manner over a period of years.

2. Maintain the flexibility in Title XX that allows states to provide social services in accordance with their individual needs and priorities.

3. Provide for reallocation of allotted funds not spent by states.

The National Governors' Association further calls upon the Department of Health, Education and Welfare to:

1. Provide leadership through the provision of technical assistance to improve state management and information systems that will support state efforts to develop comprehensive social services systems.

2. Continue the commitment by the President and the secretary of HEW to consult with the states by obtaining the views of the Governors prior to the development of any major proposals to change the law or operation of Title XX.

Adopted February 1978.

C. - 20

HEALTH MAINTENANCE ORGANIZATIONS

A central problem in public policy relating to medical care is the need to simultaneously increase access to services and contain the increase in the cost of those services. The National Governors' Association believes that the present rate of inflation in the medical care sector is unacceptably high. At the same time, the Governors recognize that comprehensive health services are not fully available to many of our citizens. Development of resources that address both facets of the problem is therefore important.

Because it has been demonstrated that health maintenance organizations (HMOs) can make significant contributions to solving both these problems, the National Governors' Association believes that public policy at all levels of government should encourage wider application of the HMO concept. Public policy toward HMOs should be balanced. Their development should be encouraged by the removal of legal barriers and by increased public financial support. However, HMOs should not be exempt from the regulatory oversight to which other providers of medical care are subject. The following principles should be reflected in public policy toward HMOs:

1. During the critical developmental stage, appropriate levels of federal funding should be available to HMOs in the form of loans, grants, and loan guarantees. Even the best-managed HMO is vulnerable to financial failure when it is being organized and recruiting enrollees. It is in the public interest to assist HMOs through this phase of development.

2. Reimbursement of HMOs, at reasonable rates, by public financing programs should be encouraged. The rate of reimbursement under such public programs should be established through the mechanism used to establish the rate of reimbursement to fee-for-service providers of medical care services.
3. The responsibility of state government to regulate the medical care system should be neither preempted nor abdicated with regard to HMOs. States have traditionally exercised their regulatory powers to ensure the safety, quality, and efficiency of medical care services. If the potential of HMOs is to be realized, the states must find ways to integrate the regulation of HMOs into their existing regulatory structures.

Adopted August 1978.

C. - 21

VOLUNTARY ACTION AND CITIZEN PARTICIPATION

The National Governors' Association recognizes and commends the contributions to the nation and its people made by the volunteer actions of concerned and committed citizens. With a growing public insistence on effective government programs, the role of volunteers in helping to bridge the gap between government agencies and programs and the people they intend to serve becomes increasingly important. By promoting cooperation between the public sector and the voluntary sector, government can augment its own capabilities with citizens' energy and skills.

In this respect, the Governors wish to note the valuable assistance provided by statewide offices of voluntary action and citizen participation, which currently operate in twenty-nine states. These offices use a variety of approaches to mobilize citizen resources, with each reflecting the differing priorities and circumstances of the state and the citizens it serves. Through training and technical assistance activities, statewide offices have sought to ensure that volunteers will be used productively. They also transmit information about federal and state actions of importance to local volunteer activities and channel federal and state resources to local needs. Statewide offices will be particularly valuable in implementing the Administration's recently announced urban policy, helping to secure the involvement of neighborhood and other voluntary organizations through the networks they have established within the voluntary sector of the states they serve.

The Governors commend the statewide offices and recommend their continued support. They also encourage the creation and refinement of mechanisms that will maximize citizen participation in the quest for solutions to the problems that face the nation and its communities.

Adopted August 1978.
Natural Resources and Environmental Management

D. - 1

GENERAL PRINCIPLES

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, including the cost of handling waste. To make the most efficient use of our dwindling resources, adverse impacts must be minimized, and to achieve this, clear and accurate information measuring the values and costs involved in each policy and program must be developed.

The genius of the 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 preemptive federal legislation. Rigid uniformity denies innovation. The frontier areas of policy and program require multiple approaches with careful evaluation and sharing of the results. States know best their own traditions, societies, and economies.

This is particularly true in those areas where responsibility traditionally has been vested with the states. In new areas, where the states have been slow in recognizing their responsibilities, there is greater justification for the expression of federal interest.

National energy policy, if it is to have the vitality and acceptance critical to its success, must involve all levels of government and the private sector.

To involve the private sector, individuals and organizations should first be solicited for voluntary responses based on reliable information and analysis. If voluntary conduct does not meet the needs of society, government should then consider an appropriate mix of tax incentives and regulation.

Policy and program planning must involve data collectors, social scientists, and natural scientists, sharing insights and judgments. Research results and agendas must be coordinated. This means improved communication 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 interests, is essential. Only as confidence in the reliability of information is achieved can the nation resolve policy issues successfully.

While short-term action is needed, national energy policy makers must 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 done in terms of decades, not seasons. In the quest for adequate energy supplies, the quality of the environment must be protected and non-replaceable natural resources must be conserved.
General programs in the public interest may produce hardships for one region or sector of society. General programs in the public interest may burden one group while benefiting others. Compensation should be provided to ensure that benefits and burdens are equitably distributed.

Regional differences produce regional viewpoints. Respect for diversity and a willingness to compromise remain crucial ingredients of an effective national energy policy. The nation's Governors have demonstrated that they can resolve regional differences to serve the national interest.

State laws relative to the protection of the environment, the siting of energy-related facilities, land use planning, and the use and regulation of intra-state water rights should not be preempted by federal laws, rules, or regulations.

D. - 2

NATIONAL ENERGY POLICY

The nature of the current economy, coupled with growing problems of energy availability and higher prices, makes strong, coordinated, and clear action necessary by all levels of government and individuals to develop a national energy policy. The nation's energy policy that finally emerges should be truly national in scope and developed and implemented in partnership with the states. A 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.

The people of this country are receptive and responsive when the problems are described clearly and when realistic, achievable objectives are set forth. The fractionalization of the executive and legislative branches of the federal government impedes effective consideration and enunciation of a coherent energy policy. Both branches should define more clearly the missions of various components and reduce the overlaps that confuse and frustrate purposeful action.

A conservation program of massive proportions must be the central focus of the 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 a largely voluntary basis. To date, there is no such overall integrated effort. Consequently, those who have concluded that voluntary citizen actions have been either too slow or inadequate fail to recognize that there is no real program in place. Rather, there is only the concept, not an overall integrated plan. A comprehensive conservation plan must be adopted quickly. It should set forth specific, understandable, and measurable goals 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 public and private elements. It will recognize the key factor of automotive efficiency and use. It will support positive measures and incentives to accomplish its objectives. It also will include the following ingredients:

1. Accelerated and stronger standards for automobiles, including gasoline usage requirements and taxes and other disincentives for inefficient vehicles. While this element would mandate changes for a prime user of petroleum resources, it also would provide an economic stimulus to the automotive industry after a period of redesign and adjustment.
2. A more vigorous enforcement of the fifty-five mile per hour speed limit.
3. Stronger programs for public transportation, including more federal commitment.
4. Tax and other incentives to encourage conservation.
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.

States increasingly have taken the responsibility for supporting the administrative and managerial functions, and some energy program costs, with their own resources. To carry out these national energy goals responsibly, a program should be established at the federal level to provide adequate financial and technical assistance to states, coupled with coordinated and simplified administrative and reporting requirements. The purpose of the program would be to allow states the flexibility to develop a comprehensive energy plan to meet their needs and the national interest. The plan would include programs ranging from energy conservation to resource development, and would encompass all the planning, coordination, administration, and implementation activities for which the states have responsibility, including data acquisition and forecasting, outreach capability, local government participation, research, development, and demonstration capability, fuel allocation, and emergency preparedness planning. Financial support of the program should be flexible, responsive, and depend on the specific needs of states and national priority.

These initiatives should be prepared and implemented quickly. Close monitoring of the program will be necessary to determine if basic objectives are being met.

If additional measures are necessary to meet these 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 discourage wasteful use. But the federal government should not take any further action the result of which would artificially inflate the cost of recovering, transporting, or distributing energy supplies without either increasing those supplies or discouraging their waste. Such price increases should be phased to avoid abrupt impacts and allow time for adjustment.

Tied to this approach should be a standby allocation program, if progress toward meeting reduce usage goals is inadequate. If the volumetric allocation process is used, the program should conform to previously prepared plans and should provide the flexibility necessary to minimize inequities or unfair burdens on regions or individual states. Allocation management plans should involve the states. An allocation program should be implemented only if the foregoing elements fail.

This comprehensive plan, based on immediate, broad-gauged conservation, has the most promise of quick, effective action, citizen receptivity and response, and achievement of goals. With a backup program of price-supported usage adjustments and a standby allocation program, the country will be prepared to move...
toward an energy ethic that stresses wise use of energy with a clearer recognition of necessary fundamental changes to be made over the next few years and which encourages the immediate development of alternate energy sources.

It is clear that the federal government has a profound responsibility to initiate specific policies and programs to close the gap between energy supply and demand. Each individual state fully acknowledges its responsibility to see that this country reduces its dependence on foreign sources of energy.

It is clearly in the best interest of the United States to accelerate rapidly the pace of offshore exploration and development in the areas off the Atlantic Coast and the Pacific Coast, as well as in the Gulf of Mexico, in accordance with sound and efficient standards to safeguard the environment. Accelerated offshore exploration and development by nongovernmental entities should be facilitated and supported by federal officials without federal legislative or regulatory impediments which would cause unnecessary delays. Amendments to the Outer Continental Shelf Lands Act should expedite, rather than hinder, OCS development.

However, the primary responsibility of each chief executive is to protect the health, welfare, and safety of citizens. This responsibility should in no way be inconsistent with the national goal of averting an energy crisis. Each state that provides energy resources has the clear responsibility to apply all state laws and regulations designed to assure maximum protection while necessarily accelerating energy production.

As individual federal programs are designed through administrative and legislative channels, they must clearly delegate authority to the states to apply state laws and regulations governing environmental protection, extraction and use, taxes, water rights, health, safety, and land use concerns, if those individual laws and regulations are at least as stringent as applicable federal laws and regulations.

The National Governors' Association believes the best interests of the United States would be served by a conference of the Governors with the President on the potential of this nation to increase the production of energy. These discussions should be reported fully to the American people. The chairman of the Committee on Natural Resources and Environmental Management is urged to continue working with the Administration in order to assure the convening of this conference in a timely manner.

Revised September 1977

D. - 3

REGIONAL ENERGY ADVISORY BOARDS

With the passage of the Department of Energy Organization Act, Congress acknowledged the critical role that state government must play in the development and implementation of national energy policies.

Section 655 of the act authorizes the Governors to establish regional energy advisory boards, with such membership as the Governors shall determine to facilitate this role. The Governors applaud the establishment of these boards, which, if properly constructed, should provide an excellent mechanism for including the states in the national policy-making forum.
Additionally, to ensure that the views of the respective regional energy advisory boards are integrated into national energy policy initiatives, the Governors strongly support the designation of a national "regional" energy advisory board. The membership of this board, to be chaired by the chairman of the Committee on Natural Resources and Environmental Management of the National Governors' Association, shall include the chairman of each of that committee's standing subcommittees and the chairman of each regional advisory board.

This structure provides opportunities for such coordination of activities among the various regional boards as the states shall desire, provides a valuable forum for an open exchange of views, and, where possible, allows for the development of a national consensus in policy areas of major interest to the states.

Adopted August 1978.

D. - 4

CONSERVATION

The nation's Governors are dedicated to promoting the conservation of energy to slow down the increase in demand which far exceeds the population increase. Saving energy will help to relieve the depletion of resources and increase the time period for developing more efficient energy sources.

States must take the lead in national efforts to conserve energy. States should require that all state agencies follow sound energy conservation practices in their operations (including construction of public buildings) and program activities. Both state and federal procedures should be established to require energy resource statements on all projects as part of the existing system of environmental impact statements.

A national standard on thermal efficiency for new residential and commercial buildings should be supported and implemented.

Utility rates, tax rates, license fees and other regulatory or revenue-raising practices should be reviewed for their impacts on energy consumption. The utility rate structure could be altered to discourage wasteful use of energy. Personal and property tax rates can be set to encourage the use of energy-saving devices or practices. Registration fees for automobiles or other vehicles can be used to promote less fuel consumption.

Efforts to construct and improve the efficiency and attractiveness of mass transit systems should be supported at the state and federal levels.

Major programs to educate the public on energy conservation practices should be undertaken. The use of utility funds for this purpose should be considered.

An inventory of energy needs should be made for each state, and contingency plans for meeting these needs should be developed.

An interstate energy clearinghouse should be established to 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 energy resource clearing-houses.

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. - 5'

STATE ROLE IN CONSERVATION

The National Governors' Association energy conservation policy antedates the shortages in late 1973 and thereafter. The Governors predicted the need for an effective conservation effort several years ago and their judgment has been confirmed by subsequent events.

However, 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, successful conservation 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 capital and ambivalence in Congress belitc 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 the domestic economy of paying out more than $24 billion a year to purchase foreign oil.

To establish credibility of the message from the nation's leaders means that 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, private individuals and organizations, and local governments.

While the temptation is to work only on those projects that produce easily measurable results, other efforts can make major contributions even though the savings are hard to quantify. For example, appeals to turn down the thermostat in the winter should be made continually, although no acceptable governmental program can be devised to assure compliance.
The goal is to reduce waste and to use less fuel to accomplish desirable tasks. It is essential to devise measuring standards that 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 necessitate using more petroleum products than a low yield.

The chart on the following pages lists actions which have already been taken by some Governors. In addition, the Federal Energy Administration and the National Governors' Association are preparing a source book for guidance in developing an energy conservation program.

Early state involvement is crucial to the formation and implementation of a national energy conservation program. Formal mechanisms have not been established for this involvement in either the executive or legislative processes. The traditional reactive role assigned to the states is inadequate for the national energy problem. The Association recommends the task force mechanism jointly established with the Federal Energy Administration (FEA) as the model for all federal agencies and Congress. Furthermore, the Association recommends that effective regular communication with the states be instituted and maintained.

The proliferation of energy conservation programs without proper coordination impedes the states' attempts to become participants in the formulation of national energy policies and programs. The Association recommends that a single lead agency such as FEA be given adequate authority to coordinate activities between state and federal governments.
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<tr>
<th>Program</th>
<th>Administrative</th>
<th>Legislative</th>
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<tbody>
<tr>
<td>1. Conservation in government facilities.</td>
<td>Executive Order; assignment of monitoring responsibility to a single agency.</td>
<td>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.</td>
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<td>2. Support and enforce state 55 mile per hour speed limits.</td>
<td>Executive Order. Public education.</td>
<td>Legislating the limit into state law. Realistic penalties.</td>
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<td>3. Public education and information.</td>
<td>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.</td>
<td>Funding of agency public information and education programs, establishment of state program in department of education.</td>
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<td>4. Review energy impacts of all state programs.</td>
<td>Executive Order requiring review of energy impacts of state programs and appropriate program revisions, if feasible and lawful.</td>
<td>Energy impact legislation for all major state actions.</td>
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<tr>
<td>5. Support mass transit and car-pooling programs throughout the state.</td>
<td>Through department of transportation, energy office, departments of commerce, education, etc. Enlist the help of private, industrial, and commercial sector.</td>
<td>Incentives and funding.</td>
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<td>6. Land-use planning.</td>
<td>Executive Order (where lawful) stressing need for energy impact studies in all land-planning actions; state and local.</td>
<td>Legislation requiring energy planning by state and local agencies.</td>
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<td>Program</td>
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<td>8. Data gathering.</td>
<td>Assignment of responsibility to state energy office for consumption as well as supply-demand information.</td>
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<tr>
<td>10. Encourage use of, and research on, alternative energy sources.</td>
<td>State energy office, information program; technical support from university system.</td>
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<tr>
<td>11. Utility regulation.</td>
<td>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.</td>
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<tr>
<td>12. Freight regulation.</td>
<td>Review, study, recommend to public utility commission and legislature.</td>
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<tr>
<td>13. Weatherization.</td>
<td>Assignment of responsibility to state agency, seek federal assistance, allocate state/federal funding.</td>
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<tr>
<td>14. Appliance and/or automatic labeling and efficiency standards.</td>
<td>Information program; state procurement policy.</td>
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<tr>
<th>Administrative</th>
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<tbody>
<tr>
<td>Legislative</td>
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<tr>
<td>Mandatory state building code legislation.</td>
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<tr>
<td>Mandatory reporting requirements.</td>
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<tr>
<td>Funding, consumer protection legislation.</td>
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<tr>
<td>Tax incentives. Research funding.</td>
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<tr>
<td>Mandatory legislation based on results of studies. Public utility commission action, where lawful.</td>
</tr>
<tr>
<td>Mandatory legislation, action by public utility commission, where lawful.</td>
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<tr>
<td>Funding, consumer protection.</td>
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<td>Mandatory legislation.</td>
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In previous policy statements the National Governors' Association consistently has recognized the value of and the need for conservation. Although the development of economically feasible solar technologies has been recognized in principle as constituting a valid focus of the conservation effort, the principle has not been adequately reflected in either the levels of funding or in the guidelines for implementation of energy conservation programs.

Prudence and concern for both the current state of the national economy and the heritage of future generations dictate that we not only practice conservation of depletable energy resources but we, as a nation, make a concerted effort to develop renewable resources as rapidly as possible. Solar energy in both passive and active applications could be a major primary resource. Solar energy could well replace conventional fuels to a significant extent in many existing buildings and also drastically reduce the energy resources required for new construction, according to recent assessments of its potential contribution to space and water heating. Deliberate efforts to establish the necessary infrastructures and financing incentives for commercialization will enable the nation to accomplish much more in this century than had previously been considered feasible.

Acceleration of research and demonstration efforts on the use of solar energy in cooling of buildings and in conversion to electricity by both thermal and photovoltaic devices can also make this vast energy resource available for additional commercial uses well within this century. Indirect use of solar energy through natural environmental cycles such as wind, biomass, including renewable wood, and ocean thermal energy can also make significant near-term contributions to national energy needs. Each should be developed to the fullest extent possible in accordance with its regional availability.

While the development and application of new technologies should in most cases be left to the natural processes of the marketplace, the urgency of the energy situation and its importance to the national economy demand a special, concerted effort to develop renewable energy resources, with strong support from all levels of government. These efforts will be successful only if there is a coherent federal policy and implementation program involving meaningful cooperation between the federal government, the states, and the private sector.

Previous governmental efforts have not provided an intergovernmental climate in which solar energy and related technologies could develop to meet national goals. The National Governors' Association believes that mutual responsibilities of the states and the federal government in this regard must rest on the following principles and modes of operation:

1. Representatives of the Governors, through the National Governors' Association, should be included in interagency councils and/or advisory groups on solar energy and related technologies established by the Department of Energy.

2. Highest priority must be given to establishing effective policies and operating procedures to ensure a climate of meaningful cooperation between the Department of Energy, the states, and any regional entities established by the,
federal government to assist in the commercialization of solar energy and solar-related renewable resources.

3. The level of funding for commercialization of solar technologies must be sufficient to reach a critical mass penetration of the market.

Adopted August 1978.

D. - 7

NON-REPLACEABLE NATURAL RESOURCES

This nation has a responsibility to future generations to conserve its non-replaceable, non-replenishable natural resources. The senseless waste of these resources can no longer be tolerated. All levels of government must act to discourage such waste.

The current electric power rate system, which frequently encourages heavy consumption, should be examined with the objective of conserving resources. Conservation methods such as energy efficiency labeling of appliances should be developed to enable consumers to conserve in their homes. Large industrial users of electricity should be provided with incentives to develop energy conservation plans.

Policies for transportation, space heating, and industrial use of petroleum products should encourage the highest premium use of these non-replaceable fossil fuels.

Because less than 1 percent of the earth's water is potable, federal and state policies should be designed to reduce consumption of water and ensure supplies for future domestic and agricultural needs.

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 awareness of waste and its costs to society must be fostered, along with a national determination to make more efficient use of dwindling resources.

D. - 8

ENERGY PRODUCTION AND SUPPLY

A long-range policy that encourages domestic self-sufficiency in the production of energy should be adopted and underlie foreign and economic policy decisions as well as basic research and development.

Research and development efforts should contribute to the integrity and adequacy of the nation's energy resources. Far more than technology is involved in decisions relating to the development and use of specific energy sources. Intensive research which assesses not only the methodology of development but also
energy costs and benefits as well as environmental and socioeconomic impacts should be conducted in the following areas: shale oil, coal gasification, coal liquefaction, nuclear fast-breeder reactors, nuclear fusion, tar sands, solar energy, geothermal, magnetohydronamics (MHD), wind power, and more efficient forms of electrical generation and transmission.

In attempting to ensure an adequate supply of energy, environmental standards must be maintained to the maximum extent feasible. Exceptions should be granted only for specific time periods and after appropriate show-cause proceedings.

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 deep-water port facilities.

Federal mandatory petroleum allocation programs need to ensure that retailers receive continuing and sustained supplies for current agricultural 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.

The national security and economic well-being of this nation are dependent upon increased energy conservation and increased domestic energy production from both conventional sources and new sources to implement the attainment of domestic energy independence by 1985. The failure to structure a strong and coherent national energy policy has discouraged domestic production, stimulated domestic consumption, and led to an ever-increasing reliance on uncertain and precarious foreign petroleum, which greatly reduces domestic employment opportunities and thereby produces high levels of unemployment throughout the nation.

Our energy supply is unable to keep pace with the ever-increasing demands of the commerce of the nation and the needs of our citizens to live in good health, dignity, and reasonable comfort. Severe energy shortages are resulting in widespread unemployment, interruptions of the educational process of our children, and general deterioration of the health and welfare of our citizens.

The National Governors' Association strongly urges and petitions the President and the Congress to develop and implement a long-term, stable, and effective national energy policy which will achieve the optimum balance toward conserving our domestic petroleum supplies for future needs without becoming unduly dependent on foreign sources of petroleum, and thereby significantly assisting in the establishment and maintenance of a strong economic and national defense posture.

It is the sense of this Association that the Congress be urged to enact legislation immediately that would:

1. Develop and implement a comprehensive, nationwide conservation program, bearing equally on all consuming sectors, as the central focus of the nation's short-range energy management strategy.

2. Simplify the procedures in order to expedite decisions affecting the construction of additional energy generating facilities.
3. Clearly define and establish expeditious and efficient procedures for assuring the most effective and timely development of our fossil fuel and nuclear resources, while ensuring (as previously stated) appropriate and necessary consideration of environmental and socioeconomic impacts.

4. Designate as an urgent priority the research and development of new energy systems.

D. - 9

ENERGY FACILITY SITING

The planning, timing, and analysis of specific sites for major energy facilities currently is burdened unnecessarily by the lack of a national energy policy, blurred lines of state-federal responsibility, lack of needed advance planning, and inadequate arrangements for state input, resulting in delay and duplication of effort which greatly influence the cost, certainty, and timely availability of needed facilities.

The increasingly complex and lengthy processes involved in planning and securing required permits and licenses for energy facilities need not, and should not, be tolerated. Key to the resolution of many of the current difficulties is the acceptance by Congress and the Administration of the capacity and responsibility of state governments. Also, a national fuels policy is urgently needed and should be developed through hearings and extensive consultation with states.

We specifically recommend:

1. States individually and through regional arrangements should clearly be given the responsibility to forecast the need for power through a clear and open process involving public hearings and comment, incorporating broad conservation goals and objectives. Such determinations should be binding upon federal agencies.

2. Current duplication of efforts in making environmental reviews must be eliminated. Legislation should be enacted by Congress delegating the responsibility for making environmental analyses of proposed energy facilities to interested states. Environmental reviews meeting minimum standards prescribed under federal guidelines, which should be developed in close consultation with states, should then be accepted by federal agencies. This action already has been taken in federally assisted highway improvement programs and should be extended to energy facilities.

3. Congress should take action to expedite and encourage regional arrangements of states to enable joint planning efforts without mandating any particular method. The pre-approval of interstate compacts similar to the authority contained in the amendments to the Coastal Zone Act is one model that could be utilized. The imposition of federally mandated, regional organizational forms would be neither wise nor productive. There is broad evidence that the states can unite their common interests in dealing with issues of concern to them. It is also vital that there be political accountability through the Governors.

4. Adequate opportunity for public participation in facility site planning and site analysis at an early stage must be further developed. Citizens should
not have to attempt to influence site decisions long after all important decisions have been made. Therefore, utilities should disclose facility plans at the earliest possible time, and an improved planning process at the state and regional levels should provide, throughout the process, expanded ways in which individual and group views and opinions can be expressed. With improved citizen access throughout the process, relevant issues can be identified and dealt with on a timely basis. Delays resulting from frivolous objections or a reexamination of settled issues must be avoided. Resolution of both procedural and substantive questions should be required within a specified time, including the right of intervention. Federal funding for intervenors shall not be provided unless it can be shown that individuals or groups of individuals will suffer direct and personal adverse impact by the approval, construction, and operation of an energy facility and that such groups have a demonstrated need for such funding.

5. A system of early site reviews, including review of potential sites on federal lands, should be established. With a national fuels policy, proper planning authority vested with the states, and with standard plant designs it would be possible to separate basic generic issues from specific site analysis. Therefore, site analysis could be carried forward separate from specific facility review. States, as a part of the planning process, should certify sites as to their compatibility with long-range state plans. The development of an inventory of suitable sites for energy facilities would significantly speed up licensing procedures.

6. Those planning and siting processes remaining at the federal level should be integrated. The creation of a federal Department of Energy can help considerably in tightening federal siting actions. Development of a one-stop siting procedure, common to several states, would be advantageous. At the very least, the coordination of federal efforts under a lead agency should be accomplished as soon as possible.

7. Greater coordination with federal agencies concerning energy facility sites on federal lands must be accomplished. Land management agency representatives in affected areas must be involved in the evaluation process.

8. State management processes should be strengthened where appropriate to more effectively deal with facility site planning and analysis. Integration of procedures under a one-stop process and greater coordination of activities under minimum standards can be of significant benefit.

9. Dealing with waste disposal is an important ingredient in our siting procedures and is imperative to our national defense posture. We must have a national policy for dealing with radioactive waste, and states should have a strong voice in the development of that policy, with the federal government retaining authority for final decision making.

10. During the interim period, as these policies are being implemented, existing procedures should be utilized for applications in process. In addition, there should be substantially increased joint activity between the states and the federal government, including the common use of information, joint hearings, and other ways to minimize current overlapping activities.

The National Governors' Association feels strongly that needed improvements in facility siting procedures can be accomplished without further delay. Greater involvement by the states can ease many of the unnecessary constraints now
surrounding the complex and often redundant layers of siting review. Quick action at the federal level can result in better planning, better analysis, and the saving of billions of dollars for the American citizen and yet provide the needed energy facilities in suitable locations.

In developing appropriate federal legislation implementing needed changes in dealing with facility siting matters, substantial participation by states is encouraged and necessary.

Adopted September 1977.

D. - 10

OUTER CONTINENTAL SHELF RESOURCES

The outer 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. Proposals for the development of outer continental shelf energy resources must be an integral part of a comprehensive, balanced energy policy. This policy should reflect not merely the proposed uses for offshore oil and gas but also whether such offshore development is necessary in light of prudent conservation measures and alternative sources of energy.

The Governors believe the outer continental shelf should be explored promptly to determine the extent of its energy resources. However, the exploration of an OCS tract must be separated from the decision to develop and produce that tract commercially.

The federal 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 facilities.

On the basis of a phased production objective, the Department of Interior should revise its proposed leasing schedule to take into account objective environmental rankings, hydrocarbon prospects, regional energy needs and economic impacts, transportation and refinery linkages, costs and productivity of development, material and manpower, and capital constraints.

An OCS program must include an evaluation of sometimes conflicting national goals. In some areas of exceptional non-petroleum resource value, no petroleum-producing activities should be permitted if production will seriously jeopardize other natural resources. The Governors believe that total restrictions should be imposed in appropriate cases.

Development, production, transportation, and onshore facility plans should be submitted for approval to the Interior Department, but only after a review by the affected coastal states to ensure consistency with state coastal zone management plans and other state statutes and regulations. The National Governors' Association urges that states be given adequate time, as determined by Congress, to develop coastal zone management programs before any OCS production commences.
The current leasing system should be changed to ensure an equitable return to the public and efficient management and development of OCS resources. No single leasing method is ideal. However, the current system of cash bonus bidding plus low fixed royalty 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 OCS resources.

Expected onshore development will require states to plan for and eventually finance public facilities to cope with the impacts of that development. Since the OCS program is national, there is a clear federal responsibility to assume the necessary related costs of development. Adequate federal funds should be made available to states now to enable them to stay ahead of the program and plan for onshore impact. Once the program commences, federal assistance, such as royalty revenues, should be made available 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 offshore and onshore development.

The Association supports the following administrative or legislative reforms:

1. An effective institutional mechanism must be established to ensure an ongoing working relationship with 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 should participate fully in both technical and policy decisions affecting the program.

2. The states should participate in the decision to permit production of an OCS tract and also should share responsibility for review of the adequacy and implementation of environmental safeguards and OCS regulations. The full requirements of the National Environmental Policy Act of 1969 should be strictly observed.

3. The states should coordinate the participation of various state agencies with a view to improving the overall efficiency of resource management decision making. Federal funding is required for onshore planning and impact mitigation. With federal assistance, the states must dedicate sufficient personnel to expand their planning and regulatory capabilities with respect to economic, environmental, land use, and energy aspects of coastal zone management.

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 should 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 a state is forced to absorb.

In summary: OCS is a national resource; prompt exploration of OCS is in the public interest; exploration of OCS areas should be separated from the decision to produce oil and gas from individual OCS tracts; and a phased production objective should be established, relating OCS resources to import substitution, other oil and gas sources, and demand reduction measures.

Also, a new leasing schedule should be developed that would consider these production objectives as well as environmental rankings, regional energy needs.
and economic impacts, transportation and refinery linkages, material and manpower, and capital constraints. New leasing procedures should ensure an equitable return to the public as well as efficient development and management of OCS resources.

Administrative or legislative reforms should be introduced to provide a more effective state role in resource management and more timely availability of necessary data for state planning needs. The states should increase their efforts and participation in resource management, decision making, and regulations.

Federal funding is needed to assist the coastal states in coping with planning needs and adverse impacts of OCS development. Strict liability and no-fault compensation measures are essential.

D. - 11

THE IMPACTS OF ENERGY DEVELOPMENT

It is the policy of the federal government to accelerate domestic energy development, particularly the utilization of fossil fuel sources. The nation's Governors support this effort. However, they are mindful of the enormous impacts that will result from such development activities. The national goal of achieving less dependence upon foreign sources of energy will be frustrated unless the impacts of energy development are mitigated adequately. Solving the environmental, social, and economic consequences of energy development should be viewed as a direct cost and responsibility of increased production. Accordingly, the Governors urge Congress, the federal Administration, and the private sector to work with the states in making mitigation of energy-related impacts an integral part of any national energy plan.

It is the position of the National Governors' Association that a restructuring and reorganization of federal energy-related agencies should reflect the need for better coordination and utilization of impact assessment and mitigation programs. Specifically, the newly created Department of Energy (DOE) should have the capacity to identify and assure the reasonable mitigation of impact that is likely to be precipitated by federal energy programs and policies. The federal government should utilize existing agencies and programs, where possible, for the delivery of impact assistance, rather than create new agencies. However, in doing so, an interagency mechanism and the designation of a lead energy impact assistance agency must be forthcoming for the better coordination of these federal activities.

All levels of government, federal, state, and local, must share the responsibilities of assessing and mitigating the impacts of energy development. State and local governments offer the most reasonable level for the actual delivery of impact funds, regardless of whether those funds originated from federal, state, or local government. Residents of producing states and communities should not have to bear the costs of mitigating net adverse impacts. These impacts should be internalized to the extent practical and reflected in the ultimate product costs. Those net costs that cannot be internalized are recognized as a responsibility of the federal government. State and local governments must be in a position to understand the impacts of energy programs before they are initiated and to influence the resource commitment decisions. Working with the states, the federal government has the responsibility to assess fully and expeditiously the impacts of energy policies and programs before a decision to proceed is made. In
those cases where impacts are a result of federal policies and programs, regardless of whether they occur on federal or private land, the federal government must assume the ultimate risk of providing impact mitigation. Federal assistance programs should be triggered automatically by the federal policy or programs that precipitated the impact.

The use of existing federal assistance programs to solve the new set of problems caused by accelerated energy development is of concern to the Governors. The better coordination of existing programs that are appropriate for use in energy impact situations is needed and would lead to a better utilization of federal funds. In the same manner, the lessening of restrictions that prevent states and local governments from using existing categorical programs for solving energy-related impacts would be beneficial. A substantial utilization of existing federal programs will warrant an increase in funding levels within these programs to address the new costs of energy development.

Any new comprehensive federal impact assistance program must be designed in a manner that will allow maximum utilization by state and local governments. Such a program should emphasize automatic grants for planning, management, and infrastructure needs, along with other funding mechanisms. Federal loans and loan guarantees could be utilized if properly designed, but should not be the sole form of federal assistance. Loans and loan guarantee programs should take into account state constitution and usury law constraints. Federal impact assistance programs must identify actual needs and costs and not rely only on stringent formula allocations. Any comprehensive federal program should apply to the mitigation of energy impacts regardless of whether they occur as a result of development of public or private resources.

Adopted September 1977.

D. - 12

NATURAL GAS

The total resource of domestic fossil fuels is finite, and the total annual production of energy from these sources is limited. Natural gas is the most environmentally acceptable, readily usable, and least expensive fuel. This has led to the rapid exploitation of available supplies.

Since 1968, production of natural gas has exceeded additions to inventory. Future natural gas curtailments are expected to cause increased distortion and dislocation in the economy. Even with stringent conservation, discovery of new gas fields will be needed to provide lead-time while alternate energy resources are developed.

Federal price policies, in the face of mounting prices for rival fuels, have undervalued interstate gas with respect to other fuels. This results in lowered incentives for exploration, an artificially high demand, and few incentives for conservation.

The National Governors' Association supports the deregulation of new gas wellhead prices. Such deregulation should not affect contracts in force on the date of enactment of legislation, but the purchase of gas at the end of a contract...
should not be subject to federal wellhead price control. This phased process will serve to mitigate abrupt increases to existing customers. To determine the effects of deregulation, the federal government should provide for continued monitoring and evaluation of the performance of the natural gas industry and report its findings to Congress.

The deregulation of producers' prices for new natural gas would offer an incentive for exploration and would provide the nation's oil and gas operators with the ability to attract needed capital. Such deregulation would encourage sales in the interstate market and ease the specter of sharp curtailments in the many states relying on interstate supplies. Increased average prices should encourage conservation and the conversion to alternate energy sources.

The deregulation of natural gas will result in an increase in the price of new gas. These higher prices create the possibility of excessive profits. It is highly desirable that any excess profits be used to explore for, find, and develop new natural gas supplies.

If the price of new natural gas is deregulated, the Governors believe that Congress simultaneously should enact an effective excess profits tax which contains a plow-back provision that provides relief from such tax if excess earnings are dedicated to the exploration and development of new natural gas supplies.

To prevent accelerated depletion of remaining supplies of natural gas, which could result from deregulation, such action should be accompanied by legislative and executive commitments to determine national priorities for use of natural gas, specific programs designed to promote natural gas conservation, and a major effort to convert and phase out as rapidly as possible those existing natural gas facilities that do not represent the wisest and best use of natural gas under current circumstances.

A program should be developed that would commit new supplies of gas sold to interstate pipeline carriers in such a way that inequities among regions are reduced.

There is evidence of vertical and horizontal integration and interlocking relationships among natural gas producers and purchasing pipelines. There is also evidence of integrated and interlocking relationships among natural gas, petroleum, coal and uranium mining firms.

There is a strong concern that this may result in an anticompetitive aspect of the energy industry which could cause an artificial inflation of the price of natural gas and other energy supplies.

It is the position of the Governors that developments in the energy industry should be closely monitored to determine whether the letter and spirit of national antitrust laws are respected fully.

The Association urges prompt action by the Administration and Congress to facilitate the earliest availability of natural gas from the Arctic slope to markets in the Midwest, East, Middle South and Pacific Coast states. This resource, essential to the health of these sections of the United States, must not be withheld because of delays in administrative agency approval or unnecessarily extended court proceedings.
The Association supported neutral procedural legislation which would achieve the above goals by providing:

1. A limit to court challenges to orders allowing construction of the pipeline.


3. An April 1, 1977, deadline for other affected federal agencies to file their reports.

4. A July 1, 1977, deadline for the President to issue a final decision.

5. The concurrent approval by both houses of Congress of the route selected by the President with congressional analysis and review of the environmental impact of the proposed route as a critical part of the process.*

D. - 13

UTILITY REGULATION

Regulation of utilities which produce and/or distribute electricity traditionally has been the province of state government. Complex, interrelated systems have been designed to encourage optimum production at the lowest reasonable price to consumers. At the same time, state agencies have tried to assure 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 has boosted construction costs and the cost of credit. Fuel prices have risen erratically and rapidly. This has meant frequent applications for rate adjustments. Generators built for coal were converted to other fuels which had fewer environmental problems. Then they were encouraged to convert back as oil and gas became affected by price and availability. Finally, conservation and a weakening of the economy reduced sales, and overcapacity in many areas raised unit costs as operations fell below optimum levels.

The regulatory commissions were asked to respond to all these rapidly changing elements of cost and calculate a useful rate structure. Commission 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 combinations of problems. Predictions of local requirements are more difficult because demand is subjected to structuring to meet national and subnational 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 legislation (S 3521, now PL 94-586), which the Association endorsed, extends the Federal Power Commission deadline to May 1, 1977, and the presidential deadline to September 1, 1977.
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 tamper with pieces of a complex system. Studies done with and by the regulatory agencies are needed urgently. Standardized accounting practices for utilities should be sought, but state authority to set standards should not be supplanted. Innovative modifications of rate structures should be encouraged and evaluated.

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 for solving them.

The NGA Energy Program should carry forward its work with the National Association of Regulatory Utility Commissioners, as well as with the federal and state regulatory commissions seeking to expand the range of alternatives that 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, regional approaches will be more logical than national standards.

D. - 14

COAL

To reduce the nation's continued dependence on finite supplies of oil and natural gas and to limit the importation of oil, an energy program is being formulated that will cause coal to be a more significant energy source by the year 2000.

The development of a comprehensive coal program to stimulate both production and utilization must protect the physical, social, and economic environment of the producing region.

The Department of the Interior, in cooperation with the states, must act to protect the environment of coal-producing states, including subsurface as well as surface reclamation.

A commitment to total reclamation, as directed by state land use decisions, must be made. The quality of air and water must not be diminished because of mining activities. Toward that end, the perfection of coal desulfurization technologies is vital. The Energy Research and Development Administration should make coal desulfurization its first priority. Research on returning refuse to the subsurface should also be stepped up. State access to all exploratory drilling logs and soil analysis should be assured.

Coal conversion processes offer a near-term (five to ten years) solution to the availability problems of oil and natural gas. The federal government should sponsor extensive research and development programs to advance coal conversion technology. This must be paralleled by the federal financing of pilot conversion plants in all coal-producing regions. Tax credits and other considerations should
be granted to industry and utilities which convert to coal, and to states lacking adequate facilities to transport coal.

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 coal—the costs of those services should be borne proportionately by the ultimate user of the energy.

Surface owners must be adequately protected and fully compensated for hardships stemming from mineral development.

D. - 15

COAL TRANSPORTATION

It is the intent of the federal government to manage energy, environmental, and economic policy in a manner that yields steady growth in the domestic production and use of bituminous coals and lignite. Working toward the objective of significantly reducing the nation's dependence on expensive imported oil, the federal government has established a target of producing 1.2 billion tons of coal per year by 1985.

One of the most significant constraints to efficient expansion of coal production is the capacity and reliability of the coal transportation system throughout the country. According to the U.S. Department of Transportation, 500 million tons of coal, 75 percent of the total output, are trucked on public roads for at least part of their journey. By 1985 this volume will increase to 800 million tons. In addition to direct coal haulage, state and county road systems must bear increased traffic due to increased employment and the movement of equipment and other supplies. In regions where coal is carried exclusively by rail, the increased volume of shipments threatens to disrupt the highway system by blocking rail crossings for intolerable periods of time each day. This problem directly concerns all states between the point of production and the point of use.

The National Governors' Association calls upon the President, the secretary of energy, the secretary of transportation, and the secretary of the interior to work directly with the NGA Subcommittee on Coal to assess the significance and extent of the constraint posed by insufficient transportation facilities to handle expanded coal production and to assess the financial burden placed on state governments to maintain and upgrade the affected highway systems. This joint assessment should openly investigate the magnitude of the coal transportation problem, considering both direct coal hauling impacts and related induced traffic, and recommend constructive actions to overcome constraints through financing mechanisms consistent with a national policy of fiscal restraint and the public's pay-as-you-go mood.

Adopted August 1978.
NUCLEAR ENERGY POLICY

Preamble

Energy from all sources is the underlying base of economic and social activity in all states. The limited availability of energy adversely affects every aspect of our lives. Nuclear energy is, and must be, a critical and essential component of the nation's near-term and mid-term energy supply. In the continued development of this component, the Governors insist that health, safety, and environmental concerns be given paramount consideration. In addition, the Governors stress that priority be given to the following considerations:

1. Radioactive waste management,
2. Transportation of radioactive materials,
3. Advanced nuclear systems development,
4. Siting of nuclear energy facilities,
5. Nuclear light water reactor,
6. Breeder reactor, and
7. Abandoned uranium mine and mill tailing sites.

Radioactive Waste Management

Both federal and nonfederal sites for the disposal of radioactive waste are located within the boundaries of one or more states. In dealing with the issue of radioactive waste management, the Governors, along with local and federal officials, must protect the public health and safety and the environment.

The radioactive wastes that have accumulated from military activities, commercial reactors, medical research, and other sources are a national responsibility. All states generating any part of the problem need to participate in its resolution. The waste management problem cannot be solved by a federal process alone. It must be based on the principles of cooperative federalism. A strong partnership of federal, state, and local government and private industry is essential to a successful program. That partnership must be continued and strengthened. Continued dialogue on details of program plans is also essential to developing a sound program that will ensure public confidence.

The Governors urge Congress and the President to create a joint commission on radioactive waste management, consisting of seven members, a majority of which is drawn from the states. The commission should have the responsibility for developing a comprehensive radioactive waste disposal policy and implementation plan in conjunction with states, federal agencies, and local governments. Other responsibilities of the commission should include oversight of the development of generic environmental impact statements (GEIS) on the final disposal of commercial waste; investigation of the feasibility of establishing public-private waste management corporations, initially federally financed, on a site-specific
basis; and development of recommendations for away-from-reactor (AFR) spent-fuel storage. Such programs should move forward on an accelerated basis.

The Department of Energy should become more aware of and sensitive to the potential social, economic, and political impacts of waste management plans and programs on existing institutions. Greater attention should be given to the arrangements needed to offset or ameliorate those impacts. To that end, the Department of Energy needs to develop more effective methods to obtain timely, informed, and responsible public participation in formulating these policies and programs. Early in the process of preparing environmental impact statements for specific sites or facilities, the Department of Energy should involve state and local officials. State and local officials should help furnish the information needed for these activities. DOE must obtain state concurrence prior to final site determination. In addition, significant DOE management attention must be redirected to the analysis of environmental impact statements for radioactive waste management. Schedules must be accelerated, and additional technical personnel must be assigned to this task.

Although the ultimate disposal of high-level defense and commercially generated wastes must have the highest priority, the Governors recognize that interim solutions for the management of spent fuel will be necessary in order to continue using present nuclear capacity.

Because spent fuel should be considered a valuable future energy resource, programs for handling spent fuel should be designed to incorporate the concepts of "interim storage" and "retrievability."

The Governors believe that long-term program plans for low-level radioactive waste that continue to permit private operation and "agreement-state" regulation of low-level waste burial grounds on a cooperative basis with federal authorities, wherever this is both preferred and practicable, should be finalized as expeditiously as possible.

Rather than delay action until a "perfect" program for the disposal of radioactive wastes can be developed, the relevant federal agencies should utilize to the fullest extent practicable already available and workable technologies and solutions to forge an implementation strategy, giving priority to the protection of the environment and the health and safety of the general public.

Adequate funding for the costs of developing and implementing waste disposal programs should be provided to the states through user fees and other sources.

Abandoned Uranium Mine and Mill Tailing Sites

Numerous abandoned uranium mines and inactive mill tailing piles pose potential health hazards to the general public. These abandoned mines and mill tailing piles are the results of mining for uranium fuel under federal contracts for purposes of energy production and national security. The Governors urge Congress to pass legislation making it the full responsibility of the federal government to clean up and restore the abandoned mine sites and inactive mill tailing piles resulting from the mining of uranium.

Transportation of Radioactive Materials

The transportation of radioactive materials, including nuclear waste, is of growing concern to the general public. Increased citizen awareness and
concern must be dealt with thoroughly and responsibly. The Governors recommend that a set of uniform regulations and procedures relative to the transportation of radioactive materials be developed by state and federal officials. Such regulations and procedures must address the interests of individual states in issues such as routing, insurance, licensing, packaging, loading, and unloading. They must define the responsibilities and coordination mechanisms in the event of theft, diversion, or accidents involving radioactive materials. Such regulations and procedures should also address the coordination of local, state, and federal roles in the day-to-day operation of radioactive materials transportation systems. Adequate funding for the enforcement of and impact from the implementation of the above regulations and procedures should be provided. A federal agency should administer all aspects of federal involvement in the transportation of radioactive materials.

Advanced Nuclear Systems Development

Domestic sources of commercial-scale uranium ore are limited and are diminishing. With our present resource base so short-lived, we must pursue continued exploration of all nuclear and nonnuclear technologies. This includes breeder reactor technologies and nuclear fuel reprocessing. These technologies must receive adequate commitment for federal research, development, and demonstration.

Siting of Nuclear Energy Facilities

Congress is currently considering the Nuclear Siting and Licensing Act of 1978. Certain aspects of this act would require expediting the licensing of nuclear facilities through a number of improvements in the federal administrative process. The act, as proposed, also recognizes the importance of states in making need-for-power determinations and in being responsible, under federal guidelines, for making environmental impact analyses under the National Environmental Policy Act.

Avoidance of Delays in Construction of Nuclear Power Plants

Recent examples of regulatory delays in the construction and operation of nuclear power plants highlight the inability to bring new generation on line when needed. These delays have resulted in substantial increases in the cost of electricity to the consumer.

The Governors support licensing procedures that provide for full public participation and encourage a careful review of all health, safety, and environmental concerns. However, policies must be developed that provide for clear and definitive decisions. Any reconsiderations of these decisions must be limited to significant new issues that indicate the facility or site would not comply with the original requirements or to new information that indicates that the health and safety of the public would be endangered. Reconsideration must be handled in an open and expeditious manner.

The Governors request that any such pending issue be resolved with utmost dispatch in order to minimize uncertainty in the provision of power and ultimate financial loss to the electricity-consuming public.

The Governors reaffirm the principles stated in the previously adopted policy position on energy facility siting, emphasizing state flexibility and
involvement in siting.


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COASTAL ZONE MANAGEMENT

The coastal zone is one of the nation's most perplexing environmental management challenges. The thirty-one states which border the oceans and the Great Lakes contain 75 percent of the nation's population. Increasing population and economic development threaten the balance of natural, economic and aesthetic goals in the use of the invaluable and non-replaceable coastal resources.

Coastal states, because of the unique conditions 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.

To ensure the continued economic productivity of coastal resources, while maintaining an acceptable level of environmental quality, two actions are required. First, the administrative and legal framework should be recast to facilitate cooperative and coordinated activities affecting coastal resources. Second, additional knowledge of the nature of the coastal zone is necessary to help determine the multiple effects that different uses would have.

Under the Coastal Zone Management Act of 1972, the nation can develop a rational process for defining and ensuring the greatest benefit from natural and manmade coastal resources. To be effective, this process must keep local decisions in the hands of local government, except where overriding state and/or national interests are at stake, improve intergovernmental coordination in making decisions of greater than local impact, and collect and disseminate coastal resource information to improve decision making at all levels of government.

The Coastal Zone Management Act is not an opening for extended federal control. Federal agencies are directed 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. The ultimate success of a coastal management program will depend on the effective cooperation of federal, state, regional, and local agencies. This requires a federal administrative framework that will encourage the states to establish effective coastal zone management programs. If state coastal zone programs are to be effective, it is essential that the federal consistency provision of the Coastal Zone Management Act be followed stringently by federal agencies and supported by the Office of Coastal Zone Management (OCZM). Regulations published by OCZM should reflect an intent to keep this vital provision intact.

Basic to coastal zone management programs are the funds necessary to plan and take action. The requirements for coastal zone management are needed so urgently that federal funds must continue to be made available to the states at a level that will not only provide incentives but also will allow an adequate
program to be developed and implemented to the full extent intended by the act as amended, based on federal, state, and local participation.

The National Governors' Association supported the establishment of the Coastal States Organization (CSO) to represent the collective interests of the coastal states. The CSO has performed that task, especially in support of the Coastal Zone Management Act. However, many coastal and marine-related problems remain. The Association supports CSO in 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 matters that the delegates of coastal states consider important. The Association urges the coastal states to continue to support CSO with adequate resources.

Revised September 1977.

D. - 18

ENERGY EMERGENCY PREPAREDNESS

Governors must have sufficient authority to act in the face of severe energy emergencies. The states should adopt energy emergency management plans including at least the following:

(1) Emergency powers for the Governor.

(2) Loadshedding plans.

(3) Energy user priorities.

(4) A petroleum allocation system.

The Department of Energy needs to establish a list of potential measures which could be implemented by the states.

Some energy emergencies may be of such a nature that state energy emergency authority may not be sufficient to deal with the crisis, and some states may not be able to enact legislation in a timely fashion. Therefore, to meet regional and national energy crises, national legislation should be enacted that will allow presidential delegation of emergency powers to a Governor, upon request of the Governor.

The Department of Energy should provide assistance to the states to develop and implement energy emergency plans. Such assistance should be incorporated into a comprehensive state energy management grant program.

The inability to transport fuel has been a major cause of fuel shortages. An information system should be developed by the Department of Energy to facilitate the delivery of fuels in times of severe weather or in other situations in which transportation difficulties contribute substantially to a fuel crisis. This system should include information indicating the availability of truck transports and railroad cars and include plans for utilization of the Coast Guard's and United States Army Corps of Engineers' vessels to ensure passage of fuel-carrying ships on waterways. Furthermore, Interstate Commerce Commission regulations should be modified to permit states to obtain information on pipeline tenders of products.
shipped in interstate pipelines. Current rules prohibit this even with permission of the shipper.

Supplying electricity to a region lacking fuel for electric generating stations from another region, "Coal by Wire," is a worthwhile procedure. However, the existing federal program for implementation of the "Coal by Wire" technique has serious implications. It is recommended that if one region is called upon to supply electricity or fuels to another that the supplying or lending region be compensated at a rate equivalent to the incremental costs that are incurred.

The state set-aside should be continued. The program should be sufficiently flexible and allow for the use of an adequate percentage of the base fuel allocation.

A central energy emergency management function should be established at the national level to provide the states with information in a timely manner as to the extent of fuel shortfalls and the location of possible supplies. The Administration should begin immediately to acquire and verify data and inform the states in an accurate and timely manner on the degree to which fuel shortfalls may be expected. Making this information available prior to an actual energy resource shortage will provide states with sufficient time to utilize their resources and implement curtailment measures in an effective manner.

Coupon rationing should be a last resort. The Administration and Governors should investigate the feasibility of state implementation of any federal rationing program if such a program ever becomes necessary.

If the Administration determines the need to invoke specific energy emergency measures on a national basis, the Governors should be consulted through the National Governors' Association and regional Governors' organizations prior to such action, in a time frame which enables them to respond effectively. 

Adopted September 1977.

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INDEPENDENCE OF RESEARCH

The nation's Governors endorse the establishment of the Energy Research and Development Administration as an excellent application of the general principle of separating regulatory functions from research, development, and promotional activities.

However, in stack-gas desulfurization research (scrubbers), this separation principle has not been implemented. 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 of 1970.

The Environmental Protection Agency has the regulatory responsibility to enforce compliance of clean air standards and its policy favors the use of scrubbers. At the same time, EPA is conducting virtually all scrubber research and development both in the laboratory on a bench scale and (in collaboration with the Tennessee Valley Authority) 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 on cleaning the gases resulting from the combustion process. It would be appropriate for part of the EPA research to be transferred to ERDA, which could expand the program in cooperation with research programs currently under way in certain coal-producing states.

SPECIAL ENERGY PROJECT

A piecemeal approach to the energy crisis, based simply on conservation and penalties, will not suffice to serve the nation's pressing needs. A major effort must be undertaken to develop new sources of energy.

The National Governors' Association views the current energy shortage as a national emergency demanding immediate and extraordinary measures by Congress and the President to acquire a more adequate supply of energy.

The Association urges the establishment 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 the United States.

ENVIRONMENTAL EDUCATION AND MANAGEMENT

The success of any government program designed to protect and preserve the nation's rich natural resources ultimately rests on the active participation of an informed citizenry. The problems created by ever-increasing demands on the economic system, energy resources, food supplies, and natural resources may be solved only if each individual is prepared and willing to contribute to the solutions.

Even though state and federal laws designed to protect the environment are enforced rigorously and, in many cases, backed by serious penalties, these laws alone will not guarantee a clean environment. Local, state, and federal construction programs to provide the latest and most advanced pollution abatement technology in the world are not enough.

There is an urgent need to teach environmental awareness and population dynamics as a major basic requirement in primary, secondary, and higher education, and as an integral part of adult education. Curricula at all levels of education need to be examined for their relevance to the rapidly changing conditions of the 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, specialized training programs must be provided for the operators of these systems. The most sophisticated pollution control equipment can be only as effective as its human operators.
Environmental impact studies are necessary to ensure the preservation of environmental quality. 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.

Furthermore, there should be an office at the regional level to handle routine impact studies, as well as 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 delays.

The National Governors' Association strongly urges that Congress again consider the Interstate Environment Compact, first introduced in the 93rd Congress and passed by the Senate. This compact would facilitate the establishment of "supplementary agreements" between states for the purpose of taking joint action to abate pollution problems that affect more than one state.

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STATE LAND USE PLANNING

The issue of national and statewide land use planning and decision making must be faced in this decade. The proliferating transportation systems, large-scale industrial and economic growth, conflicts in emerging patterns of land use fragmentation of governmental land use planning powers, and the increased size, scale, and impact of private actions have created a situation in which land use management decisions are being made on the basis of expediency, tradition, short-term economic considerations, and other factors which are often unrelated to a sound land use policy.

Across the nation, public and private enterprise has had to delay, litigate, and cancel proposed utility, industrial, and commercial developments because of unresolved land use questions, thereby wasting human and economic resources and threatening public services. Often utilities and industrial and commercial facilities end up being located in areas of least public and political resistance, without regard to relevant environmental and economic considerations.

The substance and nature of a national land use policy should consider the needs and interests of state, regional, and local governments as well as those of the federal government. The long-range resolution of land use matters lies in the significantly increased participation of state government in land management policies and programs.

A national land use policy should be developed to serve as a guide in making national decisions that affect the pattern of environmental and industrial growth and development on federal lands, and as a framework for the development of interstate, state, and local land use policy.

This national policy should:

1. Foster the continued economic growth of all states and regions in a manner that is compatible with a quality environment and consistent with other public and private rights.
2. Favor patterns of land use planning, management, and development that offer alternative locations for specific activities and encourage the wise and balanced use of the nation's land and water resources.

3. Influence population distribution so that scenic, environmental, and cultural amenities are available to the people.

4. Contribute to revitalizing rural communities and encourage new communities that offer diverse opportunities and living styles.

**OCEAN RESOURCES**

The world's oceans represent an enormous 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. Coastal areas of the United States and other developed countries are under increasing pressure due to their desirability for commerce, industry, habitation, recreation, and transportation.

The utilization of ocean resources and the solution of ocean-related problems depend on developing oceanic knowledge and technology, resolving conflicts of national and international jurisdiction over the oceans, protecting the quality of the marine environment, and establishing a clear and comprehensive national ocean policy.

**SAFE DRINKING WATER**

The Federal Safe Drinking Water Act (PL 93-523) was enacted to supply safe drinking water throughout the country by establishing and enforcing national requirements applicable to all water systems that provide piped water for human consumption to at least fifteen service connections or regularly serve at least twenty-five individuals.

Numerous public and private water systems will have to comply with the detailed national requirements for monitoring, record keeping and public notification of violations. However, many owners of these water systems are not aware that the national requirements must be met by July 1977. The Environmental Protection Agency should undertake a national public information program to advise public and private owners of water systems about the new requirements with which they must comply.

The National Governors' Association supports the intent of the act that states assume the primary enforcement responsibility. To carry out supervision of public water systems, the act authorized program grants for states at $15 million for fiscal 1976 and $25 million for fiscal 1977. Only a portion of the
authorized levels, $7.5 million for fiscal 1976 and $15 million for fiscal 1977, was appropriated. These appropriations are inadequate for states to carry out fully the requirements of the act, in many cases providing only 25 to 50 percent of a state's costs.

Also, there is no authorization for state program grant funds beyond fiscal 1977. This makes it very difficult for states to develop phased program plans and budgets to implement the federal requirements.

The Association recommends that Congress authorize up to $40 million annually for fiscal 1978, 1979, and 1980, and that the full authorization for state program grants be appropriated. Additionally, a construction grant program should be established to assist publicly owned water systems in implementing the act.

Congress should appoint a National Safe Drinking Water Review Commission, with adequate state and local government participation, to evaluate the social, economic, and technical impacts of the act and recommend changes by July 1979.

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WATER POLLUTION CONTROL AND ABATEMENT

The National Governors' Association endorses the following national goals and policies as contained in the federal Water Pollution Control Act Amendments of 1972 (PL 92-500):

1. Where attainable, the interim goal of water quality which provides for the protection and propagation of fish, shellfish, and wildlife, and for recreation values should be achieved by 1983.

2. The cornerstone of an effective national water pollution control program must be based on the recognition, preservation, and protection of the states' responsibilities and rights to prevent, reduce, and eliminate pollution.

3. To the maximum extent possible, procedures utilized for implementing the national program should encourage the drastic minimization of paperwork.

The National Governors' Association encourages the prompt passage of amendments to the act, changes in the regulations and in administrative practices and policies of the United States Environmental Protection Agency (USEPA) so as to permit full implementation of the above policies. Specifically:

1. Amendments to Title I should authorize and implement a multi-year federal commitment to state program grant assistance with year-ahead appropriations at a funding level commensurate with national goals, policies, and priorities. Proportional reduction, rather than elimination, of program grants should be provided for those states whose contribution to the water pollution control program in any fiscal year may be below the FY 1971 level.

2. The Governors encourage the streamlining of program administration, delegation of authority and responsibility to the states to the fullest extent possible, decentralization of decision making within USEPA, and meaningful state participation in establishing program policy.
3. The Governors are concerned with the failure of constructed treatment facilities to achieve or demonstrate the environmental benefits for which such facilities were designed and constructed. Part of this problem is caused by faulty operation and maintenance of treatment facilities, which needs to be addressed, in some cases, by better enforcement techniques, but, primarily and in all cases, by better training techniques. Operator training activities must receive increased priority and attention in future state programs. To properly discharge this responsibility, increased flexibility in the structuring and allocation of resources in the Section 106 programs is needed, as is added flexibility in the administration of training programs authorized by the act. Section 109(b) should be amended to provide, at state discretion, for more than one training center in each state and an increase in the funds available to provide such training facilities. The programs for institutions of higher education should be strengthened and expanded to assure timely availability of properly trained professionals required to attain and maintain water pollution control objectives at the state and local levels.

Another part of the problem is failure to establish a "design feed-back" mechanism whereby design deficiencies that become apparent over the years can be corrected through modification of design requirements resulting in appropriate plant "hardware" with which the average operator can produce the required quality of effluent. Obviously, determination of such design requirements must be accomplished at the state government level, after full interchange of ideas between state, local, and federal agencies.

4. The Governors note substantial noncompliance by publicly owned treatment works with the mandated July 1, 1977, deadline for achievement of national minimum secondary treatment requirements. Congress should authorize case-by-case extensions to this deadline by either USEPA or states administering the National Pollution Discharge Elimination System permit program. The causes for delay in implementing these requirements are widely recognized and understood. Therefore, local governments that have acted in good faith should not be subject to enforcement actions or a challenge to their financial integrity. The requirement that local governments comply with the deadlines without adequate construction grant funds cannot be supported, except in unusual cases, particularly when the act precludes future reimbursement grants to such projects when future funds do become available.

5. Except for toxic pollutants, the imposition of more stringent effluent standards beyond those required to achieve "fishable, swimmable" water quality should be delayed pending detailed study of the effectiveness of non-point source controls, and the review and justification of the economic impact of technology-forcing effluent standards.

6. An appropriate focus of the program is control of the release of toxic pollutants and hazardous substances into our environment. An effective industrial pretreatment program for these incompatible pollutants is necessary. Pretreatment programs should be locally adopted, administered, and enforced. State and federal roles should (1) ensure that adequate programs are established, implemented, and enforced; (2) support local governments with technical service or enforcement, where requested or required to maintain the integrity of the nation's waters.

Safe ultimate disposal sites for toxic and hazardous residuals must be provided and properly managed and supervised, with each state assuming its proper
responsibilities.

7. Title II should be amended as follows to reaffirm a continuing federal commitment to the construction grants program:

- Adequate multi-year authorizations should be consistent with the rate of progress desired and national fiscal constraints. An equitable allotment formula for distribution of the funds to the states must also be adopted and maintained on a multi-year basis;

- Year-ahead advance appropriations are encouraged to facilitate more effective long-range planning of needed facilities;

- Current eligibility and levels of funding support should be retained.

Nothing in Section 106 should limit a state's ability to list as top priority for federal funding projects to abate health and environmental hazards.

8. Deadlines should be extended one year for both designated and non-designated areawide agencies to complete the required initial planning under Section 208 of the act. All initial planning grants should be entirely federally funded. Financial sanctions against state and local governments should not be applied by USEPA until the effectiveness of the areawide planning program has been evaluated properly.

9. The act should be amended to require the full compliance by federal facilities with both substantive and procedural state pollution control requirements.

10. Regulations promulgated by USEPA and the U.S. Coast Guard for marine sanitation devices for fresh water vessel sewage discharge are inadequate. These regulations do not provide for adequately treated sewage. Therefore, Section 312 of the act should be amended to require that such devices provide containment for discharges to a shore facility or the same degree of treatment prescribed for publicly owned treatment works: secondary treatment as defined by the administrator under Section 301 of the act.

Adopted September 1977.

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ADVANCED FUNDING OF MUNICIPAL WASTEWATER TREATMENT GRANTS

The heart of the national water clean-up effort is the multi-billion-dollar Wastewater Treatment Construction Grants Program, which Congress reauthorized through fiscal year 1982 in the Clean Water Act of 1977. For a variety of reasons, this program has not had the benefit of systematic, continuous funding since its original enactment in 1972. This situation has resulted in much uncertainty for state and local governments and has led to significant disruption of the flow of water pollution abatement projects through the planning, design, and construction process.

The current funding situation highlights the difficulties that result from the present year-to-year funding approach for the program. Congress did not
complete funding action for fiscal year 1978 until March 1978. Additional delays in the EPA regional allocation process resulted in some states receiving this funding as late as June 1978, nine months into the fiscal year. This latest delay in funding has had adverse fiscal, employment, and environmental impacts nationwide. Recent estimates indicate that state and local governments lost over $500 million of the $4.5 billion fiscal year 1978 appropriation due to rising costs of construction materials and labor. Consequently, state and local water pollution control efforts have been retarded. Citizens have lost a significant portion of the clean-up benefits that their tax dollars were supposed to provide, and 20,000 jobs were lost.

Clearly, the nation cannot afford the unnecessary costs that stem directly from the vagaries of the current appropriation process. Congress itself has recognized this problem in adopting the Clean Water Act conference report of December 6, 1977, which states:

The Conference hope and expect the appropriations committees will, with the support of the budget committees, provide advanced appropriations for fiscal years 1979, 1980, and 1981. Only in this way can states and communities know in advance that adequate funds will be available and proceed to plan for construction of needed wastewater treatment works.

The National Governors Association notes that Congress has already adopted the advanced funding approach for a number of federal programs where planning lead times are particularly important, and it strongly urges that year-ahead advanced funding be provided for the Wastewater Treatment Construction Grants Program. By taking this necessary action, Congress would provide a degree of funding certainty which is critical to effective planning and management while reducing the devastating effect of inflation on public expenditures for pollution control and abatement.

Adopted August 1978.

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**NAVIGABLE WATERS**

The U.S. District Court (District of Columbia) has directed the Army Corps of Engineers to adhere to the definition of navigable waters contained in Section 502(7) of the Water Pollution Control Act Amendments (PL 92-500). The act's definition encompasses all waters of the United States including territorial seas. Such a definition radically expands federal jurisdiction over the nation's waters and threatens 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' Association urges Congress to enact legislation to limit the criteria of navigability to waterways that are currently capable of transporting commerce and asks the Corps of Engineers to delay further navigable determinations at this time.
FLOOD PLAIN MANAGEMENT

The National Governors' Association believes enactment of the Flood Disaster Protection Act (PL 93-234) is an excellent first step in implementing sensible flood plain management of the nation's streams, rivers, and coasts.

However, identification and mapping of special flood hazard areas by the Department of Housing and Urban Development have been hastily and inaccurately promulgated. This results in significant hardships for state and local governments that are attempting to comply with the act, and jeopardizes the National Flood Insurance Program.

The Association urges the Administration to develop a reasonable scientific system, which is acceptable to state and local governments, for identifying and mapping special flood hazard areas. The effective cutoff date for federal financial assistance should be extended to no less than two years from the date of accurate mapping of the special flood hazard areas.

The Association also urges the federal and state governments to prepare and implement flood plain management programs that will:

1. Minimize and prevent the loss of life and property, the disruption of commerce, and the impairment of the tax base.
2. Minimize the extraordinary public expenditures and demands on public service that result from flooding and the threat of flood damage.
3. Provide for adequate passage of floodwaters and prohibit uses which substantially increase flood stages.
4. Encourage public awareness of the nature and extent of flood hazard areas and make available to potential landowners and developers information concerning the wise use of the flood hazard area.
5. Provide information to local communities so that they can meet the requirements for land use and control measures set by the Federal Insurance Administration and be eligible for the National Flood Insurance Program.
6. Promote land uses that will preserve existing resource management activities and maximize resource management opportunities in flood hazard areas.
7. Protect necessary wetland areas such as swamps, bogs, and marshes to meet habitat requirements of wildlife located in flood hazard areas.

STREAM CHANNELIZATION

The Small Watershed Program administered by the U.S. Soil Conservation Service provides many benefits to the states, local governments, and private landowners. However, one aspect of the program, stream channelization, has caused significant problems. These problems stem primarily from the inherent
conflicts between the environmental effects of channelization and states' responsibilities to protect fish, wildlife, and water quality.

The environmental effects of channelization (which is used 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, national attitudes and approaches to water resource management, particularly flood control, have changed in recent years. Flood plain management and land use controls are now the most desirable methods of reducing flood problems, with structural and engineering approaches a last resort.

The National Governors' Association 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.

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FUNDAMENTAL PRINCIPLES FOR A NATIONAL WATER POLICY

Preamble

The National Governors' Association clearly recognizes the need for and supports the development of a comprehensive national water policy that truly addresses state water and related resources problems. In his May 1977 environmental message, the President called for a national water policy study that includes greater sensitivity to environmental values in water management and development programs; economic efficiency; water conservation; more equitable allocation of costs among beneficiaries; and better integration of water quantity and water quality objectives and programs.

The Governors conclude that (1) any new national water policy should be the result of a cooperative national, not primarily federal, effort; (2) the new policy should recognize the states' primary role in water management; (3) the new policy should strengthen the states' capabilities to manage water policy; (4) the federal government must be more flexible in its response to states; and (5) management should recognize hydrologic systems. The integration of concerns for water quantity and water quality with the related resources dependent thereon is essential to any national policy on water management. Any national water policy must recognize regional differences in water problems and ensure flexibility and equity in future federal water investments.

State representatives who participated in the national water policy review efforts were and are agreed that coherent goals and guidelines to provide a common purpose to the process have not been forthcoming from the federal government. This statement, then, is intended to give that direction.

The nation's water and related resources are increasingly regarded as central to its economic and environmental well-being. The goal of a national water policy should be to foster a joint federal, state, and local water manage-
ment program to meet current and future water quantity, quality, development, and related resource needs that are, to the extent possible, consistent with environmental and economic considerations.

Some of the serious national and regional problems that indicate the scope of issues that need further attention to meet this goal include:

- Public health concerns
- Loss of valuable wetlands
- Resource restoration and management
- Lake eutrophication
- Ground water depletion
- Escalating annual flood losses
- Antiquated water systems in urban and rural areas
- Water storage facilities
- Federal regulation of water resource structures
- Clarification of state, federal, and native American resource rights
- Contamination by toxic and hazardous materials of surface and ground waters
- Jurisdictional conflict regarding water rights administration and management
- Inadequate water systems

These and similar problems suggest two directions of response. First, states must be equipped to manage their water resources better. Second, water resources policy must be developed in concert with and as an integral part of national economic, environmental, urban, agricultural, and energy policies.

PRINCIPLE 1: The States Have the Primary Authority and Responsibility for Water Management

Primary authority and responsibility for water management functions, including planning, development, and regulation, rest with the states and, in some cases, their delegated interstate agencies. Water management activities relating to water quality, water supply, groundwater, wetland protection, coastal zone management, and soil conservation should be clearly delineated by Congress as the primary responsibility of the states and their delegated interstate agencies.

To the degree appropriate, navigation, flood control, and other issues should continue to be shared with the federal government at the prerogative of the state.
Federal policy must recognize and respect the rights of the states to administer their individual water laws and manage their water resources.

PRINCIPLE 2: The Proper Role of the Federal Government Is Threefold: (1) To establish a framework of national objectives and criteria developed in consultation with the states; (2) to provide assistance to the states in the development of programs to meet state needs within such a framework; and (3) to be consistent with such state programs to the maximum extent possible when undertaking direct federal actions pursuant to national interests.

The responsibility of the federal government is to establish, in full consultation with states and other appropriate interests, national objectives and criteria for the protection, management, restoration, development, and use of water and related resources to meet national economic, environmental, and social objectives and to assist in implementing such policies in federal actions and through assistance and support for state actions.

However, the nature of federal activities in water management involving direct actions by federal agencies, an array of narrow categorical programs for specific management purposes, and a similar range of regulatory programs has been a major barrier to comprehensive management and appropriate action at the state, local, or basin level.

The essential steps toward orderly, efficient, and balanced water management are to recognize the primary responsibility of the state and to put each state in the position to develop coherent management strategies in cooperation with local governments, other states, and the federal government.

It is the responsibility of the state to relate national objectives and criteria to its management programs. Federal policy should be directed toward strengthening the capability of the state to act as the integrator and manager of all programs affecting the water resources of the state. To do so effectively, states need:

1. Realistic and dependable financial support to integrate management activities through expansion of provisions for state assistance, such as a revised Water Resources Planning Act of 1965 or similar legislation;

2. Full funding of authorized programs, consistent with congressional intent;

3. Technical assistance from federal agencies with extensively developed expertise, such as the Environmental Protection Agency, Soil Conservation Service, U.S. Bureau of Reclamation, U.S. Geological Survey, Bureau of Land Management, or the Corps of Engineers;

4. Additional research assistance from, for example, the water resource research centers established under the Water Resources Act of 1964 or similar legislation; and

5. Assurance that direct federal actions will be responsive to national policy, consistent with state programs and priorities, and carefully evaluated against mutually agreed upon standards, such as Principles and Standards adopted pursuant to the Water Resources Planning Act, suitably revised.
PRINCIPLE 3: Water Management Must Be Approached in a More Comprehensive and Coordinated Manner at the Federal, State, Local, and Interstate Levels

The federal government should support a management system that provides for defined state and national objectives and criteria in the management of water resources. Such a system should guide resulting state, local, and federal implementation actions, with due regard for efficiency in public investment, environmental quality, equity, and the integrity of hydrologic and related natural systems.

At the federal level, this means resolution of conflicts or competition among federal programs and coordination of agency activities through a national coordinating entity reporting directly to the President and with provision for adequate state and public input, such as a strengthened and reconstituted U.S. Water Resources Council.

At the state level, this means preparation and maintenance of comprehensive statewide water and related resource programs developed within national objectives and criteria established in consultation with the states, appropriately funded, with specific funding support for local and federal participation.

At the interstate level, where states determine that federal/state collaboration is desirable, institutions such as river basin commissions, interstate compacts, or other mechanisms agreed upon by the participants should be supported.

PRINCIPLE 4: Federal Actions Must Be Consistent with Adopted State and Interstate Water and Related Resources Plans and Programs

A major frustration of regional, state, and local water resource decision makers is the problem of securing consistency of federal projects with state water planning programs. All direct federal actions, grants, and regulations must be shown to be consistent with adopted state and interstate water and related resources plans developed within the framework of the national objectives and criteria. In the absence of such plans, federal actions should be conducted following agreement with the affected states.

PRINCIPLE 5: There Must Be Continuity in Federal Support for Water Management Programs

Effective scheduling of local and state government appropriations processes and personnel recruitment is made extremely difficult by sharp variations in federal funding levels and by the failure to fully fund authorized programs.

Continuity of federal support is critical in two respects: in relative dependability in funding levels over time and in the entire sequence of actions from planning through implementation. With continuity in federal support guaranteed, nonfederal contributions can be more easily assured.

PRINCIPLE 6: There Must Be Greater Flexibility in the Entire Federal Support System for Water Management

Sources of federal assistance for water planning in general and program management and projects in particular are not adequately responsive to water problems at the state, regional, or national level. Inherent biases toward
specific courses of action exist throughout the system and are principally
cased by (1) the failure to fund (or fund adequately) specific sections of
approved federal legislation, (2) the narrow focus of some categorical grants,
(3) the variations in the federal contributions in cost-sharing formulas, and
(4) authorities that preclude agencies from participation in certain projects
and programs. Such biases render the system of federal assistance inflexible,
reduce the number of options state and local decision makers can consider, and
effectively preclude achievement of the goal of comprehensive planning and
management.

To eliminate the inflexibility that has evolved and promote a more flexible
system capable of responding to perceived water problems, whether national or
regional in scope, the Governors recommend four basic policy changes:

1. Broaden the applicability of existing categorical programs, or
fully fund underfunded programs, to make them more responsive to state and
regional needs;

2. Begin the establishment of a supplemental grant program for water
management actions that are needed but do not qualify under existing
categorical grant programs or direct federal projects. Guidelines would be
designed within broad national objectives developed in consultation with the
states;

3. Give equitable treatment to all alternative solutions to water-related
problems by upgrading funding assistance for nonstructural programs; and

4. Establish federal agency authority, as needed, to participate in and
fund a wider variety of water management solutions, such as for water supply
and water restoration programs.

PRINCIPLE 7: Criteria for Planning and Evaluating Federal and Federally
Assisted Water Projects and Programs Must Be Refined and Applied Uniformly

A special effort should be made to review and revise the Principles and
Standards to better recognize, quantify, and display the environmental, social,
and regional implications of federal water programs and projects. The general
intent of the Principles and Standards should apply to all federally assisted
and direct federal water and related resources programs.

1. The public participation requirements of project planning and
evaluation criteria should be carried out aggressively.

2. Projects should be selected using a system that includes cost/benefit
analyses, cost-effectiveness analyses, and economic, environmental, and social
analyses.

3. The application of appropriately revised Principles and Standards
to water quality programs is an example of effective and equitable assessment
of such programs. Subsequently, projects that are part of such programs would
be evaluated by cost-effectiveness criteria.

4. Steps must be taken to ensure that evaluations of all federal water
programs and projects are conducted and reported uniformly, to the maximum
extent possible.
5. The current method of establishing the discount rate for federal projects—based on the cost of federal borrowing—appears to be the most appropriate. Discount rates should be uniform and relatively stable.

**PRINCIPLE 8: Federal Project Financing, Cost-sharing, and Cost Recovery Policies Should Be Reviewed and Simplified to Eliminate Inequities and Inherent Biases toward Specific Solutions to Water Problems and Promote Equal Consideration of Structural and Nonstructural Solutions**

Existing federal policies present a bewildering array of financing, cost-sharing, and cost recovery options for direct federal and federally assisted water projects and programs. Inequities exist among those who pay for and those who benefit from such projects and programs. Moreover, many existing programs create inherent financial biases that favor certain solutions to water problems over others, sometimes resulting in the approval of projects of only marginal utility. Accordingly, the National Governors' Association urges that:

1. Cost-sharing policies should be consistent among alternative means for achieving the same purpose. This means uniformity among cost-sharing policies for both structural and nonstructural alternative solutions to a problem under existing agency authorities and the broadening of some agency authorities to permit consideration of more alternatives.

2. Cost-sharing policies should be consistent among federal agencies for the same purpose. There should be no financial bias making one agency's program more attractive than another's on financial grounds, forcing nonfederal participants to "shop around" for the best deal.

3. Where urgent action is called for and nonfederal participants cannot provide their "front end" share in a timely fashion, there should be provision for federal financing beyond the ultimate federal cost-sharing level, with subsequent cost recovery.

4. Cost recovery policies should promote conservation and equity. Project costs should be recovered from identifiable beneficiaries whenever possible through systems such as user charges, ad valorem taxation, and sale of vendable products, with due regard to benefits derived and for administrative practicality and financial constraints on direct beneficiaries and communities.

**PRINCIPLE 9: Water Conservation Must Be the Fundamental Consideration in Water Management Programs**

A national water conservation initiative reflecting regional variations and the factors defined below must be the cornerstone of national water policy. Water conservation includes: (1) day-to-day uses, (2) resource allocation, including conjunctive uses, (3) drought response, and (4) effective use of seasonal water, including storage where applicable. The issue is both economic and environmental. The economics and environmental impacts of water conservation vary by region and are often site-specific. National policy must be flexible enough to accommodate these differences. Accordingly, the National Governors' Association recommends:

1. A national water conservation initiative implemented by the states as part of their total water management programs, with federal financial and
technical assistance, including a component for evaluation of the true benefits and costs of conservation.

2. Encouraging comprehensive management of intermittently available fresh water resources to maximize the availability of surface and groundwater supplies.

3. Requiring consideration of maximum water conservation contributions in project and program planning and evaluation criteria, such as the Principles and Standards, for all water programs and projects.

4. Examining closely the incentives and disincentives for encouraging recycling and reuse of water, with due consideration for public health.

5. Examining and promoting where feasible the practice of conjunctive use of water supplies—that is, the use of surface water supplies during high stream flows, thereby conserving groundwater supplies, and the use of groundwater supplies during low stream flows.

PRINCIPLE 10: Federally Supported Water Research Should Be Expanded, Coordinated, and Tied Closely to the Planning and Management Concerns of the State

The federal government currently supports a wide variety of water research programs, through both the individual federal water agencies and the state water resources research centers created under the Water Resources Research Act of 1964 and coordinated by the Office of Water Research and Technology in the Department of the Interior. Through these vehicles, important research has been conducted in all phases of water management. Little coordination exists among these programs, however, and no effective mechanism exists that can focus the water research establishment on the planning and management concerns of the nation's principal water managers—the states. The National Governors Association recommends that:

1. At the federal level, coordination be provided for the many mission-oriented federal agency research programs, for example, by tying them and the Office of Water Research and Technology more closely to a national coordinating entity such as a reconstituted and strengthened U.S. Water Resources Council.

2. At the state and regional level, the research agendas of both the federal agencies and the federally supported water research centers be developed in conjunction with the expressed management needs of the states.

3. Substantially increased support, perhaps through amendment to the Water Resources Research Act, be provided for research programs in support of state needs, and increased support for programs of technology transfer and public information by the water centers to increase the value of their work.

PRINCIPLE 11: Any Claims to Federal Reserved Water Rights, Including Those for Indians, Must Be Initially Addressed within the Framework of Established State Systems

To ensure that there is equity and that procedures are prompt and orderly, the processes for the identification and quantification of federally reserved water rights, including those made on behalf of Indians, should be streamlined
and accelerated in cooperation with the states, with original jurisdiction in
state courts subject to normal appeal. The subsequent administration of such
rights should be within state systems.

The National Governors' Association recommends that:

1. Any federal claims to water asserted under the reservation doctrine
   or other theory of paramount right, including those made on behalf of Indians,
   should include a specific recital of the purpose, location, extent, and
   priority data of every water right claimed, and should relate such claims to
   the effectuation of the original purpose of the reservation.

2. Federal legislation should be passed to provide full compensation to
   the owners of water rights vested under state law, if (1) those rights are
   later taken by the United States or Indian tribes or (2) the exercise of those
   rights is precluded by actions of the United States.

Adopted February 1978.

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AMENDMENTS TO THE CLEAN AIR ACT

The 1970 amendments to the Clean Air Act reaffirmed that states have the
primary responsibility for control and abatement of air pollution. This role
must be continued and strengthened further if the states are to solve successfully
the complex air-pollution problems that exist throughout the nation. The nation's
Governors believe that Congress must pass comprehensive Clean Air Act Amendments
legislation which includes the following provisions:

1. Congress--and not the courts--must establish national policy on the
   vitally important issue of prevention of significant deterioration. Any signi-
   ficant deterioration policy established by Congress must provide for protection
   of air quality over lands of prime national interest. On all other lands, the
   Governors must have the exclusive authority to designate air-quality classifica-
   tions and the responsibility for implementing programs for the prevention of
   significant deterioration. As a component of any prevention of significant
deterioration policy relating to new major emitting facilities, Congress should
require the Environmental Protection Agency to determine the best available
control technology, with state discretion, to establish more stringent require-
ments. The Environmental Protection Agency shall involve the states in best
available control technology development prior to publication in the Federal
Register of proposed rulemaking. Further, EPA shall review best available
control technology regularly--with full opportunity for state participation--
to incorporate subsequent improvements in control technology.

2. Accommodating growth in the nation's non-attainment areas, while at the
   same time maintaining a vigorous program to attain ambient standards, is one of
   the most challenging demands of the Clean Air Act. This can be accommodated
within the current provisions of the Clean Air Act, provided the deadlines for
meeting ambient air-quality standards in non-attainment areas are extended beyond
July 1977.
A revision to a state implementation plan that allows a new or modified air pollution source in a non-attainment area must be approved by the administrator, provided such revision insures orderly and significant progress toward overall emission reductions. A national policy that limits expansion to existing facilities in non-attainment areas may be detrimental to the economic well-being of many areas of the nation. In addition, EPA's new "off-set" policy has certain flaws which may reduce its effectiveness. States should have the flexibility to select the strategy most appropriate to their circumstances, including but not limited to those above, in seeking to reduce pollution in areas not attaining national standards. If the sources of emission causing or contributing to a non-attainment problem are outside the jurisdiction of the affected area, EPA must require the necessary emission reductions in the source areas so as to effect achievement and maintenance of the air quality standards in the affected receptor area.

3. More time and additional federal funding are needed to solve the transportation-related pollution problems that exist in our cities. A federally funded planning effort and reasonable deadline extensions must be granted by Congress to insure that this complex problem is solved in a rational and coordinated manner.

4. The automobile industry should be required to meet existing emission standards as expeditiously as is practical. Vehicle warranties on emissions-related components should be of sufficient duration so as to not impose burdensome costs and responsibilities on motorists for maintenance and repairs. Further, any decision to postpone current statutory auto-emission standards should be accompanied by a concurrent postponement of deadlines for meeting ambient standards in order to avoid increasing the restrictiveness of state implementation plans.

5. Federal facilities must be required to comply with all state and local substantive and procedural requirements on control and abatement of air pollution.

6. The EPA administrator should be required to notify a state before contacting an air-pollution source within that state concerning an implementation plan deficiency. States should be provided a reasonable opportunity to correct any deficiencies prior to any federal action.

7. 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.

8. If a National Commission on Air Quality is established to review implementation of the 1977 Amendments to the Clean Air Act and recommend to the Congress future changes in the law, the commission should have representation from the public, the nation's Governors, and members of the congressional committees that have jurisdiction over Clean Air Act matters.

9. The law should be amended to prevent state agencies from losing federal program funds by providing for a waiver of the "maintenance-of-effort" provision where state funds are reduced as a result of an overall or "across-the-board" state budget reduction.

The 95th Congress should move swiftly to pass the 1977 Amendments to the Clean Air Act. Clear direction from Congress is necessary for the states to
carry out their proper roles in air-pollution control without having to face continuing litigation based on uncertainties as to congressional intent.

D. - 32

RECREATION PLANNING

Meeting the nation's recreational needs increasingly has depended on government action as the quantity and quality of natural resources have diminished. The states have developed plans to deal with recreational needs and problems unique to their areas. While significant progress has been made, the National Governors' Association supports the following actions to ensure successful implementation:

1. Increased and timely funding for acquisition and development of outdoor recreational facilities authorized under the Land and Water Conservation Fund Act of 1965. The act should be amended to allow the federal government to fund the operation and maintenance of outdoor recreation facilities, and to allow states to use up to 25 percent of their annual apportionment to enclose outdoor facilities for year-round use.*

2. Evaluation of states' obligation performance every three years from the date funds were actually received.

3. Improved intergovernmental coordination, with early and full state involvement in the development of the 1978 revision of the National Outdoor Recreation Plan. The revised edition of the plan should present a composite of federal, state, local, and private evaluations and recommendations for the highest and best use of recreational resources, management, and protection alternatives and funding possibilities.

4. A more equitable distribution of designated wilderness areas among the states. Additionally, other methods and criteria that encourage the multiple use of urban and rural public lands need to be developed.

5. Federal assistance to the states to enable them to assess urban recreational needs. In view of transportation constraints imposed by the energy crisis, the Association urges Congress to establish and ensure implementation of a rational, comprehensive policy on critical urban recreational needs as identified by the states.

D. - 33

FORESTRY

Expected shortages of wood products combined with increasing public demands for the recreational, environmental, and wildlife benefits of the nation's forests have led to inevitable conflicts in the management and use of forest lands. The

* Amendments (PL 94-422) to the act authorize increased funding to $600 million in fiscal 1978, $750 million in fiscal 1979 and $900 million annually through fiscal 1989. States may use 10 percent of their funds to enclose outdoor facilities.
National Governors' Association strongly endorses the balanced utilization of public forest lands as required by the Multiple Use Act of 1960.

In response to criticism of the Forest Service for over-emphasis on timber harvesting to the detriment or exclusion of other forest uses, Congress enacted the Forest and Rangeland Renewable Resources Planning Act of 1974. This act required the Forest Service to ensure the wise use of national forests and initiated a procedure to develop both short- and long-term policies and programs. This process should be encouraged and the necessary programs initiated and funded. All timber harvest should be based on long-range plans that consider the multiple-use concept of sound forest management.

In carrying out these and other legislative mandates relating to national forests, the Association urges that all plans and management programs be linked directly to the funding and allocation of adequate personnel to ensure implementation.

States and other interested parties should be allowed to participate at the earliest stages of the planning process and to comment on plans and revisions by requiring submission through the A-95 review process. Public participation, including public hearings, must be made an integral part of the planning process.

Private lands will play a major role in providing forest products. The Association endorses federal programs to improve reforestation and management practices. In addition, millions of tons of fiber products now are incinerated or buried in landfills daily. Federal and state governments must emphasize the research, development, and implementation of efficient recycling and utilization systems for fiber products.

D. - 34

WILDLIFE MANAGEMENT

The national economic impact of wildlife activities approached $10 billion in 1974 and has shown substantial annual increases as revealed by recurring national surveys. Clearly the concept of wildlife management in its broadest interpretation has achieved prominence.

Poor farming and grazing practices, unlimited timber harvests, increasing hydro-power requirements, water pollution, nonexistent or unenforced fish and game laws, fires, and other factors have caused gross destruction and depletion of wildlife habitat. The results are clearly visible in the reduced numbers, and occasional elimination, of some species.

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. 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 restore such populations to safe levels. Non-game species of wildlife also have benefited.

However, this is no time to relax surveillance and management of wildlife populations. Current 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 overprotectionism have now been added to the more traditional dangers of mining, oil spills, and industrial pollution.

The National Governors' Association endorses the concept and science of wildlife management as an absolute requisite in the overall scheme of resource management at the national, state, regional, and local levels.

D. - 35

SURFACE MINING

The nation's Governors support the enactment of federal legislation that provides basic standards to insure environmental and socioeconomic protection in the surface mining of coal.

State government traditionally has possessed the knowledge and expertise to administer reclamation programs and, therefore, any federal act should acknowledge the responsibility of states to administer and enforce such laws. Individual states also should be allowed to promulgate stricter standards than those mandated by the federal government.

Any such federal legislation should require that the responsible federal agency consult with the states prior to the development of policy and programs affecting the states. To this end, states must be involved in regulations and state program criteria development prior to publication of such regulations in the Federal Register.

In addition, it must be recognized that accelerated surface mining, which is responsive to the national need to increase domestic energy production, will place a fiscal burden on state reclamation programs. Therefore, the federal government should make financial assistance available to states for the administration and enforcement of reclamation programs.

It is the expectation of the Governors that federal strip-mining legislation will not only protect our land but will provide a reasonable method of identifying lands that are the most suitable for mining and reclamation.

D. - 36

SOLID WASTE MANAGEMENT

Federal policy on solid waste management should establish national goals and provide assistance to state governments to attain these goals. Such goals should be to develop reliable, economic, solid waste management services; 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 the major focal point for planning and action in solid waste management. The Governor of each state should be responsible for the administration of all planning funds whether planning is undertaken at the state level or delegated to regional or local levels.
The implementation of federal policy best can be achieved by the establishment of minimum federal management standards for solid waste and hazardous wastes, which may be set 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; the provision of incentives at all levels of government to broaden the markets for material and energy resources recovered from solid waste; and encouragement of private solid waste management and resource recovery industries.

Special emphasis should be placed on the development and implementation of incentives to reduce excess packaging and elimination of planned obsolescence of products. To help reduce the nation's dependence on foreign sources of energy, the potential of energy-producing resource recovery systems should be explored. The federal government should provide financial assistance for innovative resource recovery, source reduction and energy-producing systems that demonstrate a reasonable likelihood of success.

The Interstate Commerce Commission's regulations and tariffs relating to the transportation of recyclable materials should be revised so that such materials have the tariff advantage over raw materials.

D. - 37

LANDSAT INFORMATION SYSTEM

State resource management agencies are increasingly incorporating the Landsat data and information system into their programs and decisionmaking. Landsat has proved to be an effective and economical approach to complex resource management issues. However, the initial efforts by states to use Landsat data have been hindered by a lack of assurances of the future availability of the data and the failure of Landsat to be designated an operational system. Many states have been reluctant to invest state funds, request technical assistance for new uses, or make major program commitments until these issues have been resolved by the Administration and Congress.

Several steps have been taken to ensure continuity and compatibility of the data system. Among these are budget provisions for a backup satellite and scanning equipment as well as the June 1978 report on state and local government use of Landsat data by the Intergovernmental Science, Engineering and Technology Advisory Panel (ISETAP).

The National Governors' Association supports the conclusions and recommendations of the ISETAP study and urges the Administration and Congress to support an operational Landsat information system. The National Governors' Association further recommends that the states be recognized as one of the major users of the Landsat system and that any further development of the Landsat program have the strong involvement of the states.

Adopted August 1978.
OIL TANKER SAFETY AND ENVIRONMENTAL PROTECTION STANDARDS

The United States is increasingly dependent upon oil transported from foreign and domestic sources through an ever larger fleet of oil tankers. Beginning in late 1977, large quantities of crude oil from Alaska's north slope will be transported via tanker to the West Coast and through the Panama Canal to the Gulf Coast states. Development of the offshore oil resources of the United States will cause increased tanker traffic along the coastal areas of the country. In addition, 1976 was the worst year in peacetime history for oil tank vessel losses, for oil pollution from tanker accidents, and for the largest single oil pollution incident off the coast of the United States. Each year, over 1 million tons of oil are lost through routine tank cleaning and deballasting operations; additionally, one-quarter million tons are lost through tanker accidents. The worldwide safety record of oil tankers steadily is worsening, while at the same time, other transportation mode safety records, particularly those of the air transport industry, are improving steadily.

Until now, the international maritime consultative organization of the United Nations has failed to institute necessary requirements for tank vessel safety and operation. The United States has full authority to unilaterally restrict vessels using its waters to those of safe design and operation, if international agreement fails to ensure this on a worldwide basis. Since a substantial portion of this oil pollution, loss of valuable shipping capability, loss of life, and waste of valuable fossil fuel resources can be prevented by utilizing advanced technology and operating practices commonly in use by the shipping industry, it is imperative that protective actions be taken immediately to lessen risks that now are recognized to be intolerable. The requirement for the use of this new technology would increase the cost of fuel to the consumer by an insignificant amount. Actions taken must include a national program for the funding of oil-spill cleanup or for the recovery of losses by persons damaged by oil spills.

The National Governors' Association supports rigorous standards for the construction and operation of oil tankers and for the training and licensing of their officers, crews, and pilots. The Governors advocate specifically that the Congress and the Administration give serious consideration to the following:

1. Requirements be implemented for the retrofitting of segregated ballast tank capability in existing oil tankers (above 40,000 DWT) and the prohibition of introduction of water into the cargo tanks of such vessels for normal ballast purposes.

2. All newly constructed tankers (above 40,000 DWT) be fitted with a double bottom or double hull along the entire cargo-carrying length of the vessel.

3. All tank vessels be equipped with redundant radars, at least one of which is equipped with a collision avoidance system, and also be equipped with Loran-C navigational systems where that service is available.

4. All tank vessels (above 40,000 DWT) be fitted with cargo tank atmosphere inerting systems to prevent the formation of explosive or flammable mixtures.
5. A national system of tank vessel surveillance, using radar, satellite surveillance, Loran-C retransmitters, or a combination of these systems, be instituted so that the exact position of all such vessels in U.S. waters is known.

6. Rigorous requirements for officers, crews, and pilot training be instituted, including periodic testing by bridge and engine room simulators, and the restriction of pilots to vessel types and tonnages for which they have direct experience.

7. The Congress of the United States enact legislation providing for sufficient funding for oil-spill cleanup and for the rapid recovery of damages by those suffering losses as a result of spills.

8. Any vessels flying foreign flags must meet the same safety standards as U.S. ships.

D. - 39

ENERGY REORGANIZATION

Currently, the responsibility for energy research, planning, development, decision making, management, and impact mitigation is assumed by numerous federal agencies.

Such dispersal of functions has resulted in administrative confusion and overlapping functions among federal agencies, and a failure to resolve interagency conflicts. This structural defect has presented a major impediment to the formation of a national energy policy and to the meaningful participation of the states in national energy matters. This condition has exacerbated the dependency on foreign oil sources.

The National Governors' Association, at its 1977 Winter Meeting, commended President Carter for pursuing energy reorganization and pledged the support and continued participation of the nation's Governors in preparing a plan to consolidate, centralize, and rationalize energy research, planning, development, decision making, management, and impact mitigation programs.

Adopted March 1977.

D. - 40

IMPLEMENTATION PROCEDURES FOR THE COUNCIL ON ENVIRONMENTAL QUALITY

The Council on Environmental Quality (CEQ) has recently proposed revised implementation procedures for the National Environmental Policy Act of 1969 (NEPA). The stated objective of this proposal is to provide better decision-making, reduce paperwork, and reduce delays for the NEPA process.

The implementation procedures propose that federal agencies, in delegating permitting programs to the states, retain the authority to require an environmental impact statement subsequent to a state-issued permit. The Governors
believe this procedure will add significant delays to projects. Many states have streamlined their permitting program, trading off reduced permitting time with more stringent environmental regulations. This overview will serve to increase paperwork and delays and ultimately detract from the environmental efforts in the states.

The Governors have long supported the Council on Environmental Quality and the National Environmental Policy Act. There is a firm conviction among the Governors that management of the nation's natural resources, in order to maintain a relatively clean environment, is a necessary and desirable goal.

The Governors also support the goals stated in the revised implementation procedures. It is commonly recognized that as the nation becomes more committed to the principles of environmental quality, major laws need fine-tuning to adapt to a changing world. The accomplishment of the stated goals will be a worthy endeavor.

The Governors believe, however, that the proposed modifications are in conflict with the goals and will not bring about the accomplishment of those goals. Specifically, on the issue of "scoping," early review may allow early problem solving, but it will more than likely result in more conflicts over the content of environmental impact statements and more procedural challenges. This can tie up staff for many months on a single project without any compensating environmental benefits.

Language in the implementation procedures requires that the environmentally preferable alternative be identified and implemented unless the national interest mandates otherwise. This is a new substantive requirement which is not contained in NEPA. The Governors' understanding of NEPA is that the results of fulfilling the act will promote wise decisionmaking that puts considerations of environmental quality into the process. It does not elevate environmental factors above all others in all cases. Also, since many people and agencies are involved in the environmental study processes and, in most cases, the differences in environmental impacts of proposed alternatives are relatively slight, a consensus identification of the environmentally preferable alternative will be very difficult, if not impossible, to achieve. Litigation can develop over the very act of identifying the environmentally preferable alternative. The Governors also question the use of the national interest as the single criterion for selecting other than the environmentally preferable alternative. Most capital improvement projects are projects with local and regional impacts. The concept of judging the environmentally preferable alternative against the national interest will then not be applicable to the majority of these projects.

An effective date that will force the redoing of ongoing environmental work is not consistent with the stated goals. Certainly, retroactive procedures, particularly when the ongoing procedures are working well, cannot be tolerated. New procedures should only apply to studies started after the effective date.

The proposed procedures add many more required procedural steps. In the Governors' experience, procedural requirements, not environmental substance, are the controlling factor in almost all court challenges on capital improvement projects. The additional procedural requirements without any evident compensating substantial benefits should be removed.

Many states have already commented to CEQ on the proposed implementation procedures. The Governors feel, however, that because of the far-reaching
implications of the procedures, CEQ should reexamine and redraft the proposed procedures, extend the public comment period, and hold nationwide public hearings. Adequate new procedures that will truly reflect the goals of CEQ must be the final result. The Governors believe that the proposed procedures will not bring the stated goals to fruition.

Adopted August 1978.

D. - 41

MANAGEMENT AUTHORITY FOR ALL RESIDENT FISH AND WILDLIFE ON PUBLIC LANDS

In recent months there have been significant efforts at the federal level to assert an unwarranted and harmful preemption of states' authority to protect and manage resident fish and wildlife. The responsibilities germane to the protection and management of fish and wildlife have been performed competently by the states. The traditional partnership between the federal and state governments which assigns wildlife management responsibilities to the state and habitat responsibility on public lands to federal land managers must not be disrupted by administrative interference or the lack of congressional oversight.

Numerous conflicts have developed concerning the impetus of legislative and administrative actions regarding fish and wildlife protection and management. For example, on June 29, 1978, two bills were introduced in the U.S. House of Representatives, HR 13371 and HR 13772. Both bills concern state control over Fish and Wildlife Service acquisitions utilizing duck stamp funds. It was apparent that each bill would allow federal agencies to expand land holdings with no concern or compliance with state fish and wildlife plans and/or objectives. Pursuant to federal legislation, the U.S. Fish and Wildlife Service has attempted on several occasions to propose rules regarding critical habitat and endangered species that preempt the states' authority to effectively manage and protect certain fish and wildlife species.

Therefore, the National Governors' Association urges that the federal government refrain from administrative interference in the traditional fish and wildlife management and protection authorities vested in the states, and that Congress recognize and exercise its oversight responsibility to prevent any limitation or preemption of the police power of the states affecting the authority, jurisdiction, or responsibility to manage, control, and regulate fish and wildlife.

Furthermore, the National Governors' Association strongly urges Congress to redraft, consistent with the above recommendations, any proposed legislation that may preempt the sovereign state right to manage resident wildlife.

Adopted August 1978.
Community and Economic Development

E.-1

GENERAL PRINCIPLES

In the national effort to meet rural and urban development needs, the states should play a full and meaningful role in the formulation, implementation, and coordination of community development policies and programs.

The National Governors' Association strongly believes that the development of state policy management and coordination capacities will help strengthen the state-regional-local partnership and, consequently, the development of coordinated urban and rural development objectives. If national resources are to be used wisely in these endeavors, federal financial resources for community development should be distributed to the states in the form of broad block grants. States should supplement such block grants by providing capable direction, management, and technical assistance to local and regional grant recipients.

The Association also recognizes the need for the development of a mechanism in each state through which alternative goals, objectives, and programs can be developed to guide the distribution of state block grant funds. The progress of each state in achieving such goals and objectives through block grant programs should be evaluated annually.

During most of its 200-year history, this nation has devoted much of its interest and most of its public and private resources to new growth and development. As this nation enters the third century of its existence, the Association calls for a renewed focus on the quality of life in America and an expanded commitment to conservation of natural, man-made, and human resources.

In cooperation with state and local units of government, Congress and the Administration should begin to refocus on existing federal policies and programs concerning urban and rural development, giving increased emphasis to the stabilization, preservation, and rehabilitation of urban and rural communities.

E.-2

NATIONAL ECONOMIC DEVELOPMENT

In support of the goal of balanced growth and economic development, the National Governors' Association strongly urges the Administration and Congress to approve legislation authorizing special investment tax credits for job-creating industries in non-metropolitan and economically depressed areas on the fringe of metropolitan areas. States, in cooperation with local governments, should play active roles in such a program, primarily in the designation of areas eligible for such tax credits.

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Implementation of existing Title V regional commission programs and future block grant economic adjustment programs should adhere to the following guidelines:

1. There should be maximum flexibility in the planning and program activities of state, multistate and substate entities, including provisions for development projects involving states not within the same multistate entity.

2. Available resources should be concentrated on selected priority goals and areas as designated by state and local authorities.

3. To the extent possible, federal regional administrative and program boundaries should be consistent with multistate and substate arrangements which have been established by states.

Legislation is necessary to assist in the sound and orderly growth of communities affected by coal, shale, offshore oil, and other energy development activities. This legislation should authorize direct and adequate financial assistance to such communities to offset the inordinate increases in the costs of local services resulting from federal energy decisions. Such a program is vitally needed to accelerate national energy production consistent with sound community growth and environmental quality.

Legislation also is needed for the restoration of the economic health of communities affected by federal decisions to close or realign military installations. There is a need to target a reasonable amount of federal financial assistance, determined as a percentage of the dollars projected for savings, to those communities whose social and economic bases will require severe adjustment as a result of a federal decision.

This legislation should provide for the funds to be distributed in the form of grants with the approval of community applications for projects that provide productive jobs and require updated comprehensive planning by the community to insure local accountability. Such a program is critical to communities affected by efforts to rebuild a productive economy.

There also is a need to amend the Federal Property Disposal Act in order that it be modernized in recognition of the need for states and communities to receive title to excess real property for purposes of providing new job opportunities where military base closures have caused unemployment.

No single approach will solve the dual problems of unemployment and increasing inflation. Consequently, the Association urges the Administration and Congress to adopt a coordinated strategy for continuing the attack on unemployment and inflation by using a mixture of public and private programs.

Improving conditions and incentives for private business and industry should be a high national priority in a program for returning workers to their former jobs and creating more employment opportunities. Toward this end, regulations that have adverse effects on increasing employment should be reviewed immediately and, where necessary, modified.
In terms of subsidized public service jobs, the federal government should be viewed only as an employer of last resort. In line with this concept, the Association urges the following steps:

1. Continued appropriations for public service jobs under the Emergency Jobs Program, with emphasis on selecting the locations and types of jobs based on the severity of unemployment problems and productivity.

2. Relaxation of regulations governing the jobs programs, allowing a portion of the funds to be used to retain current public service employees who might otherwise have to be laid off.

3. Modifications of regulations so that funds for public service jobs and public works projects may be mixed within the same program or project. This mix, to be determined by state and local governments, will provide the flexibility needed to focus on specific types of unemployment problems.

To mitigate the effects of joblessness in the short term, unemployment compensation programs should be funded responsibly to ensure that qualified unemployed workers receive adequate compensation payments. The existing federal-state partnership in this program should be maintained without the imposition of unnecessary federal standards.

Revised September 1977.

E.-3

NATIONAL ECONOMIC DEVELOPMENT PROGRAM CONSOLIDATION

In assessing the progress made and in seeking consensus on the future directions our nation ought to seek in attaining the goal of balanced national growth and sound economic development, the nation's Governors have assessed the various economic development and public works resources, programs, and mechanisms at the federal, state, and local levels.

In the past two decades numerous federal programs have been established to solve the economic problems of this nation. From the Appalachian Regional Development Act and the Public Works and Economic Development Act of 1965 to the local public works legislation of 1977, a vast series of mandates have fallen on the states and local government.

Most of the federal approaches to public works and economic development have been categorical in nature, and within their sphere of influence, many of these programs have been successful. However, these acts and their resultant programs, whether categorized as "long-term economic development programs" or "reactive public works programs," have created large federal bureaucracies, tend to ignore the existence of each other, and mandate numerous duplicative "delivery mechanisms."

Comprehensive planning for economic development has not received the emphasis it should and excessive categorical regulation makes it difficult, if not impossible, to plan comprehensively at the state or local level with federal funds. Categorical funding mechanisms are particularly inappropriate for
many of our urban and rural areas, where the complexity of economic problems calls for strong initiatives to build the economic development capacity of local governments and for flexible federal and state development financing tools.

At the state level, federal economic development resources available to Governors are limited, despite state governments being in the best position to formulate statewide economic development policies and assist their local governments to improve the state of their economies. State governments have the legal authority to influence the rate of growth, the place of growth, and the type of growth. They can do this in a comprehensive manner which does not pit one jurisdiction against another but takes into account the needs and welfare of the state as a whole.

In terms of economic stimulation, the main sources of "pure" funding for economic development come from the Title V and Appalachian Regional Commission programs designed for "depressed areas or regions of the country." Demand for these funds has been so great due to changing social, physical and economic conditions in the nation that nearly all the states soon will be covered by these programs.

Local units of government also lack the resources for long-range economic development planning and program implementation. This lack of available resources at the state and local levels has taught local governments increasingly to seek direct federal aid. Competition between state and local governments for limited direct federal aid has been a frequent occurrence. Often there is minimal coordination and cooperation between states and localities on economic development priorities and projects. Examples can be found in the local public works program where attempts to lower the unemployment rate and provide meaningful public works projects resulted in confusion and inefficient uses of limited federal resources. This process has created a federal wedge between local and state governments.

It is clear that a congressional reevaluation of our national economic development and public works efforts should be undertaken. The National Governors' Association commends Congress and the President for their respective mandate and leadership in assembling the upcoming White House Conference on Balanced National Growth and Economic Development.

In concert with the states and local governments, the Governors urge the President and the Congress to undertake development of a streamlined national economic development program. Such a program should embrace the following principles:

1. Existing federal economic development and public works programs should be consolidated where possible. Any new, permanent, federally funded public works initiative, as well as future countercyclical public works efforts, should be part of an expanded federal economic development effort that provides a comprehensive, flexible funding source for state and community economic development purposes.

2. A simplified delivery mechanism should be developed which would incorporate planning processes and ensure efficient and expeditious disbursement of long-term economic development funding, as well as "prime the pump"
3. State and local planning and working relationships should be reinforced and competition for federal funding among states and local governments should be eliminated.

4. New economic development (and public works) activities should be funded only subsequent to development of a city-areawide-state planning process that assesses the economic picture of the city, area, and state, and lays out annual and multi-year plans for the economic development of the city, area, and state.

5. Special planning considerations should be given to urban areas over 50,000 population. Planning for most other communities should be accomplished on a regional basis, with regional planning boundaries drawn on a cooperative basis by state and local governments.

6. Public works and other flexible economic financing assistance should be targeted to those cities, areas, and states with the most distress.

7. Funds consolidated into any new federal economic development program should be disbursed at the state level on a project-by-project basis by the Governor in accordance with local priorities.

8. States should be encouraged to work cooperatively with local governments to identify local, area, and statewide economic needs and problems, and to remove legal and regulatory obstacles to governmental intervention designed to strengthen local, area, and state economies.

9. In their statewide economic development planning and programming efforts, states should give particular emphasis to the problems of depressed and declining urban and rural areas, and to the growing fiscal and economic disparities between central city and suburban areas.

10. Technical assistance and training to increase the capacity of state and local governments to undertake new economic development activities should be included as a program component.

11. States should be encouraged to join together to work on a regional problem basis rather than through artificial regional boundaries.

12. The federal presence in state and local decision making should be diminished.

13. Consistent with the President's wishes on federal reorganization, any reduction in the number of federal employees brought about by economic development program consolidation should come about through attrition.

The National Governors' Association Committee on Community and Economic Development is directed to establish a working group of state and local officials to draft legislation to implement this policy.

Adopted September 1977.
The health of America's vast food-producing capacity is so vital to the nation's defense and economic future that plans must be made now for its well-being. The National Governors' Association supports a philosophy of ever-increasing production to meet ever-increasing domestic and international food demands.

A national food policy should be developed to ensure that the nation can feed itself and meet its responsibilities to other people in the world. Such a policy should reflect the importance of providing a quality environment consistent with a growing population. This policy should focus attention on improving agricultural production capabilities, transportation, foreign market development, agricultural processing near the production source, and efforts aimed at developing rural America.

The proper role of the federal government is to establish goals for U.S. agriculture policy and monitor progress toward these goals. The planning of specific programs to meet these specific goals might be done by an appointed body, representing all those concerned in agricultural production, distribution, and domestic consumption. These goals must include a concept of stability and equality of resource earnings for agriculture compatible with other sectors of the economy.

Rapidly increasing production costs, caused in part by increased costs of energy, threaten the future supply of reasonably priced food and fiber. The Association urges the federal government, in cooperation with the states, to ensure that the agriculture industry will receive priority in any energy distribution plan.

The Association again urges suspension of imports of those agricultural products for which domestic producers receive less than their costs of production. The Association recommends farm legislation that will raise low target prices and loan rates on grains, develop export markets, and strengthen price supports for dairy products. The Association further urges the elimination of precipitous government interference with agricultural exports and price freezes aimed solely at agricultural products.

The Association vigorously urges the Environmental Protection Agency to reevaluate immediately rules and regulations concerning predator control. Current regulations, which could be used to require training and licensing of all farmers who apply pesticides in predator control programs, would place an unwarranted burden on the nation's farmers and ranchers.

The Association believes that a need exists for additional, fully funded research aimed at the regulatory control of insects and plant pathogens to protect the agricultural and horticultural industries of the United States.

The increasingly frequent bans and restrictions placed on important pesticides are creating problems for agriculture and horticulture. Additional federal funding of practical research on alternative methods of controlling insects and plant pathogens is essential to offset such bans and prevent loss.
A strong farm program is a necessary element for a growing national economy and a vital step toward providing reasonable food prices for consumers, while assuring a fair return for all agricultural producers.

To provide adequate protection for the family-sized farm and the maintenance of its landownership base, the Association endorses changes in the outmoded federal estate tax provisions by increasing exemptions from the current level of $60,000 to $200,000.

Revised September 1977.

PROTECTION OF THE NATION'S AGRICULTURAL INTERESTS AND FINANCIAL STABILITY

For years, the nation's agricultural interests and financial stability have been ignored. Our farmers and ranchers have suffered from the dual forces of high inflation on the products they buy and a disastrous decline of prices for the products they sell. Interference by the federal government at inappropriate times with inappropriate actions and the failure to take constructive steps, when prudent, have thrown American agriculture into a financial disaster of major proportions.

Some progress has been made, at the Governors' requests, by the new Administration. The White House extended for two months, from April 1 to May 30, 1977, the loan availability time for wheat sign-up. The Administration also agreed to a reduction of the down payment and an increase in loan limits for on-farm grain storage facilities.

We were successful in making the President aware of the "credit crunch" in rural areas. As a result of Governors' actions, the President, on March 29, 1977, directed the secretary of agriculture to launch an immediate in-depth review of financial conditions in the nine states where the economic plight of cattlemen and farmers was most pronounced at that time. Since the initiation of the study, additional states have been affected seriously.

The Administration's failure to provide constructive action to generate more immediate farm income for agriculture is of deep concern to all agricultural states and their Governors.

The President and the secretary of agriculture have the power to raise loan rates on agricultural products. Yet, for the current as well as previous crop years, that rate for wheat, for example, has remained at approximately 45 percent of parity, at least $1 per bushel below the minimum cost of production. The Administration's refusal to act is leading to bankruptcy for a large number of American farmers.

The National Governors' Association recommends:

1. At a minimum, that Congress pass and the Administration implement a program that meets the pricing conditions set forth in the Senate bill.
2. That the secretary of agriculture not employ the planned technique of offering farmers the "new" farm bill on a "take it or leave it" basis for the 1978 and subsequent crop years. The secretary of agriculture has indicated that the new farm bill, with its unsatisfactory support levels, will be used to force reductions in planted acres without any additional consideration to the producer.

3. That national policy reject the false concept that it is practical or possible in America to increase substantially the amount of totally grass-fed beef. We again call for reduction of foreign meat imports until domestic producers realize at least their production costs and a change in the current import formula which is unfair to our farmers and ranchers.

4. That a presidential task force be appointed to review the long-term stability and health of America's vast food-producing industry. A prime consideration must be to ensure continued opportunity for young people to enter agriculture and, above all, the economic survival of the family-sized farm, the backbone of rural America.

5. That more emphasis must be placed on the promotion of export sales, increased domestic consumption, and additional funding for research for new and alternative uses for agricultural products.

6. That President Carter and Ambassador Strauss be urged to initiate discussions with all countries to relax their import quotas on beef and other agricultural exports.

7. That all agencies of the federal government related to agriculture, commerce, rural economic development, and energy be urged to adopt immediately a more positive approach to the program instituted in Nebraska for converting agricultural products to ethanol alcohol, which, when blended with gasoline on the basis of 10 percent ethanol and 90 percent gasoline, produces a product called Gasohol.

Extensive market testing in Nebraska and elsewhere has established, beyond any question of doubt, the operational feasibility of Gasohol as fully workable in automobiles, trucks, and farm equipment without any engine modification.

We appreciate the most recent efforts by the Energy Research and Development Administration and the Old West Regional Commission, who have provided up to $60,000 to the Nebraska-led efforts to establish the economic feasibility of gasohol.

We are now within striking distance of proving the economic feasibility of Gasohol as compared, on the basis of price, with straight gasoline. We recognize that some state and national subsidy may be in order now to assist in moving Gasohol from a sound concept to a reality.

We believe the multi-million dollars of investment necessary from private sources for the construction of Gasohol plants can be a reality in the near future, with the positive assistance of government and its agencies.

With the cooperative efforts of all, the use of Gasohol to help solve this nation's energy problems, satisfy at least a portion of our gasoline needs,
As part of a national community development policy, the Administration should design programs to enhance the economic and physical viability of both urban and rural communities. Such a policy should consolidate existing community development programs administered by the Departments of Health, Education and Welfare, Housing and Urban Development, Agriculture, and Commerce, and should expand cooperation with state community development programs. This consolidation of federal programs should not result in decreased funding for community development.

A national policy should recognize that the county governing, planning, and development entities, coordinated by state planning agencies, are integral parts of most state and federal programs for rural areas.

Rational community development policies cannot become a reality unless states provide the vital link between various community development and planning programs. Congress and the Administration should adopt a program which provides broad block grants to the states for community development, comprehensive planning, and management activities. These grants should allow the states to develop and operate their own systems for setting and implementing community development priorities. Federal funding should cover long-range community development, planning, and management activities, with sufficient flexibility to achieve state and area priorities. Federal funding for rural community development, planning, and management should reflect the high costs of space, sparse population, and the general diseconomies inherent in rural town and county governments.

The Association urges increased funding of rural community development in areas with clear development potential. Several states should be designated as pilot projects for the purpose of coordinating rural development services.

Congressional mandates and federal requirements for states to concentrate the use of rural development funds on housing and land use planning should be eliminated because such mandates and requirements discourage state initiative and flexibility.

An increasing effort must be made at the national and state levels to make rural America more attractive to prospective employers and workers by improving the quality of rural services and facilities. The Rural Development Act (PL 92-419) should be amended to recognize state governments as the central policy makers in their states for all community development activities covered by the act. The National Governors' Association urges Congress to appropriate all funds authorized for full implementation of the Rural Development Act.

Economic delivery of health services is a particularly critical problem in rural areas because of sparse population, low incomes, and insufficient medical facilities. The Association believes that the states and substate units must be given greater latitude and support in the development of health systems.
agencies and emergency medical service systems to meet the needs of various states. The Association generally supports consolidation of categorical health care programs into a block grant.

Viable rural development is based on a coordinated program of research and education that suggests new and more effective ways to use existing human, natural, and institutional resources. Land grant universities have been conducting rural education and research programs on a limited basis for many years. These institutions have the capacity to expand research and educational programs in support of rural development. Increased federal financial support, coupled with more direct involvement of state governments in setting priorities, would allow these universities to accelerate and expand their work on revitalizing rural services and facilities.

One of the critical problems confronting the nation's urban and rural communities is the need for decent, safe, and sanitary housing, located in a suitable environment with adequate facilities. In many areas an insufficient supply of adequate housing is frustrating economic growth and community development. Resolving the housing problem will require maximum use of the technical and financial resources of the private sector, as well as increased intergovernmental action.

The Association recommends the establishment of a federal housing block grant program, giving the states the broadest possible discretion in allocating funds among state and local housing programs. In addition, a transitional federal housing administrative structure should be retained to assist states that are developing their own delivery capabilities. Federal and state housing assistance programs and tax policies should give increased priority to the rehabilitation of the existing housing supply.

E.-7

STRONG STATE ROLE IN COMMUNITY AND ECONOMIC DEVELOPMENT

The policy positions of the National Governors' Association have recognized the need for a national community development policy and increased cooperation between the Departments of Housing and Urban Development, Agriculture, and Commerce and the states in the administration of community and economic development programs.

The National Governors' Association believes that two important steps in this direction are federal recognition of the roles that states can play in community and economic development programs and federal support for existing state programs that help to fulfill federal objectives in these areas.

Therefore, be it resolved that the National Governors' Association urges the Administration and Congress to support:

1. Renewal of the Housing and Community Development Act of 1974, with a larger role for the states in community development in general, and in particular, an entitlement for states; a role for states in the administration of, and provision of technical assistance for, the community development block grant program; and a set-aside for tribal governments.

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2. Continued assistance to state planning and management programs under the comprehensive planning and management assistance program (701) at an increased funding level, with greater emphasis on the policy and management planning objectives of the program.

3. Significantly increased funding for the Section 8 program through a FY '77 supplemental appropriation and a sufficient FY '78 appropriation, including recognition, in the form of a specific and sufficient set-aside of funds, of the major and continuing role played by state housing finance agencies.

4. An increased role for states in priority setting and coordination of programs for public works, economic development, rural development, and community development.

5. State participation in the planning and execution of the White House Conference on Balanced Growth and Economic Development. Essential building blocks to the White House conference are state and/or regional conferences on growth problems and processes.

6. The continuation and strengthening of supplemental grant authority of Section 509 (PL 89-136) for Title V Regional Commissions to fund public facility projects. Such grants have supported regional strategies for economic development by the construction of industrial sites, technical education centers, and other facilities that result in permanent new jobs.

E.-8

NATIONAL DEVELOPMENT POLICY AND SMALL CITIES

Current federal growth and development policies do not recognize adequately the needs of the nation's smaller cities. We believe that the problems and opportunities presented by small cities, especially those under 100,000 population, should be addressed in national balanced growth policy.

Small cities have enjoyed a resurgence since 1970. This fact is reflected in the impressive population growth rates in and around such units between 1970 and 1975. Examination of the most recent population statistics suggests that population clusters that make up small cities, in both rural and metropolitan regions, are the fastest growing areas in most states throughout the nation. This is the first tangible evidence that a substantial number of people who would prefer to live in small cities are now migrating to these areas.

Small cities are important in both state and national development strategies for the balancing of population, public services, and job opportunities across a state. Small cities already have the core public facilities and services, along with an available labor force, which make them an ideal base for further development.

Failure to recognize the growth trends of small cities will have negative consequences for the success of a national balanced growth policy. Population clustering in and around these units has increased the demand for the kinds of
public services typically associated with increased density and urbanization. This impact of urbanization, coupled with the realities of continued energy scarcity, suggests a need for state governments to direct job development efforts to these areas. It also is imperative that the states provide categorical financial assistance as well as technical assistance to such areas, and that the federal government continue to provide general revenue sharing assistance to local governments for necessary public services and infrastructure.

The problems of large central cities and lagging regions deserve the renewed attention which has been directed to them. However, these concerns alone cannot genuinely serve as the basis for a new national development policy.

The National Governors' Association calls upon its members and the federal government to promote further investigation of small cities' growth and their place in a balanced growth policy. The Association urges its members to include a focus on small cities in their individual statewide conferences on balanced growth. The Association recommends that the federal government incorporate states' concerns on the future of small cities into presentations at the President's Conference on National Balanced Growth Policy in January 1978.

Adopted September 1977.

E. - 9

REGIONAL COMMISSIONS

The nation's Governors strongly endorse the extension of the multistate regional commission programs. Such programs have strengthened state and local governments' planning and working relationships and have encouraged states to work jointly on problems unique to specific regions of the country. The commissions also have provided resources that are flexible and reliable and serve as a focal point for coordination of other federal programs and private investment opportunities.

The regional concept is sound and should be continued and modified to build on its strengths. Furthermore, the present moratorium on the authorization of new commissions should be lifted immediately so as not to further penalize those states that are not now members of regional commissions.

Based on the work of the National Governors' Association Committee on Community and Economic Development during the past six months, the Governors support the following principles for the expansion and improvement of multistate commissions:

1. Guided by multistate strategies, the regional commission program fosters cooperative action on problems among states and between states and the federal government. The regional commissions should be expanded to encompass all states that wish to participate. However, states' participation in any nationwide system of regional commissions should be voluntary.

2. The regional commissions should be given expanded responsibilities to deal with the increasing number of problems of balanced economic development,
particularly rapid growth and the effects of energy exploration and production, as well as the problems of lagging areas.

3. Single state commissions should be permissible where a compelling case can be made that a multistate approach is not practicable or practical.

4. States should determine commission boundaries. There need not be congruency between the boundaries of the regional commissions and those of the ten federal administrative districts.

5. The regional commissions and federal regional councils have separate functions, and no effort should be made to amalgamate the two. At the discretion of the Governors, efforts should be made to coordinate the activities of regional commissions and federal regional councils.

6. States should be given the option to decide whole or partial state participation in a regional commission.

7. The existing relationship between regional commissions and the Appalachian Regional Commission should continue.

8. The Administration and Congress should move toward more equitable and adequate funding of regional commissions, with the objective of providing a per capita funding level for all commissions equal to that of the Appalachian Regional Commission.

9. Responsibilities for overseeing the operations of regional commissions should rest with an individual or office within the Executive Office of the President. The Governors and the Administration should continue to explore issues related to the administrative location of regional commissions. In particular, options that reflect the advantages of locating the administrative responsibility for regional commissions in the Executive Office of the President should be emphasized. Such a location would strengthen and enhance the capacity of regional commissions to perform their intergovernmental and area development responsibilities.

The principal factors that the Administration and Congress should consider in defining the role of a national system of state-federal regional commissions are (1) the nature of the state-federal partnership, (2) the functioning of these commissions as a mechanism through which appropriations flow from Congress directly to the states, and (3) the necessity of an adequate funding level for newly established as well as existing commissions.

The National Governors' Association Committee on Community and Economic Development is authorized to work with the Administration and Congress in the development of legislation consistent with these principles.

Adopted February 1978; revised August 1978.

E. - 10

NATIONAL COMMUNITY AND ECONOMIC DEVELOPMENT POLICY

Maintenance of a viable national economy is vital. Yet some of our states and their respective communities suffer substantial and persistent
unemployment, underemployment, and growth stresses. In the past, the federal government has made an effort to assist these areas to plan and finance public works and economic development activities. Federal programs have encouraged local governments to become involved in long-range economic planning, job creation, and expansion of economic development activities. The federal government also has made an effort to assist areas that have suffered from sudden unemployment and from adjustment to rapid growth.

These efforts have had some degree of success. But often they have been frustrated by limited funding for the individual programs, lack of coordination with other federal and state investment plans, and little or no participation by state governments.

The National Governors' Association believes that the federal government must recognize the major role that state governments should play in economic and community development. State and local governments should be offered incentives that encourage them to work together to plan and implement a comprehensive state investment strategy that has as one specific purpose the targeting of economic development assistance to areas of need. The federal government should provide state governments with more flexible funds to implement these development strategies.

The Association also believes that states should be encouraged to modernize the fiscal capabilities of local governments to better enable them to cope with the problems attendant to growth or decline.

To encourage states to prepare growth and development strategies that focus efforts on areas of greatest need, whether small or large, urban or rural, the federal government should enact legislation that will:


2. Establish other incentive grant programs that will provide additional general revenue sharing funds and countercyclical fiscal assistance to states preparing comprehensive growth strategies.**

3. Provide that the expenditure of other federal funds, such as transportation, employment, and environmental protection funds, is consistent with the states' public investment or fiscal modernization strategies.**

4. Establish a presidential domestic policy office responsible for ensuring that the intent of the national community economic development policy

* A detailed draft of such legislation has been prepared by the NGA Committee on Community and Economic Development.

** A detailed explanation of these provisions and their relationship to growth and development strategies has been prepared by the NGA Task Force On Urban Policy and the NGA Subcommittee on Small Cities and Rural Development.
is carried out through coordination of federal agencies, expenditure of federal funds consistent with state plans and strategies, and streamlining federal programs.

These actions would enable states to participate fully in achieving balanced economic growth throughout the nation.

Adopted February 1978.

E. - 11

REDUCING UNEMPLOYMENT AND UNDEREMPLOYMENT

National full employment goals must contain targets for reducing both unemployment and underemployment. To reach these goals, an overall economic strategy will be needed.

A national economic strategy must recognize that the nation faces unique circumstances in the late 1970s that have not responded quickly to the solutions of the 1960s. In the early 1960s, energy, food, and raw material prices were relatively low. The rise in prices of basic commodities after 1972 has altered the basic economic relationships among national and international economies, making growth policies less effective.

The experience of the 1970s suggests that policies limited to raising consumers' real income cannot be depended upon alone to support a strong, sustained expansion of the economy. A precarious balance of payments limits the use of fiscal and monetary policy and requires the targeting of scarce fiscal resources. At the same time, labor and capital are urgently required for certain specific purposes that a generalized expansion of demand may fail to target.

The opportunity now exists to move the national economy toward full employment. Private investments, responding to profits opened up by the movement of relative prices, can be shifted to basic natural resource and public service areas.

Our national energy shortfall is only one aspect of an under-utilized natural resource base. There are vast needs in other areas -- minerals, clean water and air, and forestry -- that offer new frontiers for capital investment. Public services, including transportation, will require a massive infusion of dollars to rebuild or construct new systems that are energy-efficient and practical.

Private sector leadership will be critical for creating better jobs. New and innovative ways of forging a public-private partnership for investment in public goods must be found. These approaches provide a means for recognizing the varying natural resource supply and demand conditions in diverse regions of the nation.

Government policies and private investment can help stimulate an adequate flow of investments into the natural resources and public service areas. These include: energy production and conservation; water develop-
ment, conservation, and transfer; energy-saving transportation investments; land rehabilitation and forestry development; the reduction of air and water pollution; expanded research and development in energy and other resource fields; and recycling of man-made materials.

The National Governors' Association therefore recommends that national economic policy to reduce unemployment and underemployment give priority to stimulating private investment in natural resources and public services as a prime generator of economic activity.

Adopted February 1978.

E. - 12

SMALL BUSINESS DEVELOPMENT

It is clear that government alone, whether federal, state, or local, cannot provide all the necessary resources to revitalize or enhance the growth of our cities, smaller communities, or neighborhoods. Congress will soon consider legislation to provide financial incentives for large business to locate in distressed areas through the creation of a national development bank.

While major projects may attract greater attention than many smaller projects, small businesses provide the majority of private-sector jobs in urban areas. Sixty-five percent of all employment in New York City is provided by businesses eligible for Small Business Administration loan programs. In both Atlanta and Philadelphia, such small businesses provide well over 50 percent of the jobs. Small businesses thus represent an important source of job retention and creation for most communities. Small businesses are particularly important as sources for jobs for the most chronically unemployed segments of the workforce.

The National Governors' Association endorses the concept of small business development financing based on four principles:

1. The development needs of small business must be recognized as different from those of larger businesses and as important in their own right.

2. The financing of small business development should be undertaken in cooperation with municipal and county economic development corporations.

3. Small business development should be capitalized with a mix of federal and nonfederal funds. Federal funds should be better utilized rather than substantially increased.

4. The financing of small business development should include loans for working and fixed capital, second mortgages for industrial development loans and construction and rehabilitation loans, and equity investment financing.

Adopted August 1978.
PUBLIC SUPPORT FOR THE ARTS

The arts and a vital cultural atmosphere are necessary to create a way of life that leads to individual human fulfillment and enables man to cope with the dynamics of change. Access to the arts is both a need and a right of every individual.

Citizen demand for increased arts experience is generating ever greater public and private support for the arts. Studies show that this support is reflected in ancillary cultural and economic benefits enjoyed by the community, its institutions, and its industry.

Because the arts are important in all areas of our national life, it is imperative that the states foster the best possible environment for the freedom of artistic expression, enabling the arts to continue to contribute to our cultural, educational, and economic well-being in the most effective manner. The National Governors' Association therefore supports the following initiatives as its policy on the arts:

1. States should encourage coordinated efforts among all levels of government to foster arts activities to enrich the quality of life for all the people of the United States.

2. States should place increased emphasis on appropriations for the arts and for the arts agency programs to preserve our cultural heritage and bring the arts to the people.

3. States should recognize the source of creativity—the individual artist.

4. States should emphasize the economic and cultural advantages of supporting arts and cultural activities and encourage the support that corporations, foundations, other public interest organizations, and private citizens provide for arts activities. States should exert leadership to stimulate the raising of corporate dollars to support the arts.

5. States should play a major role in the planning and implementation of all federal programs in the arts.

6. States should encourage and support the development of educational programs that integrate the arts into the curriculum and promote increased cultural awareness.

7. When planning new government structures, states should provide funds for works of art that will be carefully integrated into the design of those buildings.

8. States should encourage and support programs to revitalize and stabilize our communities, both urban and rural, through the preservation of historic buildings, the creation of community cultural awareness, and the development of an environment that affirms human dignity and fosters cultural growth.

9. States are concerned that Congress has mandated separate statewide conferences on the arts and humanities pursuant to House Joint Resolution 649...
but has not yet provided adequate funding for these conferences. States are also concerned that funds for these conferences not be taken from existing National Endowment for the Arts appropriations allocated for artists and arts organizations throughout the country.

Adopted August 1978.

E. - 14

RURAL DEVELOPMENT POLICY

Rural development should be part of a national balanced growth policy that encourages a balance of people, jobs, and public services among large cities, small cities, and rural areas. The nation does not currently have such a policy of balanced growth. The Carter Administration's urban policy emphasizes assistance to large cities. It is necessary to develop a companion policy that addresses the needs of rural areas and the strengthening of small cities to support rural development.

Rural development is more than the achievement and retention of a strong agricultural base. One of the major trends in this decade has been the growth of population and nonagricultural employment in and around rural population centers. Yet each state must address the problems of decline as well as growth within small cities and rural areas as part of the maintenance of the health of existing population centers. While some rural areas continue to experience population and employment decline, many others are attempting to accommodate rapid growth and the increased demand for public services common in large cities.

Successful rural development requires both a strengthened agricultural base and a network of healthy small cities to support further development and a higher standard of living. However, the provision of employment and increased public services to the residents of small cities must be accomplished without change that damages the environment and with special concern for the protection of prime agricultural land and timberland.

Existing rural development programs address the needs of small cities primarily as they relate to agriculture. Congress and the Administration need to develop a national rural policy that also addresses nonagricultural growth and development in small cities. Through assistance to small cities in the creation of jobs and the provision of public services, the nation can ensure that expanding rural areas are able to adequately address the problems of growth and that lagging rural areas will be brought into the mainstream of development.

The National Governors' Association commends the NGA Committee on Community and Economic Development and its Subcommittee on Small Cities and Rural Development for drafting the position paper entitled "Guidelines for a Balanced National Rural Development Policy" and adopts the principles enunciated therein.

Because of the importance of the development of a comprehensive national rural development policy, the Committee on Community and Economic Development is directed to cooperate with the Committees on Agriculture, Human Resources, Natural Resources and Environmental Management, and Transportation, Commerce, and Technology in determining the implications of the principles enunciated in the aforementioned position paper on these committees' areas of responsibility.
The Committees on Agriculture and Community and Economic Development are authorized to collaborate in the development of a policy paper that more completely addresses the important role of agriculture in the health and vitality of small cities and rural areas. Further, all the standing committees of the National Governors' Association are requested to consider the impact on small cities and rural areas of policies developed and supported by them.

The National Governors' Association authorizes the Committee on Community and Economic Development, working in consultation with the other standing committees, to draft legislation affecting small cities and rural areas consistent with the principles enunciated in the position paper.

Adopted August 1978.
The nation's transportation program should foster the development, coordination, operation, and maintenance of transportation systems and services that provide the optimum capability for the movement of people and goods in the most efficient, convenient, safe, and reliable manner. In addition to the basic task of moving people and goods, transportation should serve the objectives of economic development, allow for wise utilization of resources, provide for social and environmental enhancement, foster the preservation of private and public investment, contribute to national security, and serve the individual's need for effective mobility. The nation's transportation program also must support other stated or implied federal, state, and local policies, goals, and objectives, such as those concerning resource development, economic growth, land use, energy conservation, and environmental enhancement.

The National Governors' Association pledges its continued support for the development of an integrated national transportation policy to guide in the accomplishment of national goals. The Governors believe that an active dialogue with the U.S. Department of Transportation will lead to the further development of a transportation policy that can be used for setting continuing priorities in the nation's transportation program.

The Governors feel that they are in a unique position to provide leadership and critical analysis in the development of transportation initiatives, regulations, and legislation.

The Governors endorse the concept of a federal-state partnership for the development of transportation programs and will work with the federal government in developing the transportation systems that are in the national interest.

A. Transportation Planning

1. The Governors call upon the states to develop administrative and legal structures equal to the challenge of providing the comprehensive, integrated transportation systems needed by the citizens of the states. Many states have created departments of transportation to coordinate all modal programs. Such departments foster the development of more efficient and effective transportation services that are integrated with comprehensive planning, more effectively define decision-making responsibilities at each level of government, and can assist in providing dependable, equitable, and adequate transportation policies.

2. The Governors support the concept that all federal transportation programs should be coordinated. To this end, all transportation programs of the federal government should be developed according to transportation policies developed through the cooperation of state and federal agencies interested in transportation. The projects of agencies outside the U.S.
Department of Transportation, such as the Corps of Engineers, the U.S. Department of Health, Education and Welfare, and the U.S. Department of Housing and Urban Development, that provide transportation services should be coordinated with the Department of Transportation and the states.

3. The Governors recognize the federal role of ensuring a national integrated transportation network which satisfies the needs for common welfare and defense. These national systems should be identified and developed with the full recognition that, because of their nationwide importance, they should incorporate federal involvement and the greatest degree of financial participation. For transportation systems of less than national significance, the federal government should provide technical and financial assistance to the states and work with them in the formulation of regulations and guidelines for a uniform transportation network.

4. The Governors believe that the states are constitutionally responsible and equipped to determine and fulfill their general transportation needs. Through cooperative action with local governments, states should establish the transport facilities and service priorities of its citizens. Except for directly administered federal transportation program funds, all transportation funds and planning, capital, and direct grants should flow to the states, with the states having the authority and flexibility to coordinate grant programs and to transfer funds among various transportation programs to meet priority transportation needs of the state and its units of local government.

5. It is recognized that land use studies are a necessary element in transportation planning and in aiding local planning to meet air quality standards. The National Governors' Association, however, feels that land use planning is a local responsibility and should not be imposed by or controlled at the federal level.

6. The Governors support a transportation planning and programming process that places increased emphasis on more fully using the existing transportation system as a national resource. More specifically, the concept of transportation systems management is endorsed.

B. Transportation Finance

1. The Governors continually have endorsed energy conservation in order to reduce this nation's dependence upon foreign oil products. We urge that, in pursuing the policy of energy conservation, the dependence of transportation on petroleum fuels and the difficulty of shifting to other fuels be considered. Strategies for shifting to other energy resources should be expedited for those activities not requiring petroleum, so that in the near term such liquid fuels will be available for transportation.

2. All states have felt the impact of declining motor fuel tax collections, despite increasing vehicle travel. We therefore urge a reevaluation of transportation funding mechanisms so that the commerce of the nation can continue to move. With a national policy of energy conservation, it will be necessary to hold the state and federal transportation programs harmless from this impact. Portions of the revenue generated by any energy conservation tax is necessary to ensure transportation services and should be channeled into transportation, with supplemental funds added as necessary.
to meet the urgent and immediate needs of an adequate, comprehensive, integrated transportation system. State preemption of energy taxes for transportation purposes should be considered in the development of energy conservation programs.

3. The Governors are particularly concerned about the long-term financing of the nation's transportation needs. Transportation improvements involve multiyear contracts. Therefore, federal aid must be predictably consistent so that program goals can be accomplished. Authorization periods of at least four years should be established to ensure that future funding will be sufficient and match requirements can be anticipated. To accomplish this, the Governors support trust funding for transportation programs, based on dedicated revenue sources. Dedicated funds are necessary to provide for contract authority, allowing long-term transportation financing which is consistent and continuing. It is recognized that public transportation needs cannot be financially supported fully from user taxes and therefore need an additional source of dedicated funds. A user-funded trust fund provides the most equitable means of financing transportation improvements, and trust funds allow a user to identify the cost and benefits of the transportation programs.

4. The Governors support a federal funding structure that recognizes the higher level of federal interest in systems that serve interstate commerce and national defense, addresses problems of national concern on a modal basis, and provides for a lesser degree of federal program involvement for those systems that address state and local needs. The allocation of funds should be made to the states with minimal categorical restrictions, consistent with federal goals. Transferability of up to 10 percent of funds among systems of national significance and second-level systems should be permitted at the option of the states. Within each mode, second-level program funds should be transferable to meet the needs of the state.

5. The Governors endorse the objectives of the National Transportation Policy Study Commission, as set forth in Section 154 of the 1976 Federal-Aid Highway Act, and encourage all parties to move forward with this study. The Governors pledge their support to the commission in its work, and request that the states be included in the efforts. The continuation of the functional capability of the nation's highway system must receive high priority, and sufficient funds must be dedicated to ensure the continued integrity of this system. The commission is encouraged to consider the following:

a. the transportation funding system should assist in making transportation programs supportive of national, state, and local economic and social goals;

b. the transportation funding system should ensure appropriate federal financial support while allowing maximum flexibility for each state to plan, design, construct, and operate transportation facilities that meet its priorities;

c. the transportation funding system should encourage a reduction in the promulgation and use of regulations; and

d. the transportation funding system must provide consistent and continuous levels of funding so that appropriate levels of transportation service can be provided by each mode.
C. Operation

1. The Governors pledge their continued cooperation in providing appropriate environmental assessments of transportation construction. The A-95 process provides the Governors with a strong role in the evaluation, analysis, and implementation of all transportation projects.

2. The Governors call upon the federal government to join the states in an effort to measure pollution and to apply innovative technology in discovering new sources of energy and new techniques of reducing pollution and disposing of wastes produced by our transportation system.

3. The Governors feel that more specific guidance, clarification, and a clear expression of congressional intent are needed to avoid duplication of effort in implementing the National Environmental Policy Act, the Clean Air Act of 1970, Section 4(f) of the Transportation Act of 1966, Section 402 and Section 404 (PL 92-500) concerning the Corps of Engineers, the Historic Preservation Act, the Endangered Species Act of 1973, and other environmentally oriented federal legislation. An economical and progressive step to assist in achieving a realistic balance between progress and environmental protection would result from the clarification of this process. In lieu of federal requirements, the states should be allowed to develop standards responsive to their needs and in conformance to national minimum standards. States that have enacted standards equivalent to the federal standards should be responsible for the administration of environmental protection.

4. The Governors pledge increased emphasis on 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, while providing essential transportation services for the economic health of all states. 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 current threat contained in the highway funding legislation.

D. Regulation

1. The Governors support the basic premise that a representative government has the responsibility to ensure that public needs are met by at least one mode of transportation service. To attain this objective, transportation regulation may be justified if free market conditions cannot provide reasonable and adequate service at economical prices.

2. The Governors note with considerable concern instances of unbalanced and discriminatory freight rate practices in the rail and trucking industry. These practices result in otherwise avoidable inequities and indicate a pressing and immediate need for change. The National Governors' Association urges the formation of a national commission to investigate the broad range of state and federal regulatory practices. The Governors support the concept of a "zone of reasonableness" method of rate setting, which is designed to both protect the carriers and foster competition.

Revised August 1978.
The Governors are greatly concerned that the proposed national energy conservation program will have a devastating effect on the states' receipts of highway user revenues. These funds represent the overwhelming majority of each state's total highway budget, and any reduction will seriously jeopardize the entire highway maintenance and construction program. It should be realized that adequately maintained and improved highways are in themselves energy-efficient, safe, and will significantly contribute to fuel savings. In view of the enormous needs of the highway system all across the nation, and recognizing the states' financial limitations, the National Governors' Association strongly recommends that significant portions of any additional federal energy fuel taxes be returned to the states in an amount sufficient to ensure the preservation of existing highway facilities, as well as the continuation of needed new improvements.

The National Governors' Association strongly supports continued development and improvement of the nation's streets and highways. This network is essential to our transportation system, which is critical to maintaining the vitality of our economy. The Governors urge that the transportation program continue as a partnership among federal, state, and local governments because support and coordination are needed at all levels of government if the effort is to be effective.

Our transportation successes at the state and national levels, coupled with shrinking fiscal resources to maintain and improve the systems at hand, have brought us to the point of a new challenge. We need to turn our resources and attention to making the most efficient use of existing transportation systems, and we need Federal Highway Administration programs that place renewed emphasis on the primary, urban, and secondary systems of federal-aid highways. In an effort to maximize benefits to highway users from the limited resources available, the Governors urge that states be allowed to undertake simple rehabilitation of most highway facilities rather than costly, complete modernization.

A. Planning

1. Congress and the Administration should continue to thoroughly review the various transportation programs with the nation's Governors to determine the appropriate roles for federal, state and local governments in the development and maintenance of a comprehensive and integrated transportation system and to seek the elimination of duplication of effort and overlapping responsibility.

2. The National Governors' Association supports the continuation of federal funding for advance acquisition of rights-of-way as an excellent measure of economy and planning.

B. Finance

1. Congressional and Administration attention should be focused on reducing the complexity of federal aid and increasing the flexibility for
states to administer the program and to expend the funds on state-determined needs for new construction, reconstruction, rehabilitation, and safety projects. Continuing efforts should be made to substantially reduce the number of existing categorical programs. The primary authority for coordination, planning, and flexible distribution of trust funds within the states should continue to be at the state government level.

2. The National Governors' Association urges Congress to provide substantial additional funding for the non-interstate federal-aid systems at no delay to the completion of the existing interstate system. The National Governors' Association believes that highway programs should take into account the regional and statewide significance of the federal-aid primary, urban, and secondary systems, and should plan for their continued improvement, rehabilitation, and serviceability.

3. The federal trust fund financing for highways should be extended indefinitely and made permanent. This would ensure completion of the interstate system, provide for its reconstruction and rehabilitation, and furnish a funding source of sufficient revenues to allow much needed emphasis on the improvement of the non-interstate federal-aid system. Any modifications to the Federal Highway Trust Fund must consider the highway needs of the nation, the tax base required to support those needs, and the impact that modifications would have on the various states. Recognizing that the nation's current highway needs far exceed our financial capabilities, the National Governors' Association is opposed to any diversion of Federal Highway Trust Fund revenues.

4. The Governors are concerned that a substantial amount of interstate funds that have been appropriated are not being effectively used. For various reasons, some states are unable to use their interstate appropriations and others have obligated their available funds and sold bonds to expedite interstate construction. The Governors strongly recommend that Congress and the Administration consider action that would provide additional funds to those states that can advance completion of the interstate system and, at the same time, protect the vested interests of those states that are currently unable to use their appropriations. However, proposals that would change the apportionment procedure to focus on "essential gaps" would, in fact, penalize those states that have been more aggressive in completing their interstate construction.

5. Emphasis should be given to the economic necessity for completing the present interstate network. Because many states have used or are now using bond funds to provide their citizens with the mobility and safety of a completed interstate system, Congress and the Administration are urged to consider legislative changes that would provide for federal aid participation in bond administration and interest costs.

6. The Governors support greater flexibility at the state level in the uses of highway program appropriations, with each state receiving its fair share of funding to be used as its own transportation priorities dictate, including reconstruction, rehabilitation, and safety projects.
7. Although no highway trust funds currently are being impounded, Congress has imposed an obligational limitation of highway trust funds, thus perpetuating the practice of impoundment. Therefore, we urge Congress to remove all forms of limitations so as to allow the states to make use of all Highway Trust Fund authorizations within the limits of the Highway Trust Fund. Obligational authority should be provided as far ahead as possible to permit the states to adequately plan and effectively implement their highway programs.

8. Gasoline and other motor fuel taxes should not be forced to bear the full burden of the energy conservation effort to the detriment of the overall 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, the funds should be directed to the states, or preemption, to the same degree, should be allowed to offset any reduction in highway funds caused by such a program.

9. The Governors view with alarm the condition of many of the bridges in our highway system. There are almost 40,000 old, inadequate, and unsafe bridges in our federal aid system, which are in critical need of replacement or rehabilitation. Approximately $12.4 billion is required to correct this deficiency. There is a similar number of deficient bridges costing a similar amount of money off the federal aid system. The Association strongly recommends that substantial, additional federal funding and emphasis be provided to correct this deplorable condition.

10. The diminished rate of growth in financial resources available for the nation's highways has forced a reevaluation of spending priorities. The Governors seek to provide the most benefit to the motoring public with the increasingly limited funds. Because of this, the Governors want the flexibility to use federal funding to do simple pavement rehabilitation where that is effective and safe, rather than being required to do complete modernization.

11. The Governors encourage the Administration and Congress to increase the level of funding for the interstate resurfacing, restoration, and rehabilitation program to a level more commensurate with the needs of the system. Due to the deterioration of the older segments of the system, early attention needs to be given to upgrading designs and to improving roadbeds to a condition that will more adequately accommodate the demands of increased traffic loads.

C. Operation

1. The National Governors' Association recognizes the need for a program to encourage and assist minority business participation in federally and state-funded contracts and projects. The Governors support the promotion and development of businesses owned by the economically and socially disadvantaged and believe that such efforts should reflect the objectives of state laws and regulations in this field.

2. The National Governors' Association is concerned with the future maintenance and protection of our nation's highway system. To this end, the Governors recognize the value of an effectively enforced truck measurement and weighing program.
The Governors are concerned with any action threatened or taken to refuse approval of a federal-aid authorization request because of a deficient truck weighing program when proper evaluation criteria for such a program do not exist.

The Governors urge that the federal and state governments jointly develop evaluation criteria for operation of a truck weighing program that will effectively remove the violators of federal and state truck weight laws from the nation's highways without adversely affecting the operation of vehicles in compliance with the law. We urge that the criteria to be established will constitute a positive program of control and that sanctions and/or the threat of withholding federal aid project approval not be a part of such a program.

3. The National Governors' Association is alarmed by recent labor practice determinations reached by the Department of Labor. The wage and hour division of the Department of Labor has ignored historical precedent in several states by arbitrarily determining that "heavy" construction practices applied to several "highway" type construction projects.

The Governors request that the Administration and Congress investigate the entire matter of labor practices being established by the Department of Labor. The area construction practices of each state should be the basis for the construction and work agreements reached by the Department of Labor and state transportation agencies.

D. Regulation

1. Although the fuel shortage has diminished, the trucking industry remains affected by economic and productivity impacts resulting from high fuel costs, disparate tax and licensing structures, size and weight regulations, and similar problems.

2. The Governors recognize the nationwide dependence upon the trucking industry to furnish essential transportation services. In order that this may be continued in a more effective and efficient manner, we again recommend that Congress and the Interstate Commerce Commission investigate the obstacles facing the trucking industry.

3. We recommend that states consider legislation to permit appropriate axle, tandem, and gross weights, and also give consideration to joining the international registration plan to enable the efficient flow of interstate commerce.

4. The Governors recognize the advantages of the nonresident violators compact and the benefits it could afford their citizens when traveling in other signatory states. In view of this, the Governors recommend that each state give proper consideration to joining this compact.

E. Safety

1. The Governors recommend that the National Highway Traffic Safety Administration and the Federal Highway Administration administer the Highway Safety Program in a unified manner, as a single program. The two administra-
tions should move toward a programmed approach in the use of highway safety funds to achieve greater flexibility in administering the Highway Safety Program. The federal aid requirements should be simplified, and states should be permitted to focus federal highway safety resources on their most pressing problems.

2. There should be greater coordination of the research conducted by the National Highway Traffic Safety Administration, the Federal Highway Administration, the states, and private industry. The National Governors' Association recommends that studies of the relationship between decreased highway-related accidents, deaths and property damage and the lowered speed limits be reviewed and expanded. It is also recommended that studies be conducted to facilitate a resurfacing, restoration, and rehabilitation design policy based on engineering and accident analyses.

3. The Governors recognize that a significant proportion, perhaps as high as 50 percent, of highway fatalities are alcohol-related and urge that necessary federal resources be made available to the states to implement appropriate countermeasures.

4. The Governors view with alarm any legislative or regulatory proposals to interfere with state enforcement of traffic speed limits. The presumptions of such proposals are that Governors would default in their constitutional responsibility to see that the laws are faithfully executed and that their performance in this regard should be monitored and enforced by a system of compliance timetables and penalties. Any contribution to the national objectives of energy conservation and highway safety is 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 mile per hour national speed limit, and certification by the Governors that their speed control programs are fully operative should be sufficient evidence of state enforcement efforts.

5. School bus safety is of vital concern to Congress and the Governors. However, the provisions of 23 U.S. Code 406 force the Governors to expend funds in a narrowly defined category of highway safety where funds are not needed at present. The Governors recommend that Congress repeal 23 U.S. Code 406, thereby permitting the funding of school bus safety through 23 U.S. Code 402, in conjunction with other identified highway safety problem areas.

6. The Governors are concerned by indications of congressional action that will require a hard match for the planning and administrative cost of the states' highway safety programs. Such actions could lead to a reduction by some states of their support for the program. The Governors urge Congress to consider carefully the implications of requiring such a hard match, and pledge their support for a reasonable and flexible approach to this issue.

7. The Governors are cognizant of the conflict presented by the diminishing purchasing power of available highway funds, the deteriorating condition of highways and the increasing need for improved safety construction on the highways. The Governors believe that safety should be a prime consideration of any resurfacing, restoration, or rehabilitation project. The Governors recognize, however, that the availability of funds may, and in certain instances should, receive equal consideration. The Governors, therefore,
pledge their support for design standards for such projects that maximize safety to the extent appropriate yet permit resurfacing or restoration of a deteriorated highway to a lesser standard when justified.

8. The Governors recognize that an effective highway safety program must address the driver, the vehicle, and the highway. The Governors are concerned with any imbalance of emphasis whereby one or two of these factors are stressed at the expense of the others. The Governors urge, therefore, that the federal government maintain an equal emphasis on all factors of the highway safety program.

9. The General Accounting Office recommended in a report to Congress that states be required to select safety construction projects solely on the basis of comparative cost-effectiveness. The National Governors' Association endorses this approach if there is sufficient flexibility in the measurement of cost and effectiveness to be sensitive to local conditions.

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F. - 3

AIR TRANSPORTATION

Aviation is a critical component of a balanced transportation system. The Governors have a major interest in the policies and programs that affect aviation and the development of airport and airway facilities. The importance of aviation to industrial and community development and the proven capacity of the states, working in conjunction with the affected regions, to implement airport development programs in a most cost-effective manner are convincing reasons for a stronger state role. The four-state demonstration program was a constructive step in the right direction. It is now appropriate for Congress to consider the results of this program. The transfer of the administrative burden pertaining to projects involving general aviation, commuter, reliever, and small air carrier airports to qualified and willing states should be accomplished as soon as possible. The Governors note that forty-six states currently provide state funds for airport development. The Governors urge all states to assess their technical qualifications and strengthen their aviation agencies as necessary, broaden their financial and technical assistance to airport sponsors, and fully implement their planning responsibilities in the development of air transportation.

A. Planning

1. All airport facilities development should continue to be based on evolving state and national airport system plans. Local and regional airport plans should be considered as integral elements in the overall state plans. The National Airport Systems Plan must reflect essential elements of component state plans.

2. The Governors call for a continuous, adequately funded planning grant program to the states to help them carry out essential, continuous,
and comprehensive air transportation systems planning in the context of statewide, multi-modal transportation systems plans.

B. Finance

1. The Governors stress the need for flexibility in the distribution of federal airport development funds so that areas of desirable future potential growth may be assisted. Distribution of funds primarily on the basis of passenger enplanements limits the availability of discretionary funds needed to encourage growth in low enplanement areas. The apportionment formula should be changed by Congress to correct problems created by recent court decisions dealing with entitlement funds carried over from one fiscal year to the next. These decisions have had the effect of reducing the availability of discretionary funds because of annual limits on expenditures. The Governors propose that minimum four-year apportionment be instituted by Congress to give stability to the programs.

2. The Governors endorse the principle of user financing to support the Airport Development Aid Program. We feel that the existing taxes should continue, with a proportionate share of the revenues returned to the states in the form of block grants that are coincidental with federal transfer of administrative responsibility for the airport development program to the states.

3. Numerous private airports have succumbed to land development pressures in recent years. Many of these airports relieve the area's commercial airport(s) of a substantial amount of general aviation operations and are thus essential to the efficient use of the commercial airport(s). To reduce the threat of additional closings of privately owned, public use reliever airports, the Governors urge that, at their individual request, present federal programs be extended to these airports.

4. Commuter air service is a vital part of the national network of air service and is particularly important to small communities without other scheduled air service. Although commuter enplanements contribute taxes to the aviation trust fund, airports served only by commuter air service do not receive Airport Development Aid Program enplanement funds. The Governors urge that such airports be eligible for these funds.

C. Operation

1. The Governors 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' Association applauds and supports in principle the U.S. Department of Transportation National Noise Policy designed to further reduce aircraft noise. Continued research on noise abatement by the U.S. Department of Transportation is encouraged.

2. 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.
3. The Federal Aviation Administration is urged to revise its present policy on subsidization of control towers. Such a revision should include consideration of number and type of aircraft, aircraft operations, passenger flow, safety, weather conditions, and social benefits.

D. Regulation

1. The Governors commend Congress for initiating reforms that will remove artificial and unnecessary regulations, reduce economic constraints, and encourage increased efficiency in the airline industry and better air transportation services at lower costs while maintaining the current high level of safety. The reforms are reasonable and do not bring about sudden change and instability in a successful industry. These reforms should not conflict with the principle of a reasonable return on investment. Congress is urged to pass this reform legislation as quickly as possible so that airlines, labor, and banking institutions may set clear future objectives and the financing commitments for extensive new-generation equipment acquisitions can be made in a stable statutory climate. The states have the knowledge and expertise in their aviation agencies to ensure successful implementation of this reform legislation. The Governors urge the use of this talent.

2. The Governors are seriously concerned with the continuing loss of air service to small communities as certificated regional carriers are permitted to suspend or delete low-density or unprofitable communities. Air service to the majority of small communities can be provided in the most cost-effective, energy-efficient manner by commuter/feeder airlines operating as a fully recognized third level of the national air transportation system. Voluntary, modified certification by the Civil Aeronautics Board (CAB) for this third level of air carriers, with appropriate route protection, joint fare privileges, guaranteed loans for modernizing equipment, and simplified reporting procedures, is considered essential to the further development of the commuter airline industry. The Governors urge Congress to enact legislation that provides for full recognition of selected commuter airlines as a federally certified, subsidy-eligible third level of the national air transportation system. The Governors also urge Congress to direct the U.S. secretary of transportation and the CAB, in concert with the states, to proceed with necessary simplification of certification procedures, rules, and regulations to speed the provision of these vital air services to small communities.

3. The Civil Aeronautics Board, in consultation with the states, should report annually to Congress on the status of the industry and those regulatory structure modifications necessary to encourage the continued growth and economic stability of the industry.

E. Safety

1. The Governors applaud the performance of the U.S. airline industry, which continues to post a remarkable safety record while coping with rapidly increasing traffic over a system that is exceeding previously projected capacity levels in some operational areas and approaching obsolescence in others. They are concerned, however, about the increasing number of accidents involving private aircraft. The Governors urge the Federal Aviation Administration to resume its active participation with state aviation agencies in cosponsoring instructor pilot training clinics. We recommend the develop-
ment of a more cooperative relationship between federal aviation officials and state aviation agencies. The states possess legal and regulatory powers that complement the federal authority.

2. Although safety is of paramount concern to all, we recommend that benefit-cost analyses and public hearings be completed prior to the imposition of new mandatory safety equipment regulations on aircraft owners and operators.

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F. RAIL TRANSPORTATION

The National Governors' Association continues to note with concern the increasingly serious problems of the nation's railroads. Railroads are a major element in the American transportation system, providing special advantages for energy conservation, for environmental protection, and for the efficient movement of people and goods. They are a mainstay of the national economy. The Governors are convinced that the nation's best interests demand positive actions by the federal government, in concert with the states, to enhance the widespread availability of adequate rail transportation nationally with appropriate international service connections. The high costs of operating on a run-down physical plant and the resulting inadequate service contribute to both inflation and inefficient use of scarce resources. The danger to the public of operating on deteriorated roadbeds and with outmoded equipment must be clearly recognized. A revitalized national rail system should be a prime element of programs to stimulate the economy, to achieve balanced economic growth, and to promote energy goals. States are urged to take appropriate statutory or institutional actions to effectively implement national railroad legislation.

A. Planning

1. The Association urges the secretary of transportation to pursue aggressively a national rail plan in cooperation with the states. Functional classification of the nation's railroads is a first step toward developing a national rail plan. One classification should constitute an interstate and defense railroad network with requisite international connections. A second classification should include light- and medium-density rail lines and branch rail lines. The Governors call upon the secretary to use the expertise available in the states in the development of the two systems and a national rail plan.

2. Without programs to ensure the availability of finances for reconstruction and modernization, programs to further reform rail regulatory policies, and programs to increase the productivity of rail labor, plans that are limited to reorganizing or restructuring rail carriers will have little, if any, success in improving service and profitability.

3. The Association supports the concept of competitive enterprise and operation of railroads and those actions needed to make the system more
efficient. Mergers are appropriate where they would lead to a stronger national rail system. However, safeguards must be ensured through the regulatory process to avoid mergers that would cause the collapse of critical portions of the national rail system.

4. All states should receive a uniform entitlement for rail planning funds sufficient to cover the cost of a permanent planning program for freight and rail passenger service.

B. Finance

1. The National Governors' Association supports federal financial support of the railroads through the concept of a rail trust fund financed by general funds and appropriate user charges.

The rail trust fund should not be a subsidy program. Rather, it should be a self-liquidating investment program which would provide sufficient capital funds to modernize and expand all rail facilities in order to better serve the public.

2. A system classified as an interstate and national defense railroad network requires extensive federal involvement, in concert with the states, and a commensurate high level of federal financial participation. A second-level system, which would complement and support the interstate and national defense system, would involve less federal involvement and greater state and local efforts. Accordingly, a lesser federal share of project funding would be appropriate. Federal funding must be made available to the states without categorical restrictions. Funds should also be available for rail banking.

3. Virtually all the nation's railroads have deferred maintenance and capital improvement projects which they cannot finance from either internal cash or private borrowings. Government financial aid to railroads is required, but it should be provided in a manner that guarantees improvement in the physical plant and service and an appropriate level of preventive maintenance.

4. The Association supports the use of public service employment to rebuild the nation's neglected railroads. A rail reconstruction and modernization program could provide thousands of new jobs in the next several years to continue the force of economic recovery. The expertise of state governments should be employed to carry out this reconstruction and modernization program.

5. The Railroad Revitalization and Regulatory Reform Act of 1976 (PL 94-210) is an important step toward revitalizing our nation's railroads. The Federal Railroad Administration (FRA) promulgated the rules that the states must follow in developing the state rail plans that are required to receive funds for rail service assistance. Unfortunately, these rules do not allow the states sufficient flexibility to implement projects that they have determined to have the highest priority. Excessive delay in the implementation of the local service program should be avoided.

The National Governors' Association, in support of the secretary of transportation's proposals, calls for Congress to amend Section 5 of the 4R
Act to (1) make permanent the rail service continuation assistance program, (2) set the federal level of participation at 80 percent, (3) provide the states with sufficient time (three years) to obligate entitlement funds, (4) allow in-kind benefits to be carried forward into succeeding fiscal years, and (5) allow federal participation in the institution of corrective action programs on lines prior to the issuance of an Interstate Commerce Commission certificate of abandonment with appropriate protection in equity for the public.

C. Operation

1. Modernized railroads, as efficient energy users, will help achieve greater energy independence. A modern rail system, with appropriate interface with the nation's highway and waterway networks, would relieve the pressure on the highway system currently being experienced in the movement of such heavy loads. Toward this end, FRA should expedite and expand its intermodal demonstration projects and effect the development of new intermodal and rail technology.

2. The Governors urge Congress to require higher operating standards for rail service. The rail trust fund, while oriented toward freight lines, would also help solve the problems caused by seriously deficient tracks. Providers of rail passenger service must also work to maintain their schedules, reduce unit costs, and provide a high level of service for corridors that can support such service. The delays on the northeast corridor project must be eliminated. This project should be the nation's prime demonstration of the success of high-volume, high-speed, truly modern rail passenger service. Running times well under three hours are desirable between New York and Boston and between New York and Washington, D.C.

3. The Association urges Congress to adequately fund programs designed to reduce the incidence and severity of rail accidents.

4. Consolidation of rail lines and joint use of facilities should be encouraged by federal regulation and financial incentives where they are possible and desirable.

D. Regulation

1. The problems the rail industry is now confronting point to the need for a thorough reevaluation of regulatory matters as they affect railroads and other modes of transportation. The Association urges Congress and the appropriate federal regulatory agencies to continue the reevaluation begun by the Railroad Revitalization and Regulatory Reform Act, with the objective of simplifying and expediting the entire regulatory process, including modernizing rate structures. We also urge all state legislatures and state regulatory agencies to begin a similar reevaluation.

2. The Association urges that a thorough reevaluation be given to increasing the productivity of rail labor through new work methods and appropriate work rule changes where needed. The use of incentives to enhance progress in this area should also be considered.
E. Passenger Service (Amtrak)

The passenger train is an increasingly important element of our transportation system. The fact that rail passenger service has not realized its potential is a source of concern to the Governors.

1. Planning

The Governors recognize that the passenger train provides an essential regional service. Therefore, planning for passenger train services must be done in a regional context with substantial participation from those who are most familiar with the area. The Governors strongly oppose federal actions, such as the Department of Transportation's recent route reexamination, that attempt to dictate the agenda of future rail passenger service without state participation, especially in the planning and implementation of routes and frequencies.

The Department of Transportation study "A Reexamination of the Amtrak Route Structure," designed to analyze Amtrak's route structure and requested by Congress, is believed to be inadequate as a justification for the elimination of present rail services. The primary criterion for the study's analysis is the cost of operation based on currently used procedures. The report states that the consideration of other issues, such as operations and marketing, is cursory at best. The Association recommends that no change be made in Amtrak's network until (1) exhaustive market-by-market, route-by-route, and train configuration analyses of Amtrak's rail operations are performed to determine whether and to what extent the performance of each train can be improved and (2) a similar analysis of Amtrak's internal operations is performed to determine the extent to which they can be made more efficient and effective.

2. Finance

The widening gap between Amtrak's costs and revenues is of concern. This problem must be addressed by cost reduction measures and through the elimination of unnecessary services. The Governors urge the Board of Directors of Amtrak to adopt a strategy to reduce overhead expenses as much as possible while achieving operating economies, such as more efficient use of labor and equipment.

The Governors do not expect Amtrak to be a profit-making organization. However, public funds should be spent wisely and efficiently in the provision of rail passenger service. In this regard, the Association believes Amtrak should give higher priority to state-supported 403(b) trains and those under similar circumstances. Every dollar that Amtrak spends on a 403(b) service is matched by a state dollar, allowing Amtrak's funds to be stretched as far as possible.

3. Operations

The Association urges Amtrak to improve its operating procedures, especially with respect to on-time performance. The Governors view reliability and proper maintenance practices as critical elements of good rail passenger service. Increased train speeds and frequencies are also necessary to attain
higher ridership volumes. New routes should be secondary to upgrading service on existing lines. The Governors also urge Amtrak to work closely with local transit authorities and intercity bus companies to form a system of integrated public transportation.

4. Regulations

Regulations should increase the ability of Amtrak to respond to market changes or institute new services, and Amtrak should not be required to expend scarce funds for desirable but low-priority items.

The Governors oppose efforts by the Department of Transportation to expand its influence or exert control over Amtrak. Rail passenger service can improve only through a close cooperative relationship between Amtrak and the states. An independent national rail passenger corporation is essential for this relationship to develop.

Finally, the Governors recommend that the Board of Directors of Amtrak include several "public" members who are selected from a list provided to the President by the states. This would ensure that state and local concerns will be represented on Amtrak's policy-making body.

5. Safety

The National Governors' Association believes that the problem of accidents at grade crossings, especially those involving passenger trains, must be solved. The fragmented levels of responsibility and funding sources must be streamlined to facilitate a rapid and thorough resolution of the problem. The Governors are ready to work closely with federal, local, and private agencies to develop an effective strategy to solve this problem.

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the states and promote an awareness of the value of waterways for commercial
and recreational use.

2. The Governors are cognizant of the scarcity of undeveloped waterfront
properties, and will ensure through the statewide land use planning process
the availability of these properties for future development consistent with
water transportation.

3. Design of new port facilities and reconstruction of existing instal-
lations must utilize intermodal transfer capabilities to the greatest extent
possible.

4. Although the construction and management of multi-use water resources
projects may be the responsibility of other agencies, their transportation use
should be a part of the U.S. Department of Transportation's overall national
plan.

B. Finance

1. The National Governors' Association urges a comprehensive study of
the present and future needs of the nation's public ports and waterways,
along with an analysis of the financial resources needed to meet these needs.

2. The Association views with interest pending legislative bills deal-
ing with water-transportation-related user fees. While an equitable charge
or fee should be imposed on water transportation users for the operation and
maintenance of navigation aids and channels, the Association feels that ben-
efits such as power generation, recreation, flood control, et cetera, accruing
to a state or region should be considered when determining the amount of
charges or fees to be assigned to water transportation users. The Associa-
tion feels strongly that the states should share equitably in the collected
fees for the continued operation and maintenance of an individual state's water
transportation system.

C. Operation

The Association recognizes the nationwide need for commercial navigation
and recreational use of the inland waterway system. This system should be
kept adequate to meet the needs of all users, including new construction,
operation and maintenance of existing facilities.

D. Safety

The Association supports the U.S. Coast Guard's enforcement of the
Boat Safety Act of 1971, 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.

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States employ 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. Many states now provide direct capital grants for the construction of facilities and purchase of equipment. Several states provide operating assistance, and many have used their powers of taxation and tax exemption to stimulate the development of urban and rural public transportation service.

Recognizing the energy and fiscal constraints common to all Americans, the Governors propose the following policy guidelines for urban and rural transportation.

A. Planning

1. The National Governors' Association calls for flexibility in the application of federal urban transportation programs, allowing state and local governments to seek to implement their own priorities. The 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.

2. The Association recognizes that transportation planning is not complete without an analysis of financial resources. It therefore endorses long-term authorizations in transit legislation as in highway legislation, to give more certainty to the magnitude of resources available.

3. Governors should continue to play a significant and meaningful role in planning and developing their public transportation systems. This role will help to ensure equitable treatment of the states' various political subdivisions, as well as put the states in a position to coordinate their transportation programs with emphasis on the area of greatest need. The Governors reassert the states' responsibility to provide strong incentives for local solutions to local transportation problems, as well as their responsibility to facilitate the resolution of conflicts between political subdivisions.

4. Local participation is essential in all phases of urban and rural public transportation project development to ensure that projects are responsive to and compatible with the needs of the local population.

5. Effective rural public transportation is an integral part of the nation's transportation system. Rural public transportation should be developed to enhance the use of private sector equipment and facilities. Where needed service is not provided, the Governors support the development of appropriate public transportation systems in rural areas.

6. The Governors endorse the adoption of a multi-modal policy at all levels of government to improve coordination among modes, enabling each mode to realize its inherent advantages.
7. The Governors support the concept of providing public transportation facilities and services that can be used effectively by elderly and handicapped persons. We recognize that special efforts are required in planning and operating transportation service to meet their needs.

B. Finance

1. The National Governors' Association supports the concept of federal urban public transportation programs with an assured source of federal funds to enable long-term planning. Such an assurance 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 interagency coordination.

2. Public transportation is a necessary component of balanced transportation systems. Without continued, substantial federal funding for public transportation operating and capital assistance, the initiation or survival of vital public transportation services would be endangered.

3. There are some urbanized areas for which the Urban Mass Transportation Act (UMTA) Section 5 apportionment falls far short of the 50 percent ceiling on federal support for transit system operating deficits. The Governors support a change in the Section 5 apportionment structure and appropriation levels that will provide greater equity in federal support by providing additional assistance to these areas. At the same time, incentives should be provided to encourage transit operators to control costs.

4. The National Governors' Association recommends that UMTA's provisions on funding for nonurbanized areas be amended to allow distribution of operating subsidies, as well as capital grants, in the same manner as the current Section 5 apportionments are proportioned to urbanized areas.

5. The Governors wish to express their concern over the negative effects of the Department of Labor's interpretation of Section 13C of the Urban Mass Transportation Act. We do not feel that Congress intended to burden public transportation in the manner that is occurring as a result of the Department of Labor's interpretation of this section. Congress and the secretaries of labor and transportation should review the provisions of Section 13C to ensure that neither public transportation services of the nation nor the rights of organized labor will be adversely affected.

6. Transit operators are currently required to offer half fares to the elderly and handicapped as a condition for receiving UMTA Section 5 grants. The Governors urge that additional Section 5 funds be made available to provide an 80 percent federal reimbursement of the reduced fares for the elderly and handicapped.

7. Each state has a definite and specific responsibility in planning and implementing urban and rural public transportation programs. Therefore, all transportation funds, except for directly administered federal programs, should flow to the states, and the states should have the authority and flexibility to allocate these funds to local agencies through formulas developed with local officials.

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8. The Governors also recognize the problems experienced by the inter-city bus industry. Motorcoach service is a valuable component of rural transportation, and the Governors urge the federal government, in close cooperation with the states, local communities, and private companies, to investigate possible strategies for revitalizing the intercity bus industry.

C. Operation

1. The Governors support marketing and operational techniques such as implementation of express commuter lanes, promotion of carpools and vanpools, establishment and promotion of park-and-ride lots for carpooling and express bus service, modernization of existing bus fleets, and maintenance of a low-fare structure on current bus systems.

2. The Governors, in an effort to streamline transportation service in their states, call upon the U.S. Department of Transportation to coordinate with other federal agencies for the purpose of consolidating the scores of costly, inefficient special transit services for special client groups that are funded through numerous separate federal health and social service programs.

3. The Governors believe that local areas should have the flexibility to design the form of public transportation services for the elderly and handicapped that is best suited to the needs and conditions of their areas.

Revised August 1978.

F. - 7

PIPELINE TRANSPORTATION

The National Governors' Association calls for the development of a comprehensive national pipeline transportation program incorporating all forms of energy transportation that can be coordinated with other modes of transportation. This is essential because of the importance of pipelines in the transfer and supply of energy resources and the increasing need to substitute one energy form for another. The Governors urge that the program be developed as a partnership between state and federal government. In addition, the Governors urge the following:

1. A national pipeline transportation program should be developed that is flexible, utilizes the capacity of modal systems, is equitable between regions, and has the capability of integrating newly discovered or developed resources and systems into existing pipeline networks in an efficient manner.

2. Congressional and executive attention should focus on reorganizing and consolidating regulatory authority over all energy pipelines into a single federal agency so that a coordinated and efficient energy pipeline delivery system can be developed.

3. This national pipeline transportation program should provide for formal state participation and incorporate existing state policies and programs.
The Governors pledge their support for and cooperation in efforts to establish a comprehensive national pipeline transportation program and resolution of pending pipeline transportation issues.

Revised September 1977.

F. - 8

TRAVEL AND TOURISM

The travel and tourism industry, with its many diverse components, has become an increasingly important element in the national economy. It is vital at this time that we as a nation give the tourism and travel industry the attention it deserves. Its importance affects not only the economic stability of the nation but also strengthens the hope of better communication and understanding between all the nations of the world. Its importance as an economic, educational, cultural, and diplomatic tool has long been underestimated. In many circles, tourism is viewed more as an unstructured recreational pastime than as a productive industry.

This attitude is reflected in the fact that there are 115 tourism-related federal programs spread among fifty federal departments and agencies with funding capabilities. This lack of coordination is not limited to the federal government; it is pervasive in tourism-related negotiations among the agencies, state and local government, and private interests.

Tourism and travel are an economically viable industry that generates thousands of jobs and contributes millions of dollars to the U.S. economy. For 1976, tourism and travel directly generated 3.8 million jobs and indirectly an estimated 2 million more, including significant employment of minorities, women, and youth. In addition, for that same year, domestic and foreign visitors spent over $104 billion in the United States, providing $22 billion in wage and salary income and $13 billion in federal, state, and local tax revenues. Over $300 million is spent annually by the private sector to promote tourism. The states' contribution is over $65 million, with $17 million used directly for advertising. The federal government, on the other hand, estimates its promotion efforts to be approximately $12 million. Aside from being an industry that offers a diversity of benefits to state and local governments, tourism also serves as a conduit for learning, outside the school system, the many cultures and languages of the world. Very often it provides a bridge for better communication and understanding between the different countries of the world.

Because of its importance in economic, educational, cultural, and diplomatic terms, the travel and tourism industry requires a new level of attention and consideration within national priorities.

Federal fiscal policies should not discriminate against the tourism and travel industry. Current policies discourage loans and creative development in these areas. The National Governors' Association urges that the travel and tourism industry be treated equally with the other major industries regarding national fiscal policies.
International travel by American citizens is the fourth largest contributing factor to the imbalance of payments. Accelerated efforts should be made to expand the number of cities with regular and chartered international airline services for passengers and cargo. Only when direct, regular service between cities and overseas markets is improved can this nation realize its full travel potential.

A comprehensive travel and tourism policy should be adopted by federal, state, and local governments to maximize the effectiveness of present resources. The lead tourism and travel agency should be given the responsibility of coordinating the development of programs promoting domestic and foreign tourism with state and local governments, as well as private interests.

Revised August 1978.

F. - 9

FOREIGN TRADE AND INTERNATIONAL AFFAIRS

The National Governors' Association recognizes that the nation's international trade deficit is a detriment to our future economic health and a major ingredient in the upward spiral of inflation. The Association strongly urges the Administration and Congress to increase the priority of the development of a more aggressive national policy for the expansion of world trade.

The Association lauds the initiative taken by the President to establish a task force on export policy in the Commerce Department to make recommendations on improving the performance of U.S. exports, assisting American firms engaged in international trade, and lowering the balance-of-trade deficit.

While the governments of our major international competitors have aggressively taken steps to aid and support their business in world trade, American firms find themselves hindered by administrative and legislative impediments to trade. It is the belief of the National Governors' Association that the President's Task Force on Export Policy and Congress, as part of their deliberations, should ensure that American business can compete on an equal basis in international markets. To meet these goals we strongly recommend the following to Congress:

A. Governmental incentives for encouraging additional exports should at least include tax deferral programs, such as the Domestic International Sales Corporation (DISC) provisions, until tax incentive programs could be expanded to encourage increased exports and economic development and provide a more effective means of helping smaller business finance production of exports.

B. The earned income exclusion for U.S. citizens working abroad in areas directly related to export of U.S. goods or services should not be reduced below the 1975 level, and tax computations now required for these individuals should be simplified.

C. U.S. tax policy should continue the practice of deferring tax on foreign-source income.
D. The Eximbank's charter should be extended on a multiyear rather than single-year basis, the statutory loan limit should be increased from $25 million to $40 million, and the Eximbank's credit financing and insurance policies should be liberalized.

E. In commerce with foreign nations, American firms should be exempt from antitrust legislation. Such legislation should include:

1. guidelines for the formation and operation of export associations, consortium, or other appropriate mechanisms;

2. authority for administration and jurisdiction of activities permitted under the law confined to one agency;

3. a definition of permissible export trade activities that includes service as well as goods;

4. sales financed through the government.

F. U.S. businesses must be given a clear definition, by example or otherwise, of those payments that will be considered "sensitive payments." Rather than approaching the problem unilaterally by means of the Internal Revenue Code, it is recommended that the United States aggressively pursue multilateral consideration, definition, and action through organizations such as the Organization for Economic Cooperation and Development.

G. The Internal Revenue Code should not deal with the subject of international boycotts because the Export Administration Amendments of 1977 significantly strengthened U.S. policy against complying with these boycotts. Action should be taken by Congress to remove the duplicative and possibly inappropriate sections from the Internal Revenue Code.

In recent years, an increasing number of small- and medium-sized U.S. firms have found their products both competitive and in demand in foreign markets. However, the companies' potential to vigorously pursue a greater share of international trade is often hindered by their inability to acquire timely and more readily accessible technical support from the federal government. Emphasis must be given to providing adequate and competent technical staff and support for the export functions of our businesses. To assist these firms:

A. The activities of our U.S. commercial offices abroad should be upgraded and expanded.

B. The U.S. Department of Commerce should establish a special classification for trade missions sponsored by state and local governments to allow participation by unrelated industries.

Mission organizers often have experienced difficulty in meeting the requirement for participation by companies engaged in related industry groups. This provision limits the number and types of industry that can use the program. In many cases, a state or group of states may not have a sufficient number of companies in a particular industry from which to draw participants.
We propose that the Industry Organized Government Approved (IOGA) Trade Mission Program be broadened by establishing a special category that eliminates the requirement for vertical industry participation. This would have several beneficial effects: participation in IOGA missions and related commerce programs will expand as the number of U.S. government-sponsored missions increases, a wider variety of U.S. goods and services will be introduced abroad, and the U.S. share of international trade will increase.

C. A clearinghouse should be established to collect and disseminate information on joint venture and licensing opportunities and to match potential partners.

The Department of Commerce and Small Business Administration joint program for export promotion (to assist and advise small business in finding markets abroad) is an excellent step in this direction. In developing a packaged program for technology exchange, several U.S. government programs, such as the agent/distributor and new product listing services, could be combined with a system designed to match new U.S. products with contacts overseas who can provide effective foreign marketing or licensing bases. The key to this system would be the feedback of specific contacts enabling the subscriber to evaluate the contacts provided. At the same time, foreign manufacturers may provide U.S. companies with opportunities to license new technology or to participate in joint venture proposals. A central clearinghouse would provide the most effective conduit for bringing together potential partners for licensing and joint venture in much the same way that the Department of Commerce's Trade Opportunities Program (TOPS) operates.

D. The Department of Commerce's Foreign Buyers Program should be reactivated and expanded.

Under the Foreign Buyers Program, domestic trade shows were organized where U.S. businesses displayed and exhibited their products and services. U.S. embassy personnel overseas provided an effective means of promoting these programs to buyers abroad. Many of the exhibitors were small- and medium-sized firms which used this as a major vehicle for overseas sales.

The Foreign Buyers Program offered a valuable and effective service to U.S. businesses interested in exporting. The Departments of Commerce and State together have the necessary facilities and services to promote, organize, and develop such programs more effectively than other agencies or enterprises. The states propose that the trade shows be organized around broad product or service themes and include a travel program that offers foreign buyers an opportunity to visit industrial facilities and other appropriate businesses or government contacts. Such a program would be a stimulus to U.S. Travel Service objectives for foreign travel to the United States.

E. The federal government, through the Departments of Commerce and State, the International Communication Agency, and other organizations involved in international affairs and trade, should raise export awareness through educational seminars and workshops held in conjunction with business, banks, and local chambers of commerce.

F. Increased emphasis should be given to the export of American agricultural products.
More than ever before, the nation's Governors face issues with international ramifications, ranging from taxation of multinational corporations to international energy policy, exports, promotion, and cultural exchange. These concerns constitute a growing international agenda for the Governors.

The National Governors' Association adopts the following as a work agenda for the coming year:

A. Coordinated interstate cooperation through NGA committees and task forces and state government foreign offices to facilitate favorable policies and programs affecting state interests in international commerce. The National Governors' Association will work to improve federal-state consultation on the interaction of foreign policy objectives that affect trade, jobs, investment, and tourism.

B. A program for sharing technological, research, and management information between U.S. states and their international counterparts. Initially, such bilateral and multilateral information sharing should involve the following subjects: transportation, environmental controls, and health, education, and welfare policies.

C. Establishment of regular information sharing and exchanges of views with the premiers of the Canadian provinces and governors of the Mexican states.

Adopted August 1978.

F. - 10

IMPORT OF FOREIGN-MANUFACTURED FOOTWEAR

Twice in the past two years the International Trade Commission has found that the American shoe industry has "suffered substantial and severe injury" due to the increase in shoe imports.

The Administration's negotiation of orderly marketing agreements with Taiwan and Korea has not been sufficiently effective in protecting the jobs of American shoe workers and fails to offer assistance that would enable the domestic shoe industry to expand.

It is therefore imperative that Congress and the Administration move swiftly to establish a system for controlling the import of all foreign-manufactured non-rubber footwear. This system would provide effective affirmative relief for the domestic shoe industry as called for under the terms of the Trade Act of 1974.

Adopted September 1978.

F. - 11

NO-FAULT INSURANCE

Historically, states have regulated the insurance industry. In response to an increasing need, forty-eight states have enacted auto insurance laws providing consumers protection against loss of coverage from insolvent companies. State response to this problem demonstrated that auto insurance
regulation need not pass to the federal level. The best possible solutions to the problems of auto insurance lie in continued state regulation and experimentation.

The adoption of national no-fault standards is not an acceptable alternative to individual state action. Congress should take no action that would preempt state efforts to establish a no-fault auto insurance system.

The National Governors' Association urges those states that have not enacted no-fault legislation to continue to examine the available options and to achieve maximum interstate coordination in any actions they may take. The Association also urges each state to consider the model legislation drafted by the National Conference of Commissioners on Uniform State Laws and by the Council of State Governments.

Revised August 1978.

F. - 12

COMMUNICATIONS TECHNOLOGY

The National Governors' Association, in conjunction with the federal government, would like to implement as soon as possible a telecommunications system which would allow Governors to communicate more effectively and quickly with each other and with Congress and the Administration; ensure that each Governor has a common understanding of the facts and background on national issues; and eliminate time lost by Governors through unnecessary and costly travel.

Such a system would provide:

1. Audio service linking all Governors, the President, key cabinet officials, and the congressional leadership.

2. A conference call capability for up to twenty-five people on the relatively short notice of one to four hours.

3. A rapid facsimile transmission capability which would send a page of written material from any point on the system to a distant point in no more than four minutes, and messages from one point on the system up to sixty points at the same time.

4. The capacity for the Governor to express a yes or no opinion which would be registered electronically at some central location.

5. An overall cost which is no more expensive than similar telephone facsimile transmission systems.

As a first step toward implementation of such a system, the Association requests that the President vest authority for the overall coordination of these activities into a single agency and that all Governors be allowed access to the Federal Telecommunications System.
The National Governors' Association suggests that the individual states consider the establishment of toll-free telephone systems to enable citizens to call the state with problems or complaints.

The National Governors' Association urges the Federal Communications Commission to exempt state and local government agencies from payment of filing and grant fees in any future schedule the FCC may establish.

The National Governors' Association supports the integration of all interstate telephone service rates into national rate patterns as soon as possible.

The National Governors' Association commends the Congress for undertaking a complete review of the Federal Communications Act of 1934, particularly as it relates to telecommunication services, and supports revision of the act to:

1. Give states the maximum authority possible in the regulation of telecommunications services.

2. Permit state regulatory commissions to participate more effectively in the FCC's decision-making process.

3. Reaffirm the original purpose of the act in giving priority to the objective of providing universal telephone service on a basis which ensures high-quality service at reasonable rates to the users of residential telephone service.

Revised September 1977.

F. - 13

SCIENCE AND TECHNOLOGY

State and local governments are confronted by an ever-increasing number of problems that are complicated by scientific and technological considerations. Many of these problems are the result of federal programs and regulations imposed on the states.

At the same time, the federal government supports a multi-billion-dollar research and development budget, which does not effectively meet state and local needs. Although many government-financed discoveries in science and technology have been adapted for practical use, this application often has been merely coincidental, because federal research and development generally is not undertaken to address specific areas of concern as defined by state and local governments.

If the general public is to derive maximum benefit from the civilian-oriented research and development budget supported at great taxpayer expense, its investment must be reconsidered in order to embrace this broader range of scientific and technical problems.
To achieve this greater return for state governments and their citizens, a stronger long-term relationship with the existing federal science and technology establishment must be forged. The creation of the Intergovernmental Science, Engineering and Technology Advisory Panel (ISETAP), under the chairmanship of the director of the Office of Science and Technology Policy, provides the mechanism for direct communication with the federal government. The degree to which ISETAP realizes its potential is dependent on the breadth of interpretation with which the panel addresses its charge.

To meet state responsibilities, state capabilities must be improved to encompass a greater recognition of the importance of the scientific and technological elements in state policy issues. The State Science, Engineering and Technology (SSET) program was created by Congress, with the support of the National Governors' Association, to assist state executives and legislators in developing this capacity.

The National Governors' Association has endorsed and virtually all of its members are participating in the planning phase of the SSET program. It has been welcomed as a cooperative effort to build a greater capacity within the states for resolving policy issues that have significant scientific or technological content.

Capacity building, however, is a gradual and laborious process. New institutions that are created thoughtlessly seldom survive, and old institutions yield slowly to pressures for change. Programs such as SSET must be sustained at reasonable levels and for a reasonable time if they are to succeed.

We are dismayed by the unexpected deletion from the proposed fiscal year 1979 budget of federal support for SSET. SSET objectives cannot be achieved unless planning studies currently under way are secured by a commitment to implementation.

The National Governors' Association urges Congress to restore SSET funding for fiscal year 1979 at a level of $100,000 per state for the executive branch, with an equal apportionment for each state legislature. To ensure the long-term commitment required for meaningful implementation, we further urge consideration for a five-year authorization act.

Adopted February 1978.
Agriculture

G. - 1

REPORTING FOREIGN INVESTMENTS IN FARMLAND

The Governors have a common interest in protecting the continuation and expansion of family farms and in keeping the price of land within the reach of those who feed the nation.

Currently there is concern in each of our states about the increase of foreign investment in productive agricultural land and the threat to the livelihood of individual farmers that such investment may entail. Our farmers need protection from this threat. Whatever action is taken, however, must be based on adequate information about the extent and nature of foreign investments. At the present time, few states have accurate information about the amount of land held by nonresident aliens, the increase in the rate of purchases, resultant price increases, and the nature of actual transactions.

The federal government has acknowledged the importance of this problem, but has failed to implement a program that addresses it. The recording of land transactions is traditionally a state and local responsibility. Therefore, in order to gather information on which to base a policy to protect our farmers, we urge the adoption of a uniform reporting law in each of the states to collect the facts on foreign ownership of farmland.

Such a law would require all nonresident aliens owning or leasing agricultural land for farming to report annually to a central state office the amount of land they hold, with the provision that beneficial owners are to be identified in cases where the land is owned by corporations, partnerships, or trusts. Uniformity in the format used for collecting data in each state would increase its usefulness.

By adopting such a proposal, we will be able to frame practical policies that benefit and protect our farmers.

Adopted August 1978.

G. - 2

PREDATOR CONTROL

The National Governors' Association recognizes that many of the nation's farmers and ranchers have suffered from falling prices for their commodities, rising operating costs, and natural disasters. In this climate of uncertainty, a significant segment of our farm population--livestock producers--can ill afford to bear additional burdens posed by the threat of predator attack.

Predator infestation without adequate controls has closed millions of acres formerly used for livestock grazing. This extremely serious situation,
which is endangering the livelihood of livestock producers and exerting inflationary pressures on the prices consumers pay for products such as wool and mutton, militates for the development of an effective method for controlling predators. Livestock producers need a quick-killing, species-specific control method that stops predators at the time of attack. There is compelling evidence that such an effective predacide exists and that it could be used effectively with the cooperation of the federal government. The compound is sodium fluoroacetate, more commonly known as 1080, a predacide that has been banned by the Environmental Protection Agency (EPA) since 1972.

When EPA canceled registration of 1080 for use as a predacide, the agency reasoned that the toxicant could not be used on the range because of the danger its general use presented to nontarget animal species. The EPA used the same argument in the same order to support a ban on the use of sodium cyanide. This compound is now used in the M-44 device to control coyotes. Its use is allowed as a result of data and techniques that were developed and proven in the course of experiments conducted by the Department of the Interior and state universities. The experiments with controlled use of sodium cyanide were made possible by amendment of executive order 11643 to permit a one-year experiment of the use of the compound "to control coyote and other predatory mammal or bird damage to livestock on federal lands or in federal programs." Two months after the executive order was amended, EPA modified its ban on predacidides to allow use of the M-44 device by the Department of the Interior and the states of Texas, Colorado, Montana, Nevada, Oregon, and Wyoming.

Specialists in state universities and the Fish and Wildlife Service who have worked on the problem are convinced that definitive experiments would demonstrate that 1080 can be used effectively in a controlled manner against predators without endangering other species or humans and with little or no adverse environmental effects. The data to support this conviction must be developed if ranchers are to be provided in the near future with an effective tool to protect their livelihood. Before 1080 can be cleared for private use, some questions must be answered, and those questions can be answered only through effective experimentation.

Accordingly, the National Governors' Association urges the President to amend executive order 11643 of February 8, 1972, as amended by executive order 11870 of July 18, 1975, to permit the experimental use of 1080 in a controlled manner by federal, state, or local personnel on federal, state, and private lands for the purpose of developing a species-specific, environmentally sound method for controlling livestock predators.

Adopted August 1978.

G. - 3

THE LIMITED USE OF RESTRICTED PESTICIDES

In the last few years we have seen a major expansion of the vast food-producing machine in our nation's breadbasket, a response to the need to feed our own nation and to the nutritional needs of a growing and hungry planet.
Technology and science have given our farmers the tools to produce. While the economic incentive for this increased production has been questioned in recent months, farmers generally have been willing to respond to the challenge of producing food and fiber.

Against this background, many farmers are particularly frustrated with this year's outbreak of crop-destroying insects—both grasshoppers and chinch bugs—which move across the land leaving heavy damage and economic loss in their wake. While the tools to control these insects have been developed and used in the past, their use is not now allowed due to severe restrictions by the Environmental Protection Agency.

In the Midwest, insect pests are currently damaging corn, sorghum, soybeans, wheat, sugar beets, alfalfa, hay and other grasses, rangeland, and horticultural crops. In Kansas alone, over 25 million acres of agricultural land are being attacked by these insects, and monetary losses for this growing season will amount to nearly $150 million unless they are stopped. These estimates do not include predictions of future damage that will result from an uninterrupted insect propagation cycle taking place this year.

Various afflicted states have made urgent appeals to the Environmental Protection Agency for temporary emergency release of effective insecticides from current restrictions so that they may be used in a limited way to meet this crisis.

The National Governors' Association does not advocate the unrestricted, indiscriminate use of dangerous chemicals. Farmers have a vested interest in keeping their land productive and in balance with nature. However, it is difficult to understand a total ban on some of the tools that could save crops from total loss when we know from past experience that the use of certain pesticides under close technical supervision would be very effective in meeting the problem.

The National Governors' Association therefore urges the Environmental Protection Agency and the secretary of agriculture to recognize the necessity of a more immediate response to this problem and to temporarily waive such bans as necessary to protect endangered crops and prevent damaging future infestations.

Adopted August 1978.

G. - 4

BEef IMPORTS AND AGRICULTURAL EXPORTS

The cattle industry, a vital part of the economy of many states, was dealt a severe blow by the administration's recent decision to increase beef imports by 200 million pounds.

The decision to increase the import of foreign beef came at a time when the livestock industry was beginning to recover from an extended period of severely depressed prices. Through the industry's efforts and in the free
marketplace (as opposed to government supports), beef prices had returned to parity before the President's action.

We share the President's concern about consumer prices and about controlling inflation. We believe, however, that the increase in beef imports will do little to lower food prices for consumers. This is shown by the fact that prices at the meat counter have not dropped. The increase in import quotas, in fact, could very well have the opposite effect, lowering livestock numbers and raising the price of meat in the future.

We support the countercyclical beef import legislation designed by the cattle industry that is now before Congress. The legislation would increase beef imports when domestic supplies are low and decrease beef imports when domestic supplies are high.

We urge the President, who is now engaged in important world trade negotiations, to take a firm stand in behalf of agricultural exports to Japan, the Common Market countries, and others, recognizing that this is one of the best means to reduce our serious trade deficit.

Pursuant to the recommendations of the Governors of the food-producing states made to the President at the meeting at the White House last January, we reiterate our position that the President initiate negotiations with the four major wheat-exporting nations to establish a reasonable minimum price for wheat exports.

Adopted August 1978.
The National Governors' Association supports a constitutional amendment that would permit the citizens of the District of Columbia to have a voice in the United States Congress equal to that of the citizens who reside in the fifty states. The residents of our capital district are not now allowed to participate fully in our government, and we find a continuation of the denial of their right to full representation in the national legislature indefensible.

The residents of the District of Columbia carry the same burdens of citizenship as those in the fifty states, but only a handful retain the right to vote in one of our states. The remaining residents, over 700,000, are subject to taxation without representation, conscription without a voice in international affairs, and governance by a Congress in which no voting member is accountable to them.

We find the constitutional amendment that came before the 95th Congress to be the most appropriate means of cancelling the inequity. Our nation's capital has a unique and special role in our federal structure, but this does not justify denial of full voting representation in Congress to those who reside there.

We pledge our support for securing ratification for a constitutional amendment for full voting representation in the United States House of Representatives and the United States Senate for the District of Columbia when it is sent to our state legislatures for consideration.

Adopted August 1978.

The people of Puerto Rico, who are natural-born citizens of the United States, enjoy the same individual liberties as all American citizens, including the right to protect and enhance their local cultural and linguistic heritage and to conduct their affairs in accordance with a local constitution compatible with the United States Constitution. Many Governors represent constituencies that include American citizens of Puerto Rican descent. Tens of thousands of Puerto Ricans have served our nation with distinction in every United States military conflict of this century, earning numerous decorations, including four posthumous medals of honor, and rising in several instances to the ranks of general and admiral. The residents of none of the fifty states, prior to their admission to the Union, sustained as many combat casualties
defending United States interests as have the American citizens of Puerto Rico in World War I, World War II, Korea, and Vietnam. Athletes, scholars, artists, entrepreneurs, professionals, and laborers of Puerto Rican origin have contributed, and continue to contribute, to the spiritual and physical enrichment of the United States.

The final and permanent political status of Puerto Rico remains under discussion among the island residents, and it is essential that the American citizens of Puerto Rico decide for themselves their political status. The National Governors' Association recognizes and endorses the right of the people of Puerto Rico to political self-determination made freely by majority vote of the people of Puerto Rico, with congressional concurrence, either as a state of the Union, a commonwealth, or independent status.

Adopted August 1978.
INTERNATIONAL YEAR OF THE CHILD

Next year marks the twentieth anniversary of the United Nation's declaration of the rights of children. In commemoration of this special anniversary, the General Assembly of the United Nations has declared 1979 to be the International Year of the Child.

President Carter has officially announced the creation of the U.S. National Commission on the International Year of the Child as a coordinating body for United States activities during this year. This body, chaired by Mrs. Jean Young, wife of U.N. Ambassador Andrew Young, is charged with promoting a better understanding of the social, health, educational, and developmental needs of children in this country.

The Governors support the activities of the national commission and the resolution of the United Nations declaring 1979 the International Year of the Child. We pledge our assistance in making the International Year of the Child a year of awareness of the needs of our children.