

PROCEEDINGS OF THE NATIONAL GOVERNORS' ASSOCIATION ANNUAL MEETING 1979

SEVENTY-FIRST ANNUAL MEETING

Louisville, Kentucky

July 8-10, 1979

**National Governors' Association
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CONTENTS

Executive Committee Rosters	v
Standing Committee Rosters	vi
Attendance	x
Guest Speakers	xi
Program	xii

OPENING PLENARY SESSION

Welcoming Remarks	1
Remarks by Vice President Mondale	2
Forging a Strong State-Federal Partnership	10

CLOSING PLENARY SESSION

Awards for Distinguished Service to State Government	25
Reports of the Standing Committees and Voting on Proposed Policy Positions	31
Executive Management and Fiscal Affairs	32
Human Resources	33
Natural Resources and Environmental Management	35
Transportation, Commerce and Technology	61
Agriculture	68
Community and Economic Development	69
Criminal Justice and Public Protection	71
International Trade and Foreign Relations	74
Executive Committee	78
State Initiatives to Assist Distressed Communities	76
Report of the Nominating Committee	79
Election of New Chairman and Executive Committee	79

Remarks by the New Chairman	80
Adjournment	82

APPENDIXES

I. Roster of Governors	84
II. Articles of Organization	86
III. Rules of Procedure	94
IV. Financial Report	97
V. Annual Meetings of the National Governors' Association	100
VI. Chairmen of the National Governors' Association, 1908-1979	102
VII. Approved Policy Statements	105
Criminal Justice and Public Protection	106
Executive Management and Fiscal Affairs	109
Human Resources	111
Natural Resources and Environmental Management	133
Community and Economic Development	147
Transportation, Commerce and Technology	151
Agriculture	177
Executive Committee	179
International Trade and Foreign Relations	181

EXECUTIVE COMMITTEE 1979*

Julian M. Carroll, Governor of Kentucky, *Chairman*
James R. Thompson, 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

EXECUTIVE COMMITTEE 1979-80

Otis R. Bowen, Governor of Indiana, *Chairman*
Robert D. Ray, Governor of Iowa
John Carlin, Governor of Kansas
Julian M. Carroll, Governor of Kentucky
Joseph E. Brennan, Governor of Maine
William G. Milliken, Governor of Michigan
Thomas L. Judge, Governor of Montana
John N. Dalton, Governor of Virginia
Dixy Lee Ray, Governor of Washington

* As of July 8, 1979, opening day of the conference.

STANDING COMMITTEES*

AGRICULTURE

Arthur A. Link, Governor of North Dakota, *Chairman*
Joseph P. Teasdale, Governor of Missouri, *Vice Chairman*
John V. Evans, Governor of Idaho
James R. Thompson, Governor of Illinois
Robert D. Ray, Governor of Iowa
John Carlin, Governor of Kansas
Edwin Edwards, Governor of Louisiana
Albert H. Quie, Governor of Minnesota
Thomas L. Judge, Governor of Montana
Charles Thone, Governor of Nebraska
William J. Janklow, Governor of South Dakota
Ed Herschler, Governor of Wyoming

COMMUNITY AND ECONOMIC DEVELOPMENT

Pierre S. du Pont IV, Governor of Delaware, *Chairman*
Bill Clinton, Governor of Arkansas, *Vice Chairman*
Ella T. Grasso, Governor of Connecticut
D. Robert Graham, Governor of Florida
George Busbee, Governor of Georgia
James R. Thompson, Governor of Illinois
Thomas L. Judge, Governor of Montana
Hugh Gallen, Governor of New Hampshire
Brendan T. Byrne, Governor of New Jersey
James B. Hunt, Jr., Governor of North Carolina
James A. Rhodes, Governor of Ohio
Richard W. Riley, Governor of South Carolina
William J. Janklow, Governor of South Dakota
John N. Dalton, Governor of Virginia
Lee S. Dreyfus, Governor of Wisconsin

* As of July 8, 1979, opening day of the conference.

CRIMINAL JUSTICE AND PUBLIC PROTECTION

James B. Hunt, Jr., Governor of North Carolina, *Chairman*
Bruce Babbitt, Governor of Arizona, *Vice Chairman*
Otis R. Bowen, Governor of Indiana
John Carlin, Governor of Kansas
Joseph E. Brennan, Governor of Maine
Charles Thone, Governor of Nebraska
J. Joseph Garrahy, Governor of Rhode Island
Lamar Alexander, Governor of Tennessee
John N. Dalton, Governor of Virginia
Ed Herschler, Governor of Wyoming

EXECUTIVE MANAGEMENT AND FISCAL AFFAIRS

Richard A. Snelling, Governor of Vermont, *Chairman*
George R. Ariyoshi, Governor of Hawaii, *Vice Chairman*
Forrest H. James, Jr., Governor of Alabama
Bruce Babbitt, Governor of Arizona
Edmund G. Brown, Jr., Governor of California
Pierre S. du Pont IV, Governor of Delaware
D. Robert Graham, Governor of Florida
Harry Hughes, Governor of Maryland
Robert F. List, Governor of Nevada
Bruce King, Governor of New Mexico
Richard W. Riley, Governor of South Carolina
Lamar Alexander, Governor of Tennessee
William P. Clements, Jr., Governor of Texas
Juan F. Luis, Governor of the Virgin Islands

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Hugh L. Carey, Governor of New York, *Vice Chairman*
John Carlin, Governor of Kansas
Harry Hughes, Governor of Maryland
Edward J. King, Governor of Massachusetts
Albert H. Quie, Governor of Minnesota
Cliff Finch, Governor of Mississippi
Joseph P. Teasdale, Governor of Missouri
Victor Atiyeh, Governor of Oregon
Richard L. Thornburgh, Governor of Pennsylvania
Richard W. Riley, Governor of South Carolina
Scott M. Matheson, Governor of Utah

INTERNATIONAL TRADE AND FOREIGN RELATIONS

George Busbee, Governor of Georgia, *Chairman*
Brendan T. Byrne, Governor of New Jersey, *Vice Chairman*
Jay S. Hammond, Governor of Alaska
George R. Ariyoshi, Governor of Hawaii
Robert D. Ray, Governor of Iowa
William G. Milliken, Governor of Michigan
Cliff Finch, Governor of Mississippi
Thomas L. Judge, Governor of Montana
Hugh L. Carey, Governor of New York
Victor Atiyeh, Governor of Oregon
Carlos Romero-Barcelo, Governor of Puerto Rico
William P. Clements, Jr., Governor of Texas
Dixy Lee Ray, Governor of Washington
Lee S. Dreyfus, Governor of Wisconsin

NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

Richard D. Lamm, Governor of Colorado, *Chairman*
Scott M. Matheson, Governor of Utah, *Vice Chairman*
Jay S. Hammond, Governor of Alaska
Bill Clinton, Governor of Arkansas
Ella T. Grasso, Governor of Connecticut
John V. Evans, Governor of Idaho
Robert D. Ray, Governor of Iowa
Edwin Edwards, Governor of Louisiana
Bruce King, Governor of New Mexico
George Nigh, Governor of Oklahoma
Richard L. Thornburgh, Governor of Pennsylvania
Carlos Romero-Barcelo, Governor of Puerto Rico
John N. Dalton, Governor of Virginia
Dixy Lee Ray, Governor of Washington
John D. Rockefeller IV, Governor of West Virginia

TRANSPORTATION, COMMERCE AND TECHNOLOGY

Brendan T. Byrne, Governor of New Jersey, *Chairman*
James R. Thompson, Governor of Illinois, *Vice Chairman*
Forrest H. James, Jr., Governor of Alabama
George Busbee, Governor of Georgia
Joseph E. Brennan, Governor of Maine
Harry Hughes, Governor of Maryland
Edward J. King, Governor of Massachusetts
Robert F. List, Governor of Nevada
Hugh Gallen, Governor of New Hampshire
George Nigh, Governor of Oklahoma
Richard L. Thornburgh, Governor of Pennsylvania
Richard A. Snelling, Governor of Vermont
Dixy Lee Ray, Governor of Washington
Lee S. Dreyfus, Governor of Wisconsin

ATTENDANCE

Bruce E. Babbitt, Governor of Arizona
Bill Clinton, Governor of Arkansas
Richard D. Lamm, Governor of Colorado
Ella T. Grasso, Governor of Connecticut
Pierre S. du Pont IV, Governor of Delaware
D. Robert Graham, Governor of Florida
George Busbee, Governor of Georgia
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John N. Dalton, Governor of Virginia
Juan F. Luis, Governor of the Virgin Islands
Dixy Lee Ray, Governor of Washington
Lee S. Dreyfus, Governor of Wisconsin
Ed Herschler, Governor of Wyoming

GUEST SPEAKERS

Abraham D. Beame, Chairman, Advisory Commission on Intergovernmental Relations

James T. McIntyre, Jr., Director, Office of Management and Budget

Walter F. Mondale, Vice President of the United States

Jack H. Watson, Jr., Assistant to the President for Intergovernmental Affairs

PROGRAM

Sunday, July 8

12:00 noon **Broadcast of "Issues and Answers"**

Panelists: Governor Julian M. Carroll
Governor John Carlin
Governor William P. Clements, Jr.
Governor William G. Milliken

12:15 p.m. **OPENING PLENARY SESSION**

Area B, Street Level

Welcome: Governor Julian M. Carroll

Remarks: President Jimmy Carter

Discussion with the President: Forging a strong state-federal partnership in energy, budget, and other key priority areas

Moderators: Governor Richard D. Lamm,
Chairman, Committee on Natural Resources and
Environmental Management

Governor Richard A. Snelling, Chairman,
Committee on Executive Management and Fiscal
Affairs

Guests: James T. McIntyre, Jr., Director,
Office of Management and Budget

Jack H. Watson, Jr., Assistant to the President for
Intergovernmental Affairs and Chairman, White House
Management Task Force on Energy Shortages

2:30 p.m. **Meetings of NGA Standing Committees**

4:30 p.m. **Meeting of the NGA Executive Committee and Standing
Committee Chairmen**

Room 207, Upper Level

7:30 p.m. **"A Taste of Kentucky"—An evening for families:
Specialties from Kentucky restaurants and an equestrian
exhibition**

*Commonwealth Convention Center
Area A, Street Level*

Monday, July 9

9:00 a.m. **Meetings of NGA Standing Committees**

- 11:15 a.m. **Luncheon meetings of NGA Standing Committees**
- 1:30 p.m. **Meetings of NGA Standing Committees**
- 4:00 p.m. **Work session for Governors' staff: How your Governor
can benefit from NGA's new Office of State Services**
Room 218/219, Upper Level
- 6:30 p.m. **"A Southern Night"**
Commonwealth Convention Center

Tuesday, July 10

- 7:30 a.m. **Work session for Governors' executive assistants: How to
survive as the Governor's executive assistant**
Room 218/219, Upper Level
- Work session for intergovernmental relations
coordinators: How to work effectively with your
congressional delegation**
Room 216/217, Upper Level
- Work session for press secretaries: How to work
effectively with the press**
Room 214/215, Upper Level
- 8:45 a.m. **CLOSING PLENARY SESSION**
Area B, Street Level
- 8:45 a.m. **Third Annual NGA Awards for Distinguished Service to
State Government**
Remarks: Richard W. Gilbert, Chairman,
Selection Committee
Presentation of the Awards
- 9:00 a.m. **Voting on policy positions proposed by the Standing
Committees**
- 10:30 a.m. **Update on state initiatives to assist distressed
communities**
Governor Ella T. Grasso, Chairman,
Subcommittee on Urban Policy
Guest: Abraham D. Beame, Chairman,
Advisory Commission on Intergovernmental
Relations

- 10:45 a.m. **The current and pending fuel crisis: Actions and initiatives by the Governors**
Moderator: Governor Richard D. Lamm,
Chairman, Committee on Natural Resources and Environmental Management
Discussion by the Governors
Guests: Jack H. Watson, Jr., Assistant to the President for Intergovernmental Affairs and Chairman, White House Management Task Force on Energy Shortages
Eugene Eidenberg, Deputy Assistant to the President for Intergovernmental Affairs and Director, White House Management Task Force on Energy
- 11:45 a.m. **Election of 1979-80 Chairman and Executive Committee**
Remarks by the new Chairman
Salute to Governors completing their terms of office
- 12:00 noon **Adjournment**
- 12:15 p.m. **Meeting of the new Executive Committee**
Room 213, Upper Level

OPENING PLENARY SESSION

Sunday, July 8, 1979

WELCOMING REMARKS

Chairman Julian M. Carroll: I call to order the seventy-first annual meeting of the National Governors' Association.

The people of Kentucky and particularly the people of Louisville welcome the nation's governors, their staffs, and our visitors from around the United States and from around the world. We hope you have an extremely enjoyable time while you are in Kentucky and while you are in Louisville. We want you to enjoy yourselves.

I know a substantial amount of work has been put into preparing for the conference's major sessions on energy and the budget and the economy, particularly by the governors who chair our standing committees. But the governors' staffs, my staff, and the staff of the National Governors' Association also have been working for weeks to bring us to today.

Planning this conference, we thought it appropriate to invite the president of the United States for the opening session. He graciously accepted our invitation, but, as you well know, the events of recent weeks have made it important that he stay at Camp David to establish a complete agenda for addressing domestic issues within the country.

When my phone rang in my room here in Louisville last Thursday evening—I had come down a couple of days early to have staff briefings on the conference—and the hotel operator said, "Would you please hold for the president," obviously, I was as surprised as you would be that the president was calling me at ten o'clock at night.

He got on the line and said, "Julian, I have some disappointing news for both of us. It is going to be necessary for me to cancel my appearance at the National Governors' Association meeting on Sunday.

"It is a matter of utmost priority that I remain at Camp David for the purpose of considering a whole series of interrelated decisions regarding energy, but also regarding the economy. And it is a matter of major priority that I must work on the address.

"I have asked the vice president and Rosalynn to represent me in Louisville."

Thus, Mrs. Carter and the vice president arrived yesterday afternoon and represented the president at yesterday's activities, and the vice president is here today to represent the president at our opening session.

I followed the career of Hubert Humphrey from the time I was a delegate to Boys' Nation in 1949 and he was a young congressman from Minnesota. I believe one of the greatest compliments that could be given to our speaker this morning, one that he feels very comfortable with, is that he received much of his training from his life-long friend Hubert Humphrey, a great American.

Our vice president is an American who understands his nation, an American who has accepted his role of leadership effectively. He holds probably the most difficult job in the world, second only to that of the president. Those of you who have been lieutenant governors know how difficult it is to be lieutenant governor. Just think if you had to be vice president.

But, indeed, he has been an effective vice president, and we are pleased and honored that he has come this morning to represent the president. The National Governors' Association is honored that it has been asked to work with this president and this vice president.

It is now my pleasure to present to you the vice president of the United States, Walter Mondale.

REMARKS BY VICE PRESIDENT MONDALE

Vice President Walter F. Mondale: It is a great privilege to address this distinguished conference of the nation's governors and especially to be introduced by your gifted chairman and my friend, Julian Carroll.

I want to thank the governors for showing the courage to invite the vice president. Actually, I was on the line during the conversation between Governor Carroll and the president. The way the conversation went was, the president said, "Julian, I have bad news for you. The vice president is going to be speaking at your meeting."

It does take courage. The other day, I was listening to an interview on the radio with a lady that lived right next to the stricken Three Mile Island nuclear plant. The reporter asked her whether she was worried about living so close to this dangerous facility. She said, "Oh, no. I know it's safe because even the president of the United States came by here the other day." The reporter said, "Why do you think that makes it safe?" She said, "Because if it were dangerous, they would have sent the vice president." And here I am. [Laughter.]

When Governor Carter campaigned for the presidency, he pledged to develop a new relationship with the nation's governors. Since assuming office, we have worked to prove that that partnership can contribute to the strength of our nation. Last week, a respected columnist observed that the president has made his White House more open to influence from governors than any other president—not just on parochial matters, but on basic budget and program decisions. I think that is an accurate observation. And I do not say that in order to draw honor to the president, although I think that is part of it. I say it to demonstrate once again that this nation draws strength in many ways, but none contributes more to the strength and vitality of this nation than to go beyond simply honoring the genius of the American political system—the federal system—to develop a day-to-day working relationship, a two-way dialogue, in which the president of the United States and the governors of the great states of this Union join together in a partnership to fulfill the cherished trust of elected office in our beloved nation. That is why the first group that the president consulted at Camp David represents the members and the wisdom of the National Governors' Association.

As we meet today, the president is conducting a comprehensive domestic summit at Camp David. He knows, as you do, that a crisis that cuts this deep is not an energy crisis alone. It is a challenge that touches every aspect of our economy. It is a test of our ability to mobilize. Its solution requires the insight of every group and sector in our society.

No group can contribute more to that process than the governors of America. As elected officials, you know what it is and what it means to pursue the public interest. As leaders, you know what it means to be on the firing line. As state executives, you know what it takes to forge a consensus. For a governor understands that sacrifices must be borne fairly. A governor understands the resilience of his people.

To make a state budget is to confront the reality of limited resources. To sit in the state house is to honor the public's trust. To push for new solutions is to know that more than new programs are needed. What is required is courage, conviction, and a vision of the future, a vision as compelling as the challenge, as creative as our people.

This week, we Americans celebrated the 203rd anniversary of the independence of our beloved nation. In every city and state, the fundamental values of American society were reaffirmed—our freedom, our quest for social justice, our drive to improve the lives of our citizens. These fires of commitment were rekindled this week in millions of American hearts.

For two centuries, those values have powered the most vivid story of progress known in human history. We have practiced and achieved more liberty and more opportunity than almost any other society on earth. We have the richest, the most advanced, the most creative and competitive economy in the world. We have the best educated and trained work force anywhere on earth. We have natural resources beyond bounds. Our entrepreneurial zeal, our patriotism, our restless search for solutions, these are the qualities that have met and surmounted a thousand challenges.

As we meet here today, as your conference proceeds, these values are being put to the test again. We face many problems as a society. But none is more devastating than the twin threats of energy and inflation. And in the end, the two are one. For it is the rising cost of energy that is driving up inflation. I am sure it will be the number one topic of this conference just as it dominated the Tokyo Summit, as it dominates congressional attention, as it is the focal point in every family in every home in America.

The energy crisis that grips the world truly threatens our whole way of life, haunts every dream that we have for our children—how we work, how we travel, how we plan, how we pursue the very happiness our founders pledged their sacred honor to secure. All these are at stake today.

Let's just review some of the history. Since 1973, OPEC [Organization of Petroleum Exporting Countries] has jacked up its prices 1,000 percent. In the last seven months alone, oil has increased from a base price of \$12.50 to \$18 a barrel, and some higher qualities now have a posted price of over \$23 a barrel.

Oil prices today are rising at a staggering annual rate of 80 percent. And this is with some price controls. An unscrupulous cartel has mortgaged our future, threatening unemployment for many, hardship for more, and inflation for all.

Two years ago, as you know, the president addressed the nation and said that meeting the energy crisis would require the moral equivalent of war. Yes, war, because our dependence on foreign energy threatens our national security and our way of life. Moral because our tools are not guns, but genius; not artillery, but alliances; not destruction, but development.

I believe there was a good deal of skepticism about that call to action when it was issued. Until gas lines came to our communities, perhaps we were unwilling to acknowledge that we were running short. Until crops lay rotting in the field, perhaps we were unable to grasp the energy dependence of our economy. Until the need for gasoline had to be weighed against the need for heating oil, perhaps we were

not ready to confront the hard choices that face us. And until revolution in Iran played havoc with our supplies, perhaps we were unprepared to see that we were living on a thin and volatile margin.

Nevertheless, we made substantial progress in the last Congress. We passed a Natural Gas Act that ended a thirty-eight-year pricing and distribution stalemate. Americans across the nation became more conscious of the need to conserve. We bought smaller cars. We drove more slowly. But we were unable to gain any legislation to deal with oil or gasoline.

As a result, for another two years our country remained exposed to the possibility of shortages and soaring prices. And now OPEC has dropped the other shoe. If the president was wrong in 1977, it was not that he was too pessimistic; it was that he was not pessimistic enough. The disruption in Iran and the OPEC price spiral have bequeathed us long gas lines, strikes, and an economy immeasurably more difficult to manage.

We have been making substantial progress in the economy. GNP growth has been good. After-tax corporate profits have risen impressively. Business fixed investment has gone up by 20 percent. We have made record-breaking progress in employment. Even with inflation, there has been some good news. Wholesale prices for beef, pork, veal, and poultry have declined because the farmers have responded as they always do to meet our nation's needs. The price of some industrial materials dropped during the last two months. All wholesale prices are today rising at half the rate they were just a few months ago.

But the energy price hike threatens to blow all that progress away. We are now faced with dramatically changed prospects for beating inflation, keeping prudent economic growth, avoiding higher unemployment and energy recession. We hope to avoid it, but the threat is clearly there.

But as serious as these threats are, an even darker shadow stalks our future. For the real and profound threat, even more dangerous than unemployment and inflation, serious as they are, is this: if we do not turn around America's growing reliance on foreign oil, the time may come when the ability of this nation to conduct an independent foreign policy may be jeopardized. The day may come when we are asked to warp our judgments of what we think is right for America to mold actions to those of foreign powers who hold our economy hostage.

Members of this association and fellow Americans, that simply cannot be permitted to happen. There is only one group that should ever, ever have anything to say about the policies of the United States of America, and that is the citizens of this nation and no one else. We can never permit ourselves to be in any other position.

Our independence has been threatened before in different ways, and every time a new challenge has emerged, the American spirit has risen to meet it. Today, few doubt that the energy crisis is real. No one believes that a speech can produce more oil. No one maintains that scapegoating can cut consumption. Americans are ready to face the facts, to make the sacrifices, and to build a more secure future. That is exactly what we must do—today. Let no one doubt what this nation can do. The country that pulled itself out of a depression, the country that overpowered dictators, the country that put a man on the moon, the country whose builders house the homeless and whose farmers feed the world, that country, once again, will summon its genius and surmount this challenge as we have surmounted every challenge in the history of this great nation.

For in the midst of this somber mood, there is good news as well. As our great immortal scholar Pogo once put it, we face insuperable opportunities. The key opportunity this crisis has provided the American people is a chance to demonstrate our maturity and our responsibility.

The resilience of our national character is our profound and inexhaustible strength. Americans are adjusting under the leadership of the governors in this country. It is beginning to work. After the initial shock of wrenching shortage, a panic mind, Americans have faced up to this problem in a way that honors the Independence Day we have just celebrated.

With your help and the wise use of the authority the president has vested in the governors, the panic is subsiding. First on the West Coast, then around the nation, odd/even plans have cut the gas lines. In Virginia, in Maryland, and other states, weekend gas station hours have eased the shortages. In New York and New Jersey and many other locations, minimum purchase plans have curbed panic buying. In Utah, in Oregon, and around the country, stricter enforcement of the speed limit is reducing waste. And you are looking ahead beyond the gas lines. Mass transit is being made more effective. In Georgia, Colorado, and elsewhere, you are encouraging solar energy. In Nebraska, Iowa and other agricultural states, you are spurring gasohol production. In New Hampshire and Vermont, you are tapping the enormous potential of low-heat hydroelectric generation. Kentucky, West Virginia and other resource-rich states are developing cleaner uses of coal. In Wyoming and Montana, you are lending state muscle to the search for alternative energy sources.

Every state in the nation belongs on that list. Every state has put its shoulder to the wheel. And every citizen's good sense has restored our faith in the judgment and the maturity of the American people.

Across the nation, the consensus that is emerging is this: we must import less; we must conserve wisely, protecting essential uses; we must produce more; we must manage our resources fairly; and we must build more for the security of America's future.

We have the will; we have the resources; we have the work force; we have the know-how; we have the industrial and technological genius. Now, the task is to get on with the job.

Our strategy is two-pronged. First, we are learning to live with the fact that there probably will be shortages for some time. We are putting in place a strategy to deal with these shortages: We are pursuing negotiations with Mexico for natural gas that will help in the short term; we are pressing for price moderation and increased production internationally; and I am pleased to note the Saudis have recently announced they will increase production. We are expediting construction of the Alaska/Canada pipeline to bring North Slope gas to the midlands. By 1985, Alaskan gas can displace almost 700,000 barrels of imported oil.

With your help, we will unsnarl the tangles of regulation that prevent our oil from flowing where it is needed. Seven hundred permits is a ransom too high to pay for a single pipeline that can move Alaskan oil to the market.

At the same time, we will not build our future on the ashes of our environment. This nation has both the know-how to produce and the wisdom to preserve and to protect. We are urging refineries to increase their production. If refiners do not cooperate, and there have been recent and impressive increases necessary, we will take the necessary action to reach those targets. We have ordered 200 auditors into the field to check on refinery compliance, and we will prosecute anyone who syphons illegal profits from our national distress.

We are moving toward consensus of the Congress on stand-by rationing to enable us to contend swiftly and fairly with gasoline emergencies. We are establishing new targets for conservation.

The leaders who met in Tokyo are the heads of nations which together used two-thirds of all the oil consumed in the world. A historic commitment was achieved there from our allies. These industrial nations, including the United States, have pledged to reduce imports, increase conservation, and boost investment in alternative energy supplies. Conservation here at home will touch every American life. To be sure, we all know that. But it will also be, and must be, fair.

The second prong of our approach is to develop the massive resources we already have. We are not helpless and immobilized. We are rich in energy resources that can supply us not for a few years, but

for hundreds of years. And they are to be found right within the confines of the United States. Now, we must draw upon them.

We have enormous reserves of coal, natural gas, peat and agricultural biomass, and enough shale oil to match several Saudi Arabias. The coal in Kentucky can literally power the nation. We have the sun and the wind. We have trillions of barrels of oil in untapped natural gas formations in every region of the country. Now, it is our task to get it. And we will only harvest those resources if we do it together. The odds are clearly with us. What a fantastic nation this is. Not only are we blessed with natural resources, but even more so with human resources—the skilled men and women in our work force, the most productive farmers in the world, the sharpest business leaders and financiers, the finest industrialists, the best scientists and engineers.

We have more than that. We also have the will and the way. Already, we have tripled funding for solar energy. This year we are investing \$4 billion in research and technology. But that is not nearly enough. We need massive new capital investments in solar, in coal, in wind, in shale, in tar sand, in biomass, in geothermal, and in synthetics—in every path toward a less dependent future.

But to pay for that effort, no American should be taxed twice — first with ever-rising OPEC-imposed price hikes and then taxed again to develop these new sources of domestic supply. That is why the president has proposed a windfall profits tax to create an energy security fund that will transform the oil companies' unearned profits into the foundation for our national security.

The billions of dollars we now pay to OPEC buy us nothing except inflation and unemployment and more dependence. When we invest in our own energy production, we invest in ways of conserving energy. We are paying Americans to build America. We are creating jobs, not just exporting our dollars overseas. We are counteracting recession, not fueling it. We will be attacking one of the root causes of inflation, not increasing it.

We must take that money and build America again. The country that developed synthetic rubber overnight in the midst of World War II, the country that put a man on the moon, must now create an Apollo project to produce alternative fuels. We must do that; we will do it. Americans want it done. They are insisting that this nation develop a course that restores total control over essential energy supplies to the American people. And that is what we will do.

That, finally, is where we all come in. We do not have a czar, king, or dictator in the American system. We have a president. The president has great powers, but a president, thank God, under our system can only go so far and in such directions as the American people desire.

None of us who is blessed with the trust of public office can do that which the American people forbid. We live in a free and a democratic society. If we are to win this fight, we will win it together. If we lose this fight, we will lose it together. There is no partisan advantage to failure. There will be no glory for anyone if we fail.

This is not a Democratic problem; this is not a Republican problem; this is one of those issues that arise occasionally in American history that is an American problem. We will solve it if together we understand the facts and if together we fulfill our trust as Americans wish us to do.

The American people are very perceptive. They know the difference between a politician who deals with the politics of the problem to save himself and a public leader who is a statesman and can see beyond petty politics to the needs of his country and deals with the problem and not just the politics of the problem.

This is one of those issues that occur from time to time in American history where all of us at all levels of office—at the federal level, at the state level, at the local level, and at the family level, at the private level, all Americans—are going to be involved or we can't win. Together, we can't lose.

I am here today, first of all, to commend the governors for the remarkable response that each of you has made in your state. You have fulfilled your responsibilities in these early periods of disruption in an admirable, effective and trust-inducing way. I commend you on behalf of the president of the United States.

The president, as powerful as he is, cannot possibly do it alone, nor should he try. He must provide leadership. He must propose programs that in his judgment will do the job. In developing those programs, he must consult with the wisest minds, including the governors of this country.

But when all that is said and done, when the proposals are made, when the bills are written, we will only do it if the American people decide that it must be done—together, at the federal level, at the state level, at the local level. Our job is to tell the truth as it is, to reach for that higher standard of public obligation that truly responds to this challenge to the future and to the vitality of our great country.

The highest honor that I can imagine is to be elected by the people of the United States to a federal office, or by the people of the states to serve as their highest officer. It is the highest challenge there can be. I am one who believes that politics when practiced responsibly and nobly is the highest calling that a free people can bestow on anyone.

Under this obvious challenge, with the great threats to the purchasing power, to the employment, to the strength of our economy and to the strength and the independence of America—challenged as

it is in this profound way—now is the time for us Americans to stand together and meet this crisis and once again as a nation do as we have done before—show the world that America knows how to lead mankind into a stronger, more secure, and free society.

Thank you very much.

FORGING A STRONG STATE-FEDERAL PARTNERSHIP

Governor Richard D. Lamm: Thank you, Mr. Vice President.

Jack Watson needs no introduction to this group. He now has a new title in addition to his many other heavy burdens—chairman of the President's Task Force on Energy Shortages.

Jack, as you know, we governors may differ on some of the solutions to the energy crisis but we are united in our appreciation of this president's, and I might say even the previous president's, trying to make the nation aware of the seriousness of the energy crisis.

When the lines start at the gas stations or when heating fuel runs short, our offices are the first to be called. We recognize that the president is trying to teach us as well as lead us. We realize that an old world built on cheap oil and cheap resources is dying and that a new world is painfully being born. That is a terrible burden to have to carry as president.

The governors have done some outstanding jobs in handling the symptoms of the energy crisis—John Dalton and Harry Hughes in and around the Washington area, Bob Ray and Scott Matheson. Every governor here is and was faced with a whole series of tough problems. We know that we must maximize our coordination.

So, Jack, I'll turn the program over to you to ask questions and make comments.

Joe Garrahy has the first comment.

Governor J. Joseph Garrahy: I know Jack recalls a meeting with the New England governors and the president about six or eight weeks ago. Although we in New England are still concerned about the gasoline problems that we are experiencing, I think our focus still is the home-heating oil problem.

I know we have had assurances, Jack, that there will be close monitoring of the refinery levels for home-heating oil to reach that 240-million-barrel goal by October 1. Your office has been monitoring that. Are we moving along in that direction? Are the refineries living up to the commitments they are making to us?

Jack Watson: Governor, the answer to your question is yes. One of the

great problems we have in the country is watching the crude runs per day. They are refined into two streams. One of them is for middle distillates; the other is for gasoline. The drawdown on middle distillates, out of which home-heating oil comes, is by far the heaviest in the winter because about 44 percent of all middle-distillate use is for home-heating purposes.

As the New England governors know very well, over the summer months we must build up an adequate reserve of middle distillate so that in the period of heaviest drawdown reserves will be available.

We are running slightly behind the curve needed to produce the necessary level of reserve for the beginning of the cold season. As you correctly stated, the president has asked me as chairman of his Management Task Force on Energy Shortages to work very closely—literally, on a weekly basis—with the Department of Energy to monitor the crude runs per day, the level of imports, and the level of refinery production going into middle distillate. All of that is being done.

Last week, for example, 6 million barrels were added to the reserve, which was a significant increase. We are running at about a 142–143 million barrel level now, which is slightly behind last year's level at this time. But I anticipate that we will make up that reserve doing whatever is necessary to reach the correct level.

We also are monitoring the impact of the OPEC price increases on the gross national product. Needless to say, the drawdown of distillate and other fuels is correlated with the economic activity of the country, that is, the gross national product.

We anticipate a 1 percent decrease in GNP in 1979 and another 1 percent decrease in GNP in 1980, which will have an effect on the amount of set-aside that we need.

Nevertheless, I repeat the president's assurance to the New England governors in particular, who depend on 80 percent imported oil for their winter fuel supplies, that a reserve of middle distillate will be available.

Governor Richard A. Snelling: There is another side of the question, which I think is clearly inseparable. Two years ago, the governors as well as the president of the United States and key members of Congress indicated that balancing the budget was a very important national goal. Considering the problems that balancing the budget poses in specifics and in the light of Vice President Mondale's talk this morning, we have to figure out now how we can effectively reduce spending in some areas if we are to balance the budget, or come close to it, and meet the commitments of energy.

So we are very pleased to have Jim McIntyre here today. We would like to have questions from the governors on the broad, general

subjects of the shape of the 1981 budget and the process by which it will be formulated in the light of the governors' concerns.

Governor John V. Evans: Mr. McIntyre, is it really going to be possible to balance the budget in light of the energy emergency and the massive amount of money that we will have to spend on energy development? Have we really changed our plan?

James McIntyre: Governor Evans, it is impossible to say this early whether or not we will be able to present a balanced budget for fiscal year 1981. I would suggest to you, however, that the weakening of the economy will make it more difficult to present a balanced budget. The impact of the OPEC oil price increases on the economy of the states makes that job even more difficult.

My personal feeling is that we need to address the energy problems of this country and we need to use the resources—financial, natural, and human—to deal with that problem. If we have to postpone the date of balancing the budget in order to deal with such a national problem as we are now facing in the energy area, that will be my recommendation to the president.

Obviously, my personal philosophy and position is to try to balance the budget if we can, but not at the expense of risking the security and the energy self-sufficiency that we need to obtain in this country.

Governor Lamm: Governor King of Massachusetts has a question for Jack Watson.

Governor Edward J. King: The home heating oil supply this winter and the tremendous burden it places on homeowners in Massachusetts and all northeastern states really is our concern. You addressed the reserve. It seems to us as though you are quibbling, but there is a possibility of having the 240 million barrels. Our major dealers say they are receiving only about 50 percent of the supply that would go directly to the homeowners. Could you address that? Is that consistent with the information you have?

Mr. Watson: I think what you are referring to, Governor, is the level of supplies in what is called the secondary market—that is, the market of brokers and jobbers who are buying distillate from the refineries, storing it, or directly reselling it to the consumer.

One of our problems right now is that, generally speaking, neither the state level nor the federal level of government has an adequate way to measure and monitor how much middle distillate is in the secondary market. We must improve that measurement because that information is terribly vital to us.

When we use the 240 million figure for the number of barrels needed to meet home-heating requirements, we are talking about the level of supply in the primary market, which we can measure and which, in fact, we monitor constantly. If in fact the secondary market has a large supply, then, obviously, we need less in the primary reserve and could divert some of that crude oil refinement to the gasoline side.

The president asked the New England governors and northeastern governors to make every effort possible to measure the secondary level, which would be helpful to us all.

Governor Edward King: Our understanding is that the dealers are receiving only about 50 percent of what they received in the last two or three years, and that is not a good sign.

Mr. Watson: Right now, the refiners are refining about 21.5 percent of every barrel of crude oil into middle distillate and about 46.6 percent into gasoline. If it became necessary to move the refiners up to 22 or 22.5 or 23 percent of each barrel to middle distillate, we would do so. So far, it does not appear necessary to do that. Part of the reason that the secondary market is getting less middle distillate right now is that we are focusing on the primary reserve, insuring that we have the necessary levels of supply there before we worry about the secondary market.

Governor Edward King: I will be perfectly willing to share that information. We will assess it, then, I think, with all the other governors. Being sure of the reserve is one thing, but the day-to-day is what we need.

Mr. Watson: I understand. Thank you.

Governor Snelling: Governor Brennan.

Governor Joseph E. Brennan: Jack, could you tell us how much help we in New England could expect from the federal government to help pay fuel bills for the fixed-income elderly and people on low incomes? We are going to be hit very hard with the proposed increases in prices.

Mr. Watson: Governor, there is no way, as you understand fully, for us to abate or reverse the rising cost of energy. As you know, OPEC has just increased the prices of crude oil to \$22.50 per barrel. It has been said many times here today that the OPEC increase in oil pricing since January of this year has been 60 percent.

The dependency that the vice president was talking about puts us into a position of economic dependency on what OPEC does with both its supply and its pricing level. At present, we can't do much about that.

At Camp David on Friday night, aid to the elderly and people with low incomes was discussed. The president is, of course, aware of the rising cost of home heating fuel. As a matter of fact, we are watching it all the time, just as you are. He is very sensitive to the impact of these price increases on the people who are least able to pay them.

One answer to the problem is passage of the windfall profits tax to create the energy security fund, part of which would be used precisely to allay the fuel cost increases on that portion of the society least able to bear those cost increases.

The President at first proposed that about \$800 million of the energy security fund would be used for precisely that purpose. With the recent increases in OPEC prices, that figure would go up. He asked me on Friday night to continue to work with the Department of Energy to measure the increase in prices and to devise proposals to allay the impact of those prices.

Mr. McIntyre: Let me quantify that \$800 million. Before the most recent OPEC price increase, the \$800 million would have provided about \$100 per household to offset the increases. Obviously, in light of the recent increase, we are rethinking the amount that we will recommend. Some relief for low-income families would be an integral part of the uses of the energy security fund.

Governor Robert D. Ray: Jim, the reduction or elimination of revenue sharing would severely affect state budgeting. I don't think any of us fully comprehends what might happen if there was great discussion and some action in Congress this year relative to the elimination of revenue sharing.

Would you give us a status report on revenue sharing, what you anticipate, and what the administration might propose?

Mr. McIntyre: Governor Ray, the administration fully supported the funding of general revenue sharing in the 1980 budget, and we plan to maintain the funding. As the Congress tries to reduce it and in some instances cut it out, we will continue to fight to keep the president's budget with respect to general revenue sharing funding.

I think the real issue is what happens when the revenue sharing act expires in September 1980. That is the real policy decision that we are reviewing during the summer months. We have just completed our spring planning review sessions in the Office of Management and Budget, and contrary to some reports, we have not suggested that the state portion of general revenue sharing be eliminated. We have included the full funding for revenue sharing in the Treasury Department's budget, subject to a review of the general revenue sharing program by the Treasury Department and subject to a final decision by

the administration on its recommendation about general revenue sharing.

As we work with the National Governors' Association during the coming months on our grant consolidation study, I hope we will look at the total picture and develop a partnership so that when we arrive at a decision, whatever that decision might be, in the fall, we will understand the nature of the decision.

Governor Arthur A. Link: My question is for Jack Watson. As you know, we have a limited ability to move Alaskan crude off the tankers as they come down the West Coast, and Canada is exporting less crude to some of the northern tier. Is the administration prepared to support actively the construction of the northern tier pipeline, which will assure an ample, or a more adequate, supply of crude oil to the northern tier states and a number of midwestern states as well?

Mr. Watson: Governor Link, this is a subject that Governor Ray of Washington has raised on numerous occasions, most recently on Friday night with the president.

We are losing, if my memory serves me correctly, about 700,000 or 800,000 barrels of oil a day because we don't have the transportation capacity to move the oil. We are presently, I think, moving about 1.2 million barrels per day of Alaskan crude off the North Slope. There is no question, I think, that we need to accelerate our ability to move that Alaskan crude into the interior of the country where it is needed.

This is a complicated subject that involves, among other things, whether or not tankers can come all the way into Puget Sound and off-load, which under amendment to legislation passed last session, they cannot do. That is one issue.

One of the possibilities that the president is discussing right now is the establishment of something like an energy mobilization board, roughly patterned on the War Mobilization Board of World War II. Its function would be to expedite, to cut red tape, to increase our ability to make siting decisions, location decisions, pipeline decisions, licensing and permitting decisions, and the like in a timely fashion.

This country is being snarled by endless delay and overburdened by inestimable costs caused by that delay. We must do something about it. I am not prepared at this moment to speak of what the president will say very soon on that subject. I can tell you only that he is ever so aware of that problem and determined to do something about it.

Governor Snelling: I have a question of an economic nature that has to do with energy, which I would like to address to both of our guests. It is a how-do-you-get-there-from-here question.

Jack, the concerns about inflation are certainly on a par with those

about energy. If in fact we now have an all-out program to generate alternate forms of energy because we do not have the capacity to reduce OPEC prices and if at the same time we are determined to end that portion of inflation caused by a very high national budget, how will it be possible for us to avoid the 1980 equivalent of the guns-and-butter problem of the Johnson administration?

Mr. McIntyre: Governor Snelling, I think it is a fact of life that we are going to have high energy prices. We need to take immediate action to decrease our dependence on foreign sources of energy. We need to take the great abundance of energy resources in the United States and convert some of them into more usable types of energy. I am talking about the spent fuels, the electrification of coal, the gasification of coal, development of oil shale, and other such efforts. We must continue to pursue those. As I said earlier, it might mean foregoing in the short run or postponing for a short period of time a balanced budget. But in my judgment, that might be a positive trade-off.

We are going to continue, however, to have a tight budgetary policy. To say it another way, it will be the administration's policy to continue to restrain the rate of growth in federal spending. We may have to make an exception or two, but that will be our general approach to the budget.

The priorities in 1981 are fairly well known to include energy research, development, conservation, and production. They are known to include welfare reform, which the governors are interested in, basic research to help increase our productivity in this country, a strong NATO defense, and national health insurance.

But we have got to look at the least expensive ways of accomplishing these policies while making those bold and decisive moves that will deal effectively with each of these policy areas. I think that is what we are doing.

Mr. Watson: Governor Snelling, may I make two brief points in response to your question?

First, remember the billions of dollars that the windfall profits tax will generate, a very substantial portion of which would go to the expanded and accelerated development of these alternative energy supplies.

Second, it is my view—and I think I speak for the president on this—that the engine that should move the development of energy resources is not the government, but the private sector. The government's responsibility, I think, is to do everything it possibly can to remove encumbrances, remove that heavy burden on the private sector, to unleash the power, the technology of the private sector, so

it can develop these alternative energy supplies. The government must use incentives, in some cases tax credits, in others the creation of pools of money that can be loaned or used as loan guarantees to be paid back when the private sector produces the results we want.

Through a combination of these approaches, I think, we can do what we need to do in a powerful, all-out, marshalled effort to develop alternative energy supplies without the federal government paying for it.

One final point. Whatever we do in this area and the speed with which we do it will be in direct proportion to the federal government's ability and ingenuity to do what I have just described.

We also must address the permitting and licensing processes that are endless in duration.

Governor Evans: This is to Jack Watson.

The NGA Subcommittee on Nuclear Energy has been trying to resolve the problem of establishing permanent depositories for nuclear wastes. You have been working very closely with the Interagency Review Group. The group made some recommendations, which the governors reviewed. One was that the president establish by executive order a state planning council consisting primarily of governors, chaired by a governor, and including some local elected officials. The council would try to aid the Department of Energy and the administration in the resolution of this problem.

When you speak of alternate forms of energy, nuclear energy, of course, is one of those important alternate forms. What is the status of that now? You made the recommendation to the president. We haven't heard anything at all, Jack.

Mr. Watson: John, that recommendation was submitted very recently, was it not?

Governor Evans: I think a couple of months ago.

Mr. Watson: I know it's being reviewed by the Domestic Policy staff at the moment. No decisions have been made, needless to say. In fact, a consolidated memorandum has not yet reached the president.

We are very aware of the problem because of my conversations with you, Scott Matheson, Tom Judge, Dick Riley, and others around the country who are deeply concerned about this issue. We know that safeguards the governors themselves agree to and sign off on must be developed.

I anticipate an answer to that very shortly.

Governor Thomas L. Judge: I have a question for both Jack Watson and Mr. McIntyre.

Jack, at the Western Governors' Conference, you assured me that if the diesel fuel situation continued to deteriorate in my state, the president would be prepared to take action by the middle of this month to either reallocate diesel fuel from other parts of the country, remove some of the air emission standards, or take some very serious action to alleviate a very critical situation.

That situation is deteriorating, and we have a harvest coming up. I would like to know if there is any plan at all at the Department of Energy or the White House to provide diesel fuel for a state that may not be able to harvest 100 million bushels of wheat.

Mr. Watson: Governor Judge, as you know, we rescinded Special Rule 9, which was a special rule permitting 100-percent-of-need allocation to farmers during the planting season. We needed to do that when we did it. It worked, and all our crops were planted.

With collaboration and a lot of consultation with governors all over the country, particularly the governors of farm states, farmers, and others, we decided to rescind Rule 9 because it had achieved its essential purpose. The rescission of that rule in effect moved back into the total system of flow of diesel fuel all of the available supply without special allocation to any one segment.

We are monitoring the supply situation, Tom, very, very closely. If it were to become necessary, for example, during harvesting season to reinstate a special rule in order to harvest, we would do so.

The president made a commitment in May, and has repeated it several times since, that this country simply cannot afford to have its farmers' fuel supplies run dry at times that they need them the most—mainly for planting and irrigation. In the western and midwestern states irrigation is used heavily. I've talked to Charlie Thone about this.

The truckers are back on the roads now. The Department of Energy has made and is continuing to make an effort to see to it that there are equitable allocations of supply to truck stops and to other users of middle distillate to make sure that all the available supply is being put where it is needed most.

If I had to say in a single sentence what the function, if you will, of a management task force on energy shortages is, that is it—to deal with a scarcity and to do everything it can as timely and effectively as it can to see to it that a short supply is alleviated when and where it is needed the most. We will continue to do that.

Governor Judge: Mr. McIntyre, I would like to know if you support a new revenue-generating mechanism, independent of the Highway Trust Fund, to support and improve the nation's coal transportation

system for coal-haul roads in the East and railroad grade separations in the West.

I serve as chairman of the Coal Transportation Task Force, which is made up of twenty states. The ability of this country to increase the use of coal is seriously impeded by its transportation system. The subcommittee has proposed, and a number of governors around this table have supported, a national coal severance tax that would be used to improve coal-haul roads in West Virginia and Kentucky and grade separations in the western states.

Unless we get on with this, we will not be able to move the coal which is America's ace-in-the-hole as far as energy is concerned. I am hopeful that we can get support for such a funding mechanism from the administration, the Department of Energy, the Department of the Interior, and your office.

Mr. McIntyre: Governor, we are working very closely with the Department of Transportation, which has been advocating a program of this nature in recent months. I cannot tell you today what the administration's position will be on that.

First of all, I would have to defer to our process for arriving at the administration's position. I do think, however, that we will look hard at the way we use existing transportation funds. I could get good arguments for funding 100 of these programs at the drop of a hat. I think we have to look at existing funds to see if this is a higher priority than what we are currently using existing funds for.

On the other hand, we do have to deal effectively with new problems, and this may fit in that category. We will have to move expeditiously and come to an administration position. We will work closely with you and the governors' association in doing so.

Governor Riley: A question for Jack Watson.

Reference was made to the recent trucking strike. I feel that the administration and Congress should look at the causes of the strike in terms of a uniform weight and length standard associated with highway funds or another method of uniform regulation to eliminate frustration, inefficiency, and the energy waste that the independent truckers especially face. Do you have any ideas along these lines?

Mr. Watson: Governor, one of the six parts of the package we offered the independent truckers was an agreement by the president to support legislation immediately when Congress convenes this week that would move weights and lengths to a uniform national standard during the duration of a declared energy shortage.

The details of how that declaration would be made and exactly what criteria have not been worked out. They are being worked on

right now, as a matter of fact. The president has said both privately and publicly that he thinks the ultimate decision for long-term, permanent solution to those kinds of issues should be made by the states.

But in a period of crisis one of the things we can do is make the standards uniform, even in what the truckers refer to as the iron curtain states, of which there are ten, I believe.

Governor James B. Hunt, Jr.: Jack, you said that the administration was committed to pushing federal action that would deal with this in terms of crises or emergencies. Jack, what I want to strongly urge is that we pass national legislation that would make weight and length limits uniform all of the time in this country, not just in times of emergency.

It is ridiculous that interstate commerce can't flow freely, particularly the trucking of vital supplies for the country's economy and sustenance, because of these weight and length laws. There are other variants, of course, such as fuel taxes, cards, stamps, and the rest.

I hope the administration will lead us toward action on uniform, federally determined, weight and length standards for trucks. I hope it will not be limited to emergencies, because I don't think the fifty states are ever going to do it right by themselves.

Mr. Watson: Governor, we would be most pleased if the governors would take the lead on this. It is regarded by many governors, particularly the governors of the states that are directly affected, those that have less than federal standard limits, to be a state issue. The president would welcome some concerted, collaborative effort by the governors to make this change.

Governor Babbitt and I have discussed this topic. I am familiar with some of the suggestions that he is making, which I think are going in the right direction.

Second, one of the things that we agreed to with the truckers—we have been meeting with them extensively—was to create an ongoing working group that I would oversee and would incorporate representatives of all the federal departments that are directly or indirectly involved—the Department of Transportation, the independent agencies such as the Interstate Commerce Commission, the Department of Energy, the Department of Agriculture, representatives of the governors' association, and, of course, representatives of the independent truckers.

In addition to the weights and lengths issue, which is big enough itself, there is an array of other encumbrances, problems, permitting impositions and blockages that confront independent truckers and

interstate trucking. I am hopeful that with the cooperation of the governors' association, the group might begin to address for the first time that whole set of problems that freeze up passage on an interstate basis.

Governor John N. Dalton: Jack, there are many power plants that have switched from coal to oil and could be switched back. Is any thought being given to temporarily easing the air standards in order to get some of these power plants immediately switched back to coal and giving them a deadline to get precipitators or whatever is needed in the years to come so we can get that oil freed up?

Mr. Watson: Governor Dalton, that is being looked at. One of the issues here, one of the trade-offs, is how we can continue to serve the very legitimate interests of the environmentalists—clean air, clean water—without imposing unnecessary—and that is a value-laden adjective, I realize—constraints on the conversion from oil to coal or oil to gas?

One of the functions of the Interagency Task Force is to get the Environmental Protection Agency, the Department of Energy, and other agencies with separate goals and missions to sit down together to make these judgments.

Those cases that can't be resolved at that level will ultimately be resolved by the president or, perhaps in some cases, by Congress. But, John, these are precisely the kind of difficult issues that must be weighed.

If I may digress only a moment, it is my judgment, based on everything I know and read and hear, that the analogy to a war-like situation is not stretched. It is real. It is apt. I think that the governors, state legislators, the president, administration officials, Congress, and most important of all, the American people must come to that view. That is the view that I hold. Under these circumstances, we must, I think, make some judgments in a different context than the one in which we have been operating over the last ten years.

Governor Dalton: A number of coal companies in Virginia are working just two or three days a week. I can assure you that we can produce a lot more coal if you can ease the air standards to a point where we can get the coal to the power plants and let them burn it.

Governor Snelling: We do have a few minutes left in this session, so perhaps we can take a few more questions. I should point out that Mr. McIntyre will be available during the meeting of the Committee on Executive Management and Fiscal Affairs.

I should also point out that so far only thirty governors have responded to our appeal for very specific information on the ways the states think the grants-in-aid portion of the federal budget can be reshaped. If that document is to have maximum effect on the 1981 budget, it should have ideas from all fifty states.

Governor Lamar Alexander: Mr. McIntyre, I would like to know what you think about this study that Governor Snelling is working on.

When I testified for the governors' association on revenue sharing, I pointed out to Mr. Fountain from North Carolina that I understood that \$83 billion or so in the federal budget comes back to the states and that if we are telling the federal government to restrain itself, to keep the budget down, to balance the budget by 1981, but not to cut revenue sharing, we also ought to be willing to take some cuts.

Is our study really helpful to you?

Mr. McIntyre: Governor Alexander, I think we are working more closely than any other administration and governors' association have ever worked. We are not using the joint partnership in looking at grant consolidation simply as a budget-cutting measure. There are many more features to this that I think are just as important in the long run to the federal system as the fact that we might be able to reduce some programs by consolidating them. For example, giving state and local governments greater flexibility and letting them make decisions to address their particular needs is absolutely fundamental to the grant-in-aid system, particularly if we are going to consolidate programs. And I think doing this is just as important in the long run as reducing the financing of some of these programs.

You have proposed the establishment of a task force to look at the federal, state, and local role. That is a very difficult area to deal with. But if we are able to make some progress in throwing those roles out, I think we will have made a major contribution to the federal system of government.

To answer your question bluntly, Governor, we are serious about the effort.

Now, if you are asking me to make a commitment to you to not make recommendations to change the general revenue sharing program, I won't do it. It would be premature. We assure you that we will not make a premature decision on how to deal with the revenue sharing program. We will make that decision in the context of the overall effort in looking at the grant-in-aid program, which we have had a joint role in developing. As a result of this process, the administration will know whether you agree or disagree with whatever decisions are made in the 1981 budget.

Governor George Nigh: I liked your comment that the states will set the priorities. I have just gone through my first budget process. I was constantly reminded that you have to set the priorities because if you don't, you are going to lose federal funds.

By the time I got through submitting my budget, in many ways it was not my budget, but the budget of the federal government programs. I don't mind federal funds to Oklahoma being cut back. I ask, though, that we be given a shopping list and be allowed to pick the priorities we want to fund in our states. What is my priority and the priority of my people may well not be the priority of any of the other states.

So, as far as I am concerned, if the government wants to start cutting back across the board, that is fine, but let us decide what is our priority.

Mr. McIntyre: Governor Nigh, let me make one more comment in that regard. Grant consolidation will not be easy. Categorical programs are there because someone wants them—either the beneficiaries, the people who administer the program at the federal, state, and local levels, perhaps members of Congress. But those programs are there because somebody wanted to make sure that the people they were concerned about got their fair share of the thing.

Now, we have got to deal somehow with that very complex political problem. It is basically a political problem. We must look very carefully at any consolidations that we pick. We must consider not only the program element but also the political elements in terms of recommending programmatic or grant consolidation.

So I hope as we go through this process you will help us make those kinds of determinations.

Governor Nigh: I think your point is very valid, but sometimes the political decision was made by the political decisionmakers of some other area, not our state. So I am saying that you will give us the money, but we will make the political decision of how to divide it.

I understand your problem, and I suffer with you on it. But a program that is politically expedient in one area of the country may not be in others. It would be better if we can be in the position of deciding what is political and expedient in our state as well as what is our priority.

Governor Lamm: We have to cut this off now and turn it back to the chairman. I hope you have seen *State Energy Emergency Response Measures*. It is well worth looking at. There is more action in here initiated by you than volumes of the *Congressional Record*. We are really proud of what you have done.

Mr. Chairman, it comes back to you.

Chairman Carroll: Thank you very much, Dick Lamm and Dick Snelling, for your presentation. We also deeply appreciate Jack Watson's and Jim McIntyre's support in this particular session.

Are there any question from any of the governors?

If not, this plenary session is adjourned.

CLOSING PLENARY SESSION

Tuesday, July 10, 1979

AWARDS FOR DISTINGUISHED SERVICE TO STATE GOVERNMENT

Chairman Carroll: I call to order the closing session of the National Governors' Association's annual meeting. Our first item of business this morning is the third annual NGA awards for distinguished service to state government. This program is the first nationwide effort to recognize distinguished service to state government by both state officials and private citizens.

The men and women who we are recognizing today have not only served the citizens of their own states exceptionally well, but they have in many cases developed creative approaches to dealing with problems that affect the nation as a whole.

I would like to call first on Richard Gilbert, the president and general manager of WQAD-TV in Moline, Illinois, and chairman of the selection committee for the 1979 awards.

Richard Gilbert: Thank you, Governor. Judging from what has gone on at your conference so far, I imagine you have had enough bad news. My short assignment on this program is to bring you some good news. My former boss, Governor Bob Ray, frequently used this quote: "What is important is not how well government is doing, but how well its people are doing." Governors, I can bring you the good news this morning that a great many of the people who serve you in state government do it with dedication and true devotion.

Our selection committee was made up of private citizens appointed by the governors on the Executive Committee of the National Governors' Association. We carefully reviewed a record number of nominations submitted by you, the governors, for these awards. We met only once, which in itself is pretty good news for a committee appointed by governors. And because the committee members had done their homework in advance, which is also somewhat of an exception for a committee appointed by governors, we made our selections with unanimous consent in one day. We selected ten men and women who are state employees for the third annual award for distinguished service

by state employees. We also selected three people for distinguished service to state government by private citizens. We also recommended a special posthumous award.

Now, none of us involved in this process would claim that those recognized this morning are the only ones who merit this special honor. In fact, to the contrary, I think that all of us can be most optimistic, even in this time when governments are under extraordinary stress, that these award recipients are representative of the many people in your states who serve government with hard work, sound thinking, and unselfish influence.

Governor Carroll will announce the recipients of the third annual distinguished service awards of the National Governors' Association.

Governor Carroll

Chairman Carroll: Thank you very much, Dick. We appreciate your efforts and the efforts of those on your selection committee.

I would like to call on the governors to make the formal awards presentation to our winners.

For distinguished service to state government in natural resources, Gordon Sandison, the director of the Washington State Department of Fisheries. Presenting the award will be Governor Dixy Lee Ray.

Governor Dixy Lee Ray: It is a real pleasure for me to make this presentation to the man who stands first in service to state government in Washington. Gordon Sandison had a long and very distinguished career in our state legislature. He left the senate at my request to become the director of our Department of Fisheries when that very important natural resource of our state, the Pacific salmon, was in serious trouble, not only because of environmental effects upon breeding grounds and waters in which the salmon grows and lives, but also because of a long and difficult dispute between Native American fishermen and commercial fishermen.

Stepping into a difficult situation, former Senator Sandison brought all the calm reflection, wise judgment, lack of bias, ability to sift through inconsequential and emotional issues, and for the first time in many years, was able to bring about a good working relationship which has led to the present redevelopment and rehabilitation of the resource and a calm, fair, firm administration of the law.

The former senator brings to his present position all of the deliberative understanding of the legislature and the need for quick action and decisions of the executive branch. I am proud to make this presentation this morning to Gordon Sandison, recognized for outstanding leadership in the state government community.

Chairman Carroll: For distinguished service to state government by

a private citizen in the field of transportation, Robert Rigler, banker and chairman of the Iowa Department of Transportation Commission. Presenting the award will be Governor Robert D. Ray.

Governor Robert D. Ray: Governors have been known on occasion to dip into the ranks of the legislators to select somebody to serve in the executive branch of government, thereby opening a position in the legislature for someone more friendly. This was not the case, however, with Bob Rigler. Bob Rigler served on our Iowa Development Commission and then ran for the Iowa legislature, was elected, and served sixteen years in the Iowa senate. For eight of those years, he was a leader and a majority floor leader. He did an outstanding job and had the admiration and respect of all of his colleagues. In addition, people from the Democratic Party, the Republican Party, and those that belong to neither had great admiration for him.

He then left the Iowa senate and was tapped to serve on the Iowa Highway Commission, which he chaired for two years. Following that, we reorganized and put together a department of transportation. He became a member of that and its first chairman. He has chaired the department since 1975.

It is now recognized nationally as one of the best departments of transportation in the country. Bob Rigler is a banker by trade, but he has served so faithfully and so very well in state government, both as a public official and now as a voluntary citizen, I don't think you could find a person in the country more deserving of this award. Indeed, it is a pleasure that I have as the governor of the state of Iowa to present this national award for distinguished service to Mr. Robert Rigler.

Chairman Carroll: For distinguished service to state government in social services, Keith L. Colbo, the director of the Montana Department of Social and Rehabilitative Services. Presenting the award will be Governor Thomas L. Judge.

Governor Judge: It is a real honor for me to present this award to a truly outstanding individual in my state. Keith Colbo first came to state government in 1964 as a budget analyst. He was then named assistant budget director in 1967. He was named budget director in 1969. I appointed him director of the department of revenue in 1971. I then appointed him director of the office of budget and program planning in 1974. He then served as my executive assistant from 1974 until his appointment last August as director of the Department of Social and Rehabilitative Services.

One thing I am sure that is quite obvious to all governors is when you have a truly outstanding executive assistant, there is no position in state government that you would want to put him in to lose him. But

we had a situation in Montana where we needed a truly outstanding manager to run the Department of Social and Rehabilitative Services, a situation that called for not only innovation, but strong leadership.

In the short time that Mr. Colbo has served in this capacity, the state has placed new emphasis on Medicaid cost containment and management plans. Mr. Colbo's abilities, his dedication, his talent, and innovation since August of last year have already made him the leader in this country in this particular field of state government.

It is with a great deal of honor that I present the National Governors' Association annual award for distinguished service to state government to Keith L. Colbo in recognition of outstanding leadership in the state government community. It couldn't go to a more deserving individual and a better friend than Keith Colbo.

Chairman Carroll: For distinguished service to state government in finance, Daniel S. Whittemore, controller for the state of Colorado. Presenting the award will be Governor Dick Lamm.

Governor Lamm: Obviously some areas of state government are more visible and more glamorous than others. Dan Whittemore has served in one of those that is less visible but more important. State controller for the last four and one half years, he has been a vital and important public servant for over ten years. He is not a political appointee. He has served under both Republican and Democratic governors, and worked quietly and loyally for all of us. He has been innovative in a number of very important areas.

Colorado is the first state to prepare consolidated financial statements similar to what business does. Dan started a debt collection unit to make sure that state government collects its just debts. He really oils the machinery of government. He makes it run better. He takes the sand out of the gears as we run state government.

Again, visibility doesn't always equate to importance. Dan Whittemore has served quietly, loyally, and with immense competence. Dan, with a great deal of pleasure, and in recognition of the great work you have done for a number of governors, but mainly for the state of Colorado, the annual award for distinguished service to state government in finance.

Chairman Carroll: For distinguished service to state government in employment services, Henry L. McHenry, the administrator of the Arkansas Employment Security Division. Presenting the award will be Governor Bill Clinton.

Governor Bill Clinton: Henry McHenry might have done well in many fields, but chose the ranks of public service because he believes deeply

in what he is doing. After rising in the ranks of the United States Department of Labor, he became head of the employment security division under my predecessor. He was one of only two members of the cabinet who I asked to stay on in my administration and work with me. I have known him for many years. He and his wife are among the most distinguished and influential citizens of our state. He has had one of the most difficult jobs politically in state government because, as you can imagine, he is never able to please everyone with whom he works. His own department, except for him, is made up exclusively of federal employees who, as you might imagine, are somewhat less amenable to change.

Notwithstanding that, he has taken a bureaucracy that was inefficient and unresponsive in the beginning, overhauled it, and made it into a proud, effective, and innovative department of our state's government. I look to him first for advice on job training matters and on long-term manpower policy training. He is, more than anything else, a person whose every act is imbued with compassion. He has to help his fellow human beings. He is, in that sense, fully representative of the very best of public service that each of us has in all of our states.

I am proud to present this award to my friend, Henry McHenry.

Chairman Carroll: For distinguished service to state government in vocational rehabilitation, Yasuko Takemoto, a vocational rehabilitation specialist in Hawaii's Department of Social Services and Housing.

I will be presenting the award on behalf of Governor Ariyoshi. I am delighted to present this award to Mrs. Takemoto for developing Hawaii's rehabilitation services for the blind and hearing impaired. A few years ago, Hawaii had no rehabilitation services for deaf persons. Persons like Mrs. Yasuko Takemoto made it possible for these people to have the varied services available today. So said her own governor, George Ariyoshi. Her governor extends, as do I, our heartfelt congratulations.

For distinguished service to state government in commerce, Edward J. Stockton, the commissioner of the Connecticut Department of Commerce. I will present this award on behalf of Governor Ella Grasso.

Your work, Mr. Stockton, in attracting business and commerce to Connecticut and reducing unemployment has been cited by Governor Grasso as the reason for this award—an extremely difficult task and an extremely important task for any commonwealth or any state. The congratulations of your own governor, and certainly my personal congratulations.

For distinguished service to state government by a private citizen in the field of housing, Arthur A. White, vice president of Yankelovich, Skelly and White, a market research firm, chairman of the Connecticut Housing Authority, and vice chairman of the Connecticut Housing Coordinating Council.

I also will present this award for Governor Grasso. Mr. White, your efforts to develop programs to attract persons to the state's urban centers and for making more housing available to Connecticut citizens were cited by Governor Grasso as the reasons for this award. Her personal congratulations and certainly mine for your excellent work.

For distinguished service to state government in civil rights, Ruth Rasmussen, director of the Michigan Department of Civil Rights. I will present this award for Governor William G. Milliken.

Governor Milliken has cited you for your role in the drafting and the passage of Michigan's civil rights legislation, one of the most comprehensive in the nation, and your contributions to the improvement of the quality of life for the oppressed and for the disadvantaged.

The personal congratulations of Governor Milliken and mine go to Ruth Rasmussen.

For distinguished service to state government by a private citizen in the field of management efficiency, Oscar A. Lundin, former vice chairman of the Board of General Motors and president and chairman of the Michigan Efficiency Task Force. I also will make this presentation for Governor Milliken.

Mr. Lundin, Governor Milliken has cited you for the great savings to Michigan state government that your efforts have made possible. The personal congratulations of your governor and my congratulations as well.

Now, I would like to present a special award in honor of John Gray. Unfortunately, Governor Dick Snelling could not stay for this presentation. He has asked me to make this special presentation to Mrs. Betty Gray.

Mrs. Gray, this award is to honor the achievements of your husband in serving four Vermont administrations. John Gray was truly a giant in state government, and on behalf of Governor Dick Snelling, I am proud to present this award to you in honor of your great husband.

Three of our award winners were not able to join us today: Louise B. Gerrard, the executive director of the West Virginia Commission on Aging, recognized for her role in developing the commission into an agency that provides older West Virginians with one of the finest overall programs for senior citizens in the nation, according to the recommendation of Governor Jay Rockefeller; Naomi Kipp, director

of Alaska's Occupational Safety and Health Division, recognized for turning Alaska's occupational safety and health program around and preventing the federal Occupational Safety and Health Administration from cutting off funds to Alaska and credited with winning the acceptance of Alaska employers and workers of the occupational safety and health program; and Thomas D. Moreland, commissioner and state highway engineer of the Georgia Department of Transportation, recognized for his role in reorganizing the department and guiding it through a severe funding crisis as a result of the Arab oil embargo. Mr. Moreland also is credited with completing most of Georgia's interstate highway system ahead of schedule.

I know Mr. Moreland and would certainly agree with that recommendation. I know his own governor would like to add some comments. Governor Busbee.

Governor George Busbee: I am pleased to present the award. I regret that a last-minute emergency prevented Mr. Moreland from being here. Mr. Moreland is the first professional to head the Georgia Department of Transportation. He was an engineer who came up through the ranks, was not a political appointment, and indeed made an outstanding commissioner. Not only did Georgia become the first state to complete its interstate construction ahead of schedule, which saved the state a great deal of money, and not only do we have the best system, I think, as a result of his professionalism in government, but the governors' association has benefited in the last four years because Mr. Moreland has worked very closely with the Committee on Transportation, Commerce and Technology.

He also has played a major part, along with his counterparts, in all federal legislation on transportation that has affected our states. We are very proud that this Georgian has received this honor from the association.

REPORTS OF THE STANDING COMMITTEES

Chairman Carroll: These, then, are the 1979 winners. Again, we congratulate each one of you. Your service to state government is, indeed, distinguished.

I really think that we ought to give them one more good round of applause because we deeply appreciate their service.

Now, we move on to a very important part of our program, the adoption of the policy positions to guide our work in Washington.

The order of consideration this morning will be as follows: Executive Management and Fiscal Affairs, Human Resources, Natural

Resources and Environmental Management, Transportation, Commerce and Technology, Agriculture, Community and Economic Development, Criminal Justice and Public Protection, International Trade and Foreign Relations, and the Executive Committee.

The normal order of procedure, as I understand it, is that the chairman of the committee first offers any amendments to the policy positions that were circulated to you about three weeks ago. Then at the conclusion of that part of the proceeding, we move to consideration of the resolutions under suspension.

The first committee report will be the Committee on Executive Management and Fiscal Affairs. Substituting for Governor Dick Snelling will be Governor Lamar Alexander.

Governor Alexander: There are two items that are important, but brief. The first requires special attention. It is B-18, "Management Improvement Productivity in State Government." Governor Ariyoshi had hoped to be here to present this, but can't. It simply supports a longstanding tradition of NGA concerning the Intergovernmental Personnel Act, with special emphasis on the hope that the management training in that important program will emphasize increased productivity. I move the adoption of that policy, Mr. Chairman.

Chairman Carroll: You have heard that motion. Is there a second?

Governor Cliff Finch: Second.

Chairman Carroll: The motion is made and seconded. Is there further discussion?

If not, all those in favor, let it be known by saying "aye."

Opposed, "no."

The "ayes" have it, and it is so ordered.

Governor Alexander: The second item involves general revenue sharing. We need to take two actions on this. General revenue sharing is one of the cornerstones of NGA policy. With the budgetary restraints that are imposed now and with the need to cut funds to state and local governments, we feel it is important that the cuts not include the one program that has no strings attached.

The proposal that is before you today is simply a housekeeping matter. It updates the previous position by changing dates, and reiterates the association's strong support for general revenue sharing as part of the national policy.

I move that we suspend the fifteen-day notice rule so the association may discuss this policy position.

Chairman Carroll: Is there any objection to that motion?

If not, it will be with unanimous consent. It is so ordered.

Governor Alexander: Mr. Chairman, I then move for the adoption of the position on general revenue sharing.

Chairman Carroll: Is there a second to that motion?

Governor Otis R. Bowen: Second.

Chairman Carroll: The motion is seconded. Is there discussion?

If not, all those in favor let it be known by saying "aye."

Opposed, "no."

The "ayes" have it, and the motion is carried.

Next, we will move to the Committee on Human Resources, chaired by Governor Joe Garrahy.

Governor Garrahy: The Committee on Human Resources is presenting amendments to two existing NGA policy statements, a substitute for one, and one new proposed policy statement.

The committee is suggesting amendments to an existing policy statement on education. Governor Quie is chairman of the Subcommittee on Education. I ask the governor to address this resolution.

Governor Albert H. Quie: The addition to the resolution has to do with our work on the Higher Education Act. We believe the act should be better focused and allow the states more flexibility. States are responsible for providing the services to their constituents, and federal legislation tends to be out of focus many times. This policy position tries to clarify the states' responsibilities in the federal program and suggests a mechanism by which the federal program can better function in conjunction with the state programs.

I move adoption of the resolution.

Governor John Carlin: Second.

Governor Garrahy: It has been moved, and we have a second. All in favor indicate by saying "aye."

Opposed, "no."

The "ayes" have it. The resolution is adopted.

Another resolution suggests amendments to an existing policy statement on employment and training. Governor Finch is the chairman of the Subcommittee on Employment and Training. Governor Finch will describe the amendment.

Governor Finch: Basically, we ask Congress to raise the average wage base from \$7,200 to \$7,800 for the CETA program. \$7,800 was the base

in the bill when it was originally passed. But the 1978 amendments to CETA reduced the base to \$7,200. We also call for the continuation of the present youth programs.

Governor Garrahy: I move the adoption of the resolution.

Governor Nigh: Second.

Governor Garrahy: All in favor will indicate by saying "aye."

Those opposed, "no."

The "ayes" have it. The motion is adopted.

The committee is suggesting that the policy statement on long-term care be replaced with a statement that contains a more detailed definition of long-term care and a description of the problems with the current federal programs, particularly those providing funding assistance to the states to provide long-term care and services designed to prevent institutionalization.

The resolution points out that the governors support a comprehensive approach to long-term care which focuses on providing a complete array of services and care designed to maximize self-sufficiency and to minimize dependency. It calls on the administration and Congress to make a series of incremental adjustments to existing programs, provide direct long-term care or preventive services or provide funding to states for this purpose. The goal is to redirect the focus of long-term care towards a balanced network of institutional and community-based alternative services that is much more desirable for the states.

I move adoption of the amendment to the resolution.

Governor Carlin: Second.

Governor Garrahy: All in favor will indicate by saying "aye."

The amendment is adopted.

We now move the resolution as amended.

Governor Carlin: Second.

Governor Garrahy: Second by Governor Carlin. All in favor will indicate by saying "aye."

The "ayes" have it. The resolution as amended is adopted.

The last policy statement is on the role of state governments in the delivery of care and services to the mentally disabled. This policy statement calls on the federal government to facilitate establishment of a cohesive mental health delivery system within the states by charging all funds for such services within an individual state through the governor's office or the mental health authority. The resolution

also suggests establishment of an appropriate accountability mechanism in the form of contracts between the federal government and the states and where services are to be provided by the local level, between state governments and local entities.

I move the adoption of the amendment to the new resolution.

Governor Carlin: Second.

Governor Garrahy: Second by Governor Carlin.

All in favor of the amendment indicate by saying "aye."

Those opposed, "no."

The amendment is adopted.

I then move the resolution as amended.

Governor Carlin: Second.

Governor Garrahy: All in favor will indicate by saying "aye."

Those opposed, "no."

The "ayes" have it. The resolution is adopted as amended.

Chairman Carroll: Now the report of the Committee on Natural Resources and Environmental Management, chaired by Governor Dick Lamm.

Governor Lamm: We have a number of fairly routine resolutions, and then, I think, a very controversial one.

The routine ones are on coal transportation, coastal zone management, ocean resources, and solid waste management. The sponsors have withdrawn the resolution on energy emergency preparedness at the request of Governor Thornburgh and the resolution on the convention on the conservation of migratory species of wild animals.

The resolution on coal transportation is fairly noncontroversial. It deals with the increasing number of problems with coal roads. Unless there are questions, I would like a motion.

Governor Pierre S. du Pont: So moved.

Governor Lamm: Seconded?

Governor Brendan T. Byrne: Yes.

Governor Lamm: Any discussion?

All in favor?

Opposed?

Passes.

The resolution on coastal zone management also is relatively noncontroversial.

Governor Hunt: Mr. Chairman.

Governor Lamm: Governor Hunt.

Governor Hunt: Governor Riley has just come in and perhaps he wants to move with regard to this resolution.

Let me say that I am governor of a state that has one of the strongest coastal zone management acts in the country. There are many states in our part of the country that have strong acts. We are basically pleased with the current approach to our federal/state partnership in coastal zone management, but we object very strongly to three of the points in this resolution. I object to the following wording: "The following sections of the act should be amended:

"Section 303 should be amended to include more detailed national policies and objectives against which state coastal program progress can be measured.

"Section 312 should be amended to require that annual reviews of state coastal programs be tied to the expanded national policies and objectives contained in Section 303.

"Section 318 should be amended to stipulate that presenters of future grants to states under Section 306 must be tied to state efforts to meet national policies and objectives."

We are doing a good job. We have active and effective programs. We are fully capable of establishing strong priorities and policies within our own states. I invite anybody to look at the plans we have and the programs we are making. Very frankly, we have gone as far as we need to go in terms of making the states tie their plans to the federal Coastal Zone Management Act. I say that not as one who is trying to draw back, because I presided over the state senate in my state when we passed the bill. It was the toughest fight we ever waged, but it is a good, strong, effective law with teeth in it.

I suggest that the federal act goes as far as it needs to go, and I feel very strongly that we should take these parts out of the resolution. Therefore, Mr. Chairman, I move that we amend this resolution by striking the three parts I read.

Governor du Pont: Mr. Chairman, I would like to speak in support of the amendment just offered by the governor of North Carolina. It seems to me that we are moving backward in these sections. The objective of the Coastal Zone Management Act, when we drafted it in Congress, was to insure that states had maximum input. These sections in our resolution turn that theory on its head and ask for more rigorous federal requirements and put the states at a disadvantage.

As one of the original authors in Congress of the Coastal Zone Management Act, I agree that these sections should be stricken so that

we can maximize the flexibility that coastal states have in working with their own programs.

Governor Lamm: Are you on the subcommittee, Governor DuPont? This is Governor Hammond's resolution, and he is not here to argue for it.

Governor du Pont: No, sir, I am not on the subcommittee or on the main committee.

Governor Lamm: Governor Clements.

Governor William P. Clements: Mr. Chairman, I have been working with our people in Texas for a full six months. Before that, we worked for a year doing exactly what my two colleagues are talking about—trying to move away from too much federal control. We are now in the final stages. I have signed our coastal management plan after much negotiation with the federal authorities in order to move away from more oppressive federal control on our coastal management.

I certainly support the amendment, and I hope the other governors do likewise.

Governor Lamm: This is Governor Hammond's resolution. Is there anybody here who would like to speak in its behalf?

If not, I think I sense the feeling.

Governor Riley, do you have anything?

Governor Riley: Mr. Chairman, I simply would like to support the governor of North Carolina and the other comments made. I support the amendment.

Governor Lamm: The motion in front of us, then, is to strike the language in the resolution that deals with Section 303, Section 312, and Section 318.

Is that right, Governor Hunt?

Governor Hunt: Yes.

Governor Lamm:It is moved and seconded.

Governor Garrahy: Mr. Chairman, I would like to just reiterate what Governor Hunt, Governor du Pont, and Governor Riley have indicated. I think Rhode Island probably had one of the first coastal management plans in the country, and it has worked very, very well in our state. We continue to work very closely with the coastal management people in our state. It has been a good thing for us.

I also would say that the second sentence in this resolution, which

says that the coastal energy impact program has not met state needs, is not true in my state. It has been a tremendous help to us.

I support the amendments of Governor Hunt.

Governor Lamm: Moved and seconded. All in favor say "aye."

Opposed?

That language is deleted. Any other discussion then on D.-17?

Hearing none, I move it. All in favor say "aye."

Opposed?

It passes.

The next resolution deals with ocean resources. Does anybody have any comments?

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

Opposed?

The resolution passes.

The next resolution is on solid waste management. There is an amendment. It simply says that the federal assistance for the mediation and control of abandoned sites must be retroactive to July 1, 1977.

Is there anybody who would like to speak to it?

I move the amendment.

All in favor say "aye."

Opposed?

It is passed.

Now, on the resolution itself. All in favor say "aye."

Opposed?

It is passed.

The controversial resolution is on oil policy. That also has an amendment to it, and it is an important amendment. It involves a considerable difference in policy.

The staff advisory committee to the Committee on Natural Resources and Environmental Management favored deregulation and supported the president's policy of deregulation of oil prices, that is, not complete deregulation. It starts on June 1, 1979, and by October 1, 1981, American oil prices would meet the world oil price.

As you know, there are basically three levels of oil: old oil, new oil, and unregulated oil. Of the domestic production in the United States, which is at 8.6 million barrels per day, 3 million barrels is old oil, which now sells for \$5.86 a barrel. Then you have the new oil which is regulated, and then you have unregulated oil which is oil from stripper wells and oil from Alaska.

The resolution supports the president's phased deregulation. It says that deregulation will encourage conservation and make alternate energy sources more economically competitive. It also says the inflationary effect of deregulation will be countered by a strengthening

of the dollar and the corresponding reduction of all import costs, including those of oil. While I don't want to say the resolution was noncontroversial, the committee generally favored deregulation of oil.

Most of the argument—and most of the argument in Congress—is over whether there should be a windfall profits tax and where that money should go. The Committee on Natural Resources, after a debate that lasted approximately an hour, recommended a windfall profits tax; that first and foremost, the energy industry should be encouraged to reinvest the excess profits it makes in exploration for more energy. This is called plowback.

The feeling of the committee was that the money raised from a windfall profits tax should be used for energy production and development. The energy industry would receive a plowback credit, that is, any dollar spent in energy production would be given a credit.

The other areas where this money would be spent are energy conservation and energy impact assistance programs for individuals on fixed and low incomes.

For comparison, it is important that you know that the president's proposal is decontrol on the same time line; that no plowback provision be given; and that windfall profits be taxed at 50 percent.

Oil that is now sold for \$5.86 a barrel will sell for more than \$20 a barrel in 1981. Between now and 1985, the administration estimates that under the old pricing schedule the oil companies will receive about \$70 billion in windfall revenues. That would amount, after deductions, to \$51 billion in windfall profits. The president has proposed a 50 percent tax on those profits.

As I said, the committee decided that the energy industry should receive a plowback credit. The plowback credit dramatically reduces the amount of money that will be available for such things as relief for heating bills, crisis intervention, mass transit, and energy conservation.

So we must decide whether we favor control or no control, windfall profits tax or no windfall profits tax, plowback or no plowback, and where the money raised from a windfall profits tax would go.

Governor Nigh and Governor Clements, did I state that fairly from your standpoint?

Governor Clements: You stated it fairly from your standpoint.

Governor Lamm: Well, I was trying my best to be objective. Governor Clements, I would like to give you a chance, then, to state where you think my presentation was slanted.

Governor Clements: No, Mr. Chairman, I was being somewhat facetious.

Let me comment from another viewpoint. It is the judgment of the official family of Texas, which is nonpartisan, that the energy crisis in this country is so serious that the "windfall profits," which is not my term but President Carter's and Washington's term, should indeed be plowed back. And if the energy companies don't plowback, then they should be taxed at 100 percent.

Our energy companies, be they coal or synthetics or exotics—solar, geothermal, biomass—all of these energy-producing enterprises, should be allowed and forced, if at all possible, to produce more energy. That is the only way in the world we are going to solve the energy problem.

Governor Lamm, you are governor of a state that produces energy as we do in Texas and Oklahoma. Oil and gas are depletable resources. We are in deep trouble. People in this country feel that we in Texas have surplus oil that we could bring to the marketplace. This is an absolute, total misconception. We in Texas are producing at 100 percent of our capability to produce oil, but we are producing 600,000 barrels a day less than we were three years ago.

My personal judgment is that we are in a crisis situation in this country that exceeds Pearl Harbor. Our economic well-being is threatened. Our national security is threatened. We must do something about that, and the situation calls for tough measures.

If you think that the oil producers of Texas like the idea of a 100 percent plowback or a 100 percent tax, you are mistaken. They don't. But our free enterprise system has certain capabilities built into it, be it in the coal business, be it in synthetics, be it in oil and gas drilling, or be it in research and development. All of those things should be included in the concept of plowbacks. This country must produce more energy, and this is the way that I think we can force the issue—plowback or tax it 100 percent.

On the other hand, I grant that there is a humanitarian side to this issue that will manifest itself next winter in Massachusetts, Minnesota, Wisconsin. That is a totally different issue. I am completely sympathetic to that issue. I would vote for a separate amendment to address that issue and to give those people relief. But let's not confuse that with producing more energy.

Governor Clinton: The committee felt that Governor Clements's arguments had a great deal of force, which is why I think Governor Nigh's amendment, stating that the committee found that the plowback device was acceptable, was added. The language of the amendment does not mandate funds from the windfall profits tax for disaster assistance or to mitigate the impact of the dramatic oil price rise. It

just says that the funds can come from that source if it is the only available source, the best available source.

If it is adopted, the amendment commits the governors to a position that the federal government should use its revenues to mitigate the impact of the oil price rise and that it may use the windfall profits tax. The language says "funds from the windfall profits tax and other appropriate federal sources," or something to that effect.

Yesterday there was some talk about the possibility of reconciling commitments to expenditures for energy conservation and emergency assistance with the plowback idea by leaving open the question of whether the credit should be 100 percent or 90 percent or 85 percent. There is nothing specific stated in that regard. I think some of the committee members voted for Governor Nigh's amendment with the understanding that it might be necessary for the administration and Congress to take some action to ensure that adequate disaster assistance and energy conservation funds would be available.

Governor Nigh: I feel the 100 percent plowback tax credit for energy development is the right way and the way the country ought to be going. It gives the oil companies credit as long as they use their excess profits to seek, find, and develop new sources of energy. I think it is the only way that we are going to generate the necessary capital to move toward energy independence.

I want to point out that any tax placed on the major oil companies will be passed on. But the 90,000 independents cannot pass that on. As I mentioned yesterday in the committee meeting, I think our number one priority should be finding energy so that we can be independent. And I think that the tax credit and the plowback are the way to do it.

I appreciate the attitude of the other governors and I have tried to point out that if you are in favor of giving credit so that you can find energy, you are not against those who are in need. I assume that anyone who says this fund should be used for those who have needs is not against finding alternate sources of energy.

Therefore, while I agree with my neighbor from Texas about a 100 percent tax and strongly support it—I made the motion yesterday—I appreciate the middle ground that we have moved toward and the amendment that was offered by the governor of Arkansas and adopted by the committee. I think that the 100 percent plowback is the best. I am practical, and I am pleased that the committee included in its substitute amendment consideration for the plowback in any degree, whether it be 100 percent or 5 percent.

Governor Quie: Mr. Chairman, I come from a state that has no energy.

We don't have any coal, oil, gas, or anything. And we are a very cold state.

I have a feeling we are trying to do what was done in Congress all the years I was there. There is a difference of opinion, so you try to write it so everyone can go home and say they won. Then those who write the guidelines write them the way they want to. Congress will interpret this policy the way it wants to.

One of the problems is that nobody has taken a tough stand, and we have to. We would like to continue to have low cost energy, but it's no longer possible. Foreign oil prices have gone up and are going to continue to go up.

I think the president is on the right track with decontrol, but I hate to wait until October 1981. As long as you have controls, even though you keep increasing the prices, the problems are going to be there.

In my view, the best thing for our nation would be to decontrol cold turkey. I believe we would have our problems solved within a month; prices and supplies would meet with each other as they do in the market system.

The administration that got us into controls on oil got us into controls on beef. The same thing happened there. People were wondering what was going to happen to beef. The prices were going to go up. As you know, that problem was resolved as far as the consumers were concerned as soon as beef was decontrolled.

I believe we ought to decontrol cold turkey right now; we ought to provide 100 percent plowback because the energy industry ought to use that money to provide energy, whatever type of energy it is. Only those companies can do it. The federal government can't do it.

But whether there is a windfall profits tax or not, we must provide assistance to the people who will be hurt as they try to pay the higher prices that have already hit us.

If I had my way, the first sentence of the resolution would say, "The National Governors' Association supports immediate deregulation of oil prices."

Governor John N. Dalton: Mr. Chairman, I was one of those on the committee that voted against this proposal yesterday. I do so because I feel, as Governor Clements and Governor Nigh feel, that whatever profits are made from this rise in price of domestic oil should entirely be used to get this nation out of the energy problem that we are in today. We are not going to do that by diluting this money and using it for social welfare programs.

We can build facilities in Kentucky, West Virginia, Wyoming, and Virginia to convert coal into oil and natural gas and get this nation out

of the problem that it is in. But we are not going to do it by using that money for social welfare programs.

The second paragraph of the resolution initially said that the governors further recommended that the federal tax code be utilized to assure to the maximum extent possible that *all* windfall profits be reinvested in energy development and protection. That means that we would take that \$70 or \$80 billion in profits and use it to develop plans to convert coal into oil and natural gas and wean us from the OPEC nations.

If we adopt the amendment, we are talking about using part of that money for social welfare programs instead of for developing energy sources. My thought is, let's turn the amendment down and approve the resolution as it was originally offered. If you insist on the amendment, I will vote for the resolution as amended because plowback is part of the amendment, but it is so much better as it was initially offered.

Governor Lee S. Dreyfus: Can we read the original offering?

Governor Lamm: Yes. The last paragraph of the original resolution says: "The governors further recommend that the federal tax code be utilized to assure to the maximum extent possible that all windfall profits be reinvested in energy development and production."

The amendment that was passed in the committee after much debate yesterday says the money from a windfall profits tax should be used for energy production and development, including a plowback credit, and for energy conservation and impact assistance.

Governor Dreyfus: So, the original resolution says that all windfall profits, however they are defined, will go into reducing our dependence on foreign oil and developing further energy sources. The amendment that is now before us expands the utilization of windfall profits to other programs.

Is that correct?

Governor Lamm: Yes, that is exactly what it is.

I might further complicate it by saying that the Library of Congress study of the whole question of windfall revenues found that if a plowback is allowed just for drilling for oil, the \$25 billion that would be in this fund between now and 1985 would be reduced to only \$6 billion.

If you allow any alternate sources of energy, such as synthetic fuels, or if you allow coal companies to plowback, no money would be left, because the plowback would eat up every last dollar. There would be no fund.

Governor Dreyfus: I'm sure.

Governor Lamm: I'm glad you agree.

Governor Dreyfus: With that understanding, then, let me speak against the amendment. I come from a state that imports 100 percent of its energy; I come from a state that gets pretty doggone cold beginning in December; I come from a state that has people who are going to need help. We are going to provide that help.

Governor Clinton says his amendment is permissive, not mandatory, because it says that the funds for aid *can* come from the tax if it is the only available source or the best available source. But I think the reality is that it would become quite mandatory that this money be siphoned away from the production of new energy.

Let me remind you that President Carter's fiscal year 1980 budget contained a tenfold reduction in the existing federal fuel assistance program. Wisconsin received \$5.4 million in that area. We were eligible for \$9.2 million.

If the president is going to reduce the funds to help people pay increasing fuel bills, then it seems to me, Governor Clinton, that the windfall profits tax would be a quick and easy way to get another source of funds to provide this relief.

If one looks at where we need to go with energy, the oil companies' windfall revenues won't be enough to finance the effort. It isn't going to do the trick. We must remember that if we do not break our dependence on foreign energy sources, the number of needy in this country will increase. That part of the problem will then be beyond our ability to handle.

That is why I think the original position is the one we ought to support and why we should not support this amendment.

Governor Byrne: Mr. Chairman, I have another amendment to offer. This amendment comes out of a resolution passed by the Committee on Transportation.

The amendment reads, and it probably would come following the words "energy conservation": public transportation, other high-occupancy vehicle programs and other transportation strategies designed to induce petroleum conservation."

This identifies the area of public transportation. I think all of us governors have had the experience of wanting to buy a few new buses for our jurisdiction in order to expedite the actual or perceived movement from automobile transportation to bus and, indeed, train transportation in our states, and have been told that the funds in Washington are limited.

I believe that this amendment recognizes that problem in the context of which it is offered. I move that amendment at this time.

Governor Lamm: Thank you, Governor Byrne.

As I understand it, it simply adds mass transportation to those areas that would be available for funding. This is, in fact, in line with the president's proposal.

Governor Bowen: Second.

Governor Lamm: The first vote is on adding public transportation to the amendment. Then we have the whole question of whether you want to substitute that for the language Governor Dalton was talking about in the original resolution.

Governor Judge: I would like to ask Governor Byrne if his amendment includes coal transportation. We have already adopted a provision on coal transportation this morning. Coal transportation funding would, of course, induce petroleum conservation. So I would ask if your amendment could include coal transportation. If not, would you accept a change in your amendment to include a funding mechanism to provide for coal transportation?

Governor Byrne: Governor, the honest truth is I never gave it a thought. But I would be happy to either interpret it or broaden it to acknowledge that problem.

Governor Judge: I don't want to change the governor's amendment, but I would like the record to show that it is the clear intent of the governor who is offering this amendment that it does include coal transportation.

Governor du Pont: Mr. Chairman, I hate to leave it there. I would like to ask that it include wood transportation, because surely if we are going to get some of the timber slag into wood-burning stoves to conserve, we ought to include wood transportation, and perhaps uranium plus biomass transportation.

Mr. Chairman, the point of the comment is this is exactly what is wrong with energy policy in this country. We add idea after idea and we snip away at the problem. What we have got to do is go back to where my colleagues started.

If we are going to solve the energy problem, we'd better produce more of the stuff and never mind adding everything that every governor can think of as a worthwhile objective to this resolution.

Governor Brennan: I just want to get something into the record with

regard to the uses of the windfall profits tax. I acknowledge the need for exploration and research and the need to use this for mass transit.

Yesterday, at a committee hearing, I said that if we don't provide some help, people are going to have to make a choice between eating and freezing. Some members of the committee were offended by that. I have reflected on it, and the more I reflect, the more accurate I think that statement is. There are people who will pay their heating bills. They are proud. They will choose not to eat. We need to give them help, and we need a source. And I submit that this \$70 billion is a logical source to use.

I think the president's policy is correct. I hope that this conference goes on record supporting that policy. I think we have every responsibility to meet these needs. I think there is enough money to do all three things.

Governor Edward J. King: I would like to suggest that we have two problems. I can't agree more with those who favor production because I do, too. Clearly, this nation is going to have to do everything that it can to put as much money and resources into developing alternate entities. We know that. Let's address that problem.

On the other hand, there is no way that the Commonwealth of Massachusetts can look at the \$1.5 billion added to its fuel bill by this latest price increase and the other increases since December and not recognize there are people who have problems.

Let's agree that producing more energy and providing relief for high fuel bills are separate issues, and let's address them separately.

Governor Lamm: I think we should vote on the amendment offered by Governor Byrne. As you know, we need a two-thirds vote to pass the amendment and two-thirds to pass the resolution. So I hope you keep that in mind. I hope we don't come out of here with no resolution because we can't get to it.

I am going to ask for a show of hands because I know it is going to be controversial, and I don't think we need any more discussion on this aspect. The vote is on whether we add public transportation to the proposed amendment. A yes vote will mean we add public transportation.

All in favor of adding public transportation, raise your hand.

Eight.

All against.

It clearly does not have two-thirds.

Now, for the purposes of further discussion, we are back to the amended resolution that adds energy production, including the plow-back and impact aid to the elderly.

Any further discussion on that? It is an important issue.

Governor Quie: If we want to have a different amendment or resolution from this one, would you suggest under parliamentary consideration that we vote this one down and then come back to an amendment? Or do we need to perfect both of them first?

Governor Lamm: No. I think that is a good question. I would like for you to vote this one up or down and then consider any other amendments.

Governor Evans: Sitting in the energy committee meeting yesterday afternoon, I was most concerned about the amendment that provided for a plowback, because it seemed to me that we were moving in the direction of, once again, reemphasizing the concentration of power within the energy companies. I think that is wrong, and I voted against including the plowback provision in the amendment. After I lost the first fight against plowback, I turned around and supported the committee's recommendation, because I think it is a balanced view. Some plowback may be favorable, but not 100 percent.

I think we have a good resolution coming out of the energy committee. I hope that the governors go on record in full support of it.

Governor Bruce King: I would like to say that I think this is about as good a balance as we are going to reach. We all have to agree that there is certainly a relationship between the excess profits that the oil companies will make and the need to help needy citizens. So I don't know how we could improve on it very much. I favor deregulation, too. But we also have to look at the needs of our citizens.

Governor Garrahy: In my state, we have to look at the energy problem in a comprehensive way. Also, we can't pull at pieces of this. I am for production. I am for development. As a matter of fact, Rhode Island has been in the forefront of offshore oil development and drilling. In our part of the country, as a matter of fact, we have been part of the friends of the court in trying to get that drilling to proceed so we can get some development going. We can see the merits of decontrol of oil prices to generate some new sources of energy.

I think we in the Northeast have done as well as or better than the rest of the country in saving and trying to conserve energy. I think we are going to continue to do that.

Our part of the country already is suffering from the high price of foreign oil because of our great dependency on imported oil. Some of our consumers are looking forward to a 30 percent increase in their

fuel bills this winter, and that is without any new price increases that are already being talked about.

Without any kind of emergency assistance or programs for individuals on fixed and low incomes, I don't think that we have been developing any kind of an oil policy. So I support this policy as it is here.

Governor Lamm: Thank you, Governor Garrahy.

Governor Quie, I have just now seen your amendment. It deals with the same aspect as the substitute amendment. I apologize. I didn't hear that in your statement.

Frankly, I am afraid we are not going to get two-thirds for anything unless we come up with something.

Governor Quie: That is what I was inquiring about. Perhaps I ought to tell you, then, what I have in mind. If this amendment was defeated, I would propose an amendment that would make two changes in the original amendment. The first sentence would be changed to: "The National Governors' Association supports immediate deregulation of oil prices." Then, at the end, my amendment would add an additional sentence: "The Governors further recommend that adequate funding be provided for energy emergency impact assistance programs for the individuals on fixed and low incomes."

By drafting the resolution this way, I believe you separate the need for emergency energy assistance programs from windfall profits. You have in the original resolution what I think the governors should be doing, which is saying that to the maximum extent possible, windfall profits ought to be reinvested in energy development and production.

Governor Lamm: Thank you, Governor. I wonder if we could divide that. I don't want to further complicate it, but I think we should add "immediate" to the second paragraph.

Governor Quie: That would be acceptable to me.

Governor Lamm: Would you be willing to offer as a substitute for the amendment in front of us your language? Your language is: "The Governors further recommend that adequate funding be provided for energy emergency impact assistance programs for individuals on fixed and low incomes."

The difference between what you propose and what the committee came up with is that your resolution wouldn't attach impact assistance to any money arising out of windfall profits.

Governor Quie: Mr. Chairman, that is correct. I will withhold the amendment on immediate deregulation.

Governor Lamm: With the prerogative of the chair, I am going to consider that a substitute amendment. It is seconded. Governor Clinton.

Governor Clinton: Mr. Chairman, does the position that the committee adopted yesterday have to have a two-thirds vote of this body?

Governor Lamm: I'm afraid that it does.

Governor Clinton: Why?

Governor Lamm: All resolutions must have a two-thirds vote.

Governor Clinton: As I understand it, you've decided that we are not going to vote on Governor Quie's proposed substitute to the amendment that the committee adopted yesterday.

Governor Lamm: I certainly don't mean to abuse my power. I am trying to expedite matters. Governor Quie did offer a substitute amendment. So I guess we do have it in front of us. Do you find that procedurally offensive?

Governor Clinton: I don't know, but I want to speak against it.

Governor Lamm: Fine. Let's talk about the procedural part, because I believe that is the correct order, isn't it? Governor Quie has divided his amendment, so we have one that is a substitute for the committee amendment. I think that is properly in front of us. Governor Clinton.

Governor Clinton: If we, in effect, adopt the position that was originally voted out by a narrow vote—that there should be 100 percent plowback on windfall profits—in my opinion, we are doing exactly what the distinguished governor from Idaho said he was afraid we were doing when we adopted Governor Nigh's friendly amendment. We are saying that we don't think this energy money ought to be invested in conservation, although as a practical matter—and I can never seem to convince a lot of people back home of it—every time you save a gallon of gasoline, it is exactly like producing one. We are tying the hands of the federal government, making them use some of this money to spearhead the development of alternative sources of energy, which the major energy companies have not done and probably will not do unless oil goes to \$50 a barrel.

I think it would be a terrible mistake for us to totally divorce these taxes from the development of alternative sources of energy and conservation. We are saying that it suits us to let the price of oil go up to a monopolistically set world price that has nothing to do with the market. We are saying that it suits us to take all of that money out of

the American economy in the ordinary flow of American life and give it all to the major energy companies, who basically will do just what they have been doing with it. We are reducing the ability of the government to spearhead the development of alternative sources of energy and to promote dramatic improvements in conservation, which is just as good as production.

I think it would be a grave mistake for us to take that position.

Governor Quie: We are faced with the question of whether these oil companies will reinvest that money in energy development and production. If they do not, there will be a windfall profits tax, which will take it away from them. The tax should be, as Governor Clements indicates, 100 percent. The government would use it to develop alternative sources of energy. But to the extent those companies will, I believe they ought to reinvest and increase the production of energy.

The private sector seems to be able to move more quickly than we in the public sector can.

Governor Lamm: Governor Quie, I think it is only fair—and if it isn't fair, please object—to point out that the Library of Congress study on this says that if the money is plowed back just for drilling, all of a sudden only \$6 billion is left. If a plowback is allowed for all of the purposes discussed here, there will be no money left—100 percent of nothing is still nothing.

Governor Quie: That is why I want to separate the two issues. The emergency energy assistance would be funded from wherever is possible—general revenue. But we can't expect to fund everything from windfall profits. If the federal government collects only \$6 billion, I don't think that is going to be too wisely spent, because we haven't wisely spent that kind of money before.

Governor Byrne: I would like to ask Governor Quie a question.

You said a minute ago that if we deregulate immediately, we would have our oil problem solved within a month. I would like to know where that oil would come from.

Governor Quie: We'd have the same situation we had with the beef shortage. Everybody thought there was a shortage and as soon as we took off the controls, the supply and the price met. That is what is happening on the world market.

The only way, I believe, we are going to be able to break OPEC is to get into that market ourselves. We have been keeping our price pegged and letting them set the price. When competition is introduced into the market, I believe the price will stabilize. I believe in the market system.

Governor Byrne: You are saying that there is an existing supply of American oil waiting for a price.

Governor Quie: Governor Clements says no, but I believe there is an existing amount of oil that is waiting for a price.

Governor Clements: Let's don't get lost here. It is not so.

Governor Lamm: I hate to keep citing the Library of Congress, but its study said there are two effects of decontrol: The increased price will cause extra conservation—an estimated 400,000 barrels—and a very slight increase in oil supplies, certainly not enough to reduce our foreign dependency by a significant amount.

Governor Clements: Mr. Chairman, I would like to make two rather quick comments. One is that we seem to be mistakenly thinking that these monies will flow almost immediately and that there will be funds available this fall and this winter to allocate to the various needs, be they for fuel or food.

All of my studies in the data base that we have available to us indicate that this is not so, that the system in itself cannot react that fast. So whatever relief we get to fill those needs—and I acknowledge they are very real needs—will not come from these sources. The system will not supply those funds that quickly. Another means will have to be developed for that.

Second, I can accept those Library of Congress numbers, but they are a drop in the bucket compared to the capital our great states of Virginia, Kentucky, and Pennsylvania will need for synthetic coal plants, gasification and liquefaction, and Colorado will need for oil shale. We are going to need tens of millions of dollars. The capital requirements are enormous, and they are going to go far, far beyond anything that is termed "windfall profits."

Governor Lamm: We have run over our time limit, but Governor Carroll and I have agreed that this discussion is very constructive and will probably replace the plenary session. This discussion is better than what we had planned for you.

Governor Dreyfus: Governor Clinton and I disagree on economics—namely that right now the price of oil is arbitrarily being set. It is being set by OPEC. I think the United States should meet that price and plow all of the money gained from the increase back into further energy production. And I am talking about all forms of energy—gasohol, solar energy, thermal energy, et cetera. When we start producing other forms of energy, the arbitrary control of the price of oil by OPEC is going to begin to change. Once we set this massive thing in motion, it is not

going to be stoppable. It will continue to produce and produce. The whole attitude as well as the economics of OPEC will change when they realize we are moving from foreign dependence to domestic dependence. That will ultimately be for the total good, not only of this country, but of the world. Our economy will improve, and we will have fewer poor who need the dollars.

That's why I want to separate the issue, too. If we can separate the issues, as Governor Quie is doing, we can say right now that we favor deregulation, but that every dime we get out of it will go into the production of energy. That will break the control of the Arab nations over this country.

Governor Bruce E. Babbitt: Mr. Chairman, I would like to speak against the Quie amendment and in favor of the Clinton motion. There is a plain, simple, economic policy behind the position that Governors Clements and Dreyfus are advocating. The plain, simple fact is that the oil companies are not using the profits they already have to finance production. They are out buying circuses and clothing stores. The 100 percent plowback will give them protected money for energy development and free up their existing profits to continue on this mad plunge to take over America through clothing stores, circuses, and every other conceivable kind of corporate merger and acquisition.

If the governors would support a total ban on that kind of investment from all oil companies' profits, not just on the plowback provisions, I would support them in five minutes. If you vote for their position as presently advocated, no clothing store or circus will be left outside their control.

Governor Lamm: Governor Clements, it is only fair to go back to you.

Governor Clements: If Governor Babbitt would make that motion, I would be happy to have it. And about the bigger circus, I know that it is going on in Arizona.

Governor Robert D. Ray: Mr. Chairman, in all deference to my colleagues who make a very strong, forceful argument in favor of deregulation, I would like to point out that my state favored deregulation long before it was popular. We felt there was justification for it on the very basis of the arguments made here today. But it was government that placed the regulations on this industry, and it was government, therefore, that kept the price of fuel very low in this country.

Now, in the last several months we have seen the price of home heating fuel go from 47 cents a gallon to 85 cents a gallon. I am here to tell you that some people cannot afford that.

You can say, "Let that be a separate issue and we will take care

of that in another fashion.” But I would like to remind some of my colleagues that they come from states that encouraged Congress to quit spending money and favored a constitutional convention or at least a constitutional amendment that would balance the budget and reduce spending.

The arguments are valid that supply and demand and the free enterprise system will balance and OPEC prices will come down because we have additional fuel, but no one tells us with any certainty when that will happen definitely, if it will happen. There will be a gap in time. The time gap presents the real problem as I see it. People won’t be able to afford what is going to happen to them.

It seems to me that we are taking a giant step forward in asking for deregulation so that ultimately we can have exactly what Governor Clements and others are arguing for. But I don’t think we can afford to let those people who rely upon that fuel to stay warm in the winter months to drop through the cracks.

That is the reason I supported this statement of policy. I think it does some of all, and yet is not really a compromise because it does call for deregulation; it calls for plowback; it calls for the use of the extra funds, the windfall profits, but it also keeps in mind there are people who have suffered through the system government is responsible for.

Government ought to learn from this situation that controls do not really work. This is the last place we have controls, and it is the biggest mess that we have in the country today.

Governor Lamm: Governor Quie, would you read your amendment again? I would like to vote on it.

Governor Quie: My substitute to the subcommittee’s amendment reads: “The Governors further recommend that adequate funding be provided for energy emergency impact assistance programs for individuals on fixed and low incomes.”

Governor Clinton: Governor Lamm, a point of clarification. Governor Quie’s substitute to the committee recommendation would go back to the original proposal of 100 percent plowback, plus this sentence. Is that correct?

Governor Quie: That’s correct.

Governor Lamm: Okay, are you ready to vote? Yes, Governor Ray?

Governor Dixy Lee Ray: Before we vote, I would like to make this statement: we are taking action that is a sense of the organization. We must remind ourselves that whichever way we vote, it is not necessarily

what in fact is going to happen. But we should remember that what we do is going to be on record as what we believe.

I am trying to say that legislative history is as important as the law itself. I think the sense of this discussion should be very clear: we are concerned about the needs; we are concerned about the regulations; we believe these things should be changed. We believe oil companies and other energy-producing companies should be producing more energy and nothing else—because energy is what the nation needs. We also must recognize that we are expressing convictions and not passing laws.

Governor Lamm: All in favor of the Quie amendment as a substitute for the committee amendment, raise your right hand, please.

All opposed.

We did not have two-thirds for that motion. It failed fourteen to twelve. We are now back to the original committee amendment allowing a plowback and whatever funds are left over are to be used for energy conservation and impact assistance.

Any further discussion?

Governor John Carlin: I hope that we support the committee amendment. The committee deliberated on the amendment at some length, and it was a compromise in itself. The committee recognized that no position would be very disastrous. Both oil-producing and oil-consuming states supported the compromise. I strongly urge your support for this amendment.

Governor Lamm: If the committee amendment fails, we will vote on the amendment that says, "to the maximum extent possible, windfall profits will be reinvested in energy development and production."

Governor Nigh: I am going to vote for the committee's amendment because I appreciate what the committee did yesterday in trying to get a consensus and express a concern. But I would like to give you a little parable: If a fishing village depended upon fish alone and everybody was fishing but no one was catching anything and the village people were going hungry, many people would say, "Let's just give the people more poles and more bait." If somebody doesn't restock the lake then no matter how many poles you have, or how much fishing you do, or how much you sit there and talk about how terrible things are, you aren't going to catch anything.

The committee agreed to include the plowback provision in this resolution because if nobody is restocking the lake, none of us is going to be eating.

Oklahoma is an oil-producing state. Everybody knows that. We

produce oil and football teams. But we also sit on one of the world's largest reservoirs of coal. I am not going to get into a discussion of which state has the most coal, but we in Oklahoma talk about how we could supply the country's energy with Oklahoman coal except we can't use it. We bring in coal by rail and by truck from Wyoming and Montana to produce energy for the central part of the United States. We mine coal in Oklahoma, put it on the Arkansas navigation system, and export it to Japan so they can produce energy.

It seems to me that this country ought to be encouraging private enterprise to take its profits and find out how we can use that coal at home. It just doesn't make sense that we sit on all that coal that can't be used, but it can be used in Japan.

We also have to shore up the railroads, fix the rights-of-way, and repair the interstate system, because all that coal is being hauled over these systems.

Let's take care of the people fishing, but let's put some fish in the pond.

Governor Lamm: We are voting on the committee amendment. Everybody in favor of the committee amendment raise your right hand.

The parliamentarian has ruled that the amendment passed, nineteen votes with twenty-nine governors here.

I would now like to move the position as amended. It still needs two-thirds.

Governor Clements.

Governor Clements: Is that two-thirds?

Governor Lamm: That is what the parliamentarian has ruled.

Chairman Carroll: Let me help clarify that question. There are twenty-seven governors present and voting.

Governor Lamm: Twenty-nine present and voting.

Chairman Carroll: I counted twenty-seven.

Governor Clements: Mr. Chairman, that is not two-thirds.

Chairman Carroll: Twenty-seven governors are present and voting. We had nineteen positive votes. Let's count the negative votes and count our total.

Those opposed raise your hands.

Governor Lamm: I get nine.

Chairman Carroll: Nine and 19 is 28 present and voting. And so I

count 28 people voting. We had 19 votes and the chair rules the motion carried.

Governor Lamm: We are going to have to go through it all again for purposes of adopting the amendment. The policy position as amended is now in front of you.

Can we have another show of hands? All in favor, raise your right hand.

It clearly passes.

I am sorry to take more time, but I am afraid that there are other resolutions that were submitted by individual governors.

The first one is an amendment to the nuclear energy policy position submitted by Governor Thornburgh.

John Evans is our lead governor in nuclear energy, and Bruce Babbitt is the only elected official on the Three Mile Island Commission. Do either of you have anything to say?

Governor Evans: Mr. Chairman, we have reviewed Governor Thornburgh's amendment very carefully, and we recommend that the conference support this. The committee adopted it and it will serve as our policy until the Three Mile Island Commission delivers its report to the president.

Governor Lamm: This resolution requires a suspension of the rules. That requires a three-quarters vote.

Is there any objection to suspending the rules for the purpose of considering Governor Thornburgh's amendment?

All in favor say "aye."

Opposed.

It passes.

The resolution on emergency environmental waivers came through the committee. Governor King of Massachusetts, would you please speak to it?

Governor Edward J. King: The Commonwealth of Massachusetts recognizes that it hasn't done everything it should to help itself. We are trying to do that now. We are asking your support for a resolution suggesting to the president that emergency waivers be granted. They are not permanent waivers. They are emergency waivers to increase coal utilization this winter, to reduce our dependence on foreign oil, and particularly to improve the market for residential heating oil.

We also recommend that you support our efforts to revise the criteria and the duration to at least a year of these emergency waivers in section 110 F of the Clean Air Act amendments of 1977, so that the price differential, which really means the people's ability to pay, may

be one of the criteria that the president uses in making his considerations and also so that it will reduce the fuel oil consumption in power plants.

In Massachusetts, we have three power plants where we can immediately reduce the use of imported oil and provide more residential oil. We can, and we will, convert to coal. But we need a temporary waiver during this thirty-month construction period. We can save 560 barrels of oil a month. We have already passed an industrial bond issue for one company to spend \$95 million on pollution equipment. But we would like to be able to effect the savings and enhance the availability of the home heating oil for our people this coming winter. Another company is prepared to spend, and we are supporting them, \$40 million to convert to coal starting this winter.

I stress again that these are going to be permanent conversions that will meet the Clean Air Act, but we need a waiver on a temporary basis in the interim.

We are trying to help ourselves. We are creating jobs; the overdependency on oil is lessened somewhat; we are combatting inflation by decreasing our use of expensive oil.

To help ourselves, we need your help in sending this message to the president. We certainly would appreciate your support.

Governor Lamm: We have to suspend the rules. Is there any discussion?

Governor Quie: Just one question. You are not limiting this to power plants, are you?

Governor Edward J. King: No. We would like to be able to do the same with industrial plants, but our request is limited to power plants so we can start this winter.

Governor Quie: Let's be certain that the resolution includes industrial plants. I don't want to limit the resolution.

Governor Edward J. King: We would be glad to expand it if it is permissible.

Governor Lamm: Governor King, are you going to amend this?

Governor Edward J. King: Only if an amendment is needed to include industrial plants. I understood that the resolution did include power plants. If the resolution is clear that industrial plants should be included, leave it alone.

Governor Quie: Would you add the words "power and industrial"?

Governor Edward J. King: Yes. Absolutely yes.

Governor Lamm: Okay. To expedite things, I'll rule that it is a friendly amendment and we'll just add it in.

Governor Edward J. King: That's fine.

Governor Lamm: Now, do you have any other amendments?

Governor Edward J. King: We would like to insert "one year."

Governor Lamm: Would you discuss that?

Governor Edward J. King: Well, we want to start saving the oil. The length of the waiver now is four months. We are not sure that four months is long enough. So we would like to increase the four months' duration to one year's duration.

Governor Lamm: How would we put that in the language of the resolution?

Governor Busbee: Mr. Chairman, a point of parliamentary inquiry.

I think what the governor is trying to do on Section 110 F is present in the law, not the resolution. The law provides a maximum limitation of four months on the waiver. He is asking that we change that to twelve months.

Governor Edward J. King: Correct.

Governor Busbee: The only other change would be the change about industrial plants.

Governor Lamm: Why don't you just say, "and increase the time from four months to 12 months"?

Governor Edward J. King: Correct.

Governor Lamm: We will add that language to the end of the resolution.

Governor Busbee: Correct.

Governor Lamm: Any objection?

Any objection to suspending the rules?

Hearing none, the rules are suspended. A vote on the resolution as twice amended—one is adding "industrial" and the other increasing the four months' waiver to twelve months. Any discussion?

Chairman Carroll: Mr. Chairman, some very quick discussion. We have talked an awful lot in recent days about the fuel crisis. This very thing is probably the most responsive thing we could do to resolve immediately—not next year, not five years from now, but next week—the fuel crisis. This will ensure that fuel oil and gasoline are available. This action can reduce the gasoline lines and can make fuel oil available for homes this winter. It is that simple.

The Congress has yet to act. We must understand that unless

Congress is responsive, we will have gas lines throughout the winter, and there will be a shortage of fuel oil. It is just that simple.

Governor Lamm: Further discussion?

Governor Clements.

Governor Clements: I had a long discussion with Governor King about this, and I fully support it. I think it is exactly the right thing to do.

Governor Lamm: Any further discussion?

All in favor say "aye."

Opposed.

It passes.

The resolution on national energy conservation day also takes suspension of the rules.

Governor Thone of Nebraska.

Governor Charles Thone: First, I would ask for suspension of the rules to take up the resolution.

Governor Lamm: I would ask for unanimous consent to suspend the rules. Hearing no objection, go ahead, Governor Thone.

Governor Thone: This resolution is noncontroversial, but I think it is very, very important. Mr. Chairman, after consulting with the Department of Energy on this, I would like to amend the third paragraph. I would like to include the phrase "October 1979 as National Energy Conservation Month and." In other words, that paragraph would read, "Therefore, the National Governors' Association urges the President and Congress to designate October 1979 as National Energy Conservation Month and the Friday after Thanksgiving, November 23, 1979, as National Energy Conservation Day." I understand that the president is going to declare October National Energy Conservation Month. We would still have our particular day, the day after Thanksgiving, as National Energy Conservation Day.

As we all know, we are still wasting one-third of the energy we use in America. We only have a 10 percent downfall now, and we are pretty much the masters of our destiny here. It seems to me this resolution is in order.

Governor Lamm: The rules have been suspended. The resolution is in front of you as amended by Governor Thone.

Any further discussion?

All in favor say "aye."

Opposed?

It passes.

The next and last one is a resolution submitted by Governors Link, Judge, Herschler, and Quie.

Governor Link?

Governor Link: Mr. Chairman, I move suspension of the rules.

Governor Lamm: Is there any objection to suspending the rules for consideration of this?

Hearing none, the rules are suspended.

Governor Link: Mr. Chairman, fellow governors, the resolution has to do with the construction of the northern tier pipeline. You have the full text in front of you so I'll simply outline some of the more pertinent aspects of it.

The United States currently faces a critical shortage of crude oil supplies due to several factors, including the reduction of crude oil imports and the incapacity of domestic transportation systems.

The National Governors' Association supports the proposed northern tier pipeline, which will transport crude oil from a location in Washington, then eastward through Idaho, Montana and North Dakota, and terminating in Minnesota. The proposed northern tier pipeline provides a secure Alaskan crude oil transportation system located entirely within the United States. The northern tier pipeline will be built primarily along existing rights-of-way, which will enhance safety and environmental protection.

The National Governors' Association urges the president and Congress to take all necessary action to expedite federal decision-making on the northern tier pipeline project so that construction may commence at the earliest possible date.

Mr. Chairman, I move the adoption of the resolution.

Governor Lamm: Again, motion moved and seconded. Governor Dixy Lee Ray of Washington.

Governor Dixy Lee Ray: Owing to legal procedures in the state of Washington concerning the question under consideration at the present time, I would like the record to show that Washington abstains from voting on this issue.

Governor Lamm: Under our rules, that is perfectly proper. Thank you, Governor Ray. Any further discussion?

The rules have been suspended. All in favor of this resolution say "aye."

Opposed?

It passes.

That concludes the voting on my committee's resolutions.

Chairman Carroll: Thank you very much. An excellent job.

Governor Dalton: Mr. Chairman, before we turn to another subject, I want to say that I've directed that no Virginia state buildings be designed to burn oil. You may consider that for your states. It is one thing we can do to stop wasting oil.

Chairman Carroll: Excellent point.

The next report is from the Committee on Transportation. Governor Byrne.

Governor Byrne: I am going to try to make this brief because I think there is only one resolution that is worthy of any prolonged discussion. It is the resolution on highway transportation.

The resolution recognizes the problems of increasing costs to truckers as well as consumers resulting from the lack of uniformity in allowable vehicle weights and dimensions among many states. We ask the Department of Transportation to work cooperatively with the states to establish uniform vehicle axle and gross weights, dimensions, and vehicle combinations for the interstate highway system.

Then, there is a paragraph that I want to call your attention to. It says: "For the short run, NGA supports the Administration's position that Congress should enact immediately legislation enabling the President to establish national standards for weight (80,000 gross; 20,000 per single axle; 34,000 for tandem) and length (60 feet) for a temporary period during a declared energy emergency."

We urge nonmember states to join the IRP [International Registration Plan], which promotes uniformity and efficiency in state registration of interstate truck operations.

Governor Hunt would like to offer an amendment to that resolution.

Governor Hunt: I've given each of you two maps showing the weight and length limits in the various states.

My motion is to strike paragraph two and substitute a new paragraph saying: "NGA urges that Congress enact immediately legislation establishing national standards for weight (80,000 gross; 20,000 per single axle; 34,000 for tandem) and length (60 feet.)"

Mr. Chairman, if there is a second to that, I would like to speak to it if I may.

Governor Garrahy: Second the motion.

Governor Hunt: I have talked to most of my fellow governors about this and most of them indicated a tremendous interest in it. It is apparent from looking at these maps that the limits vary all over the place in terms of what kind of load a truck can carry and what lengths a tractor and trailer can be.

Just as we have spoken strongly to the necessity of cutting red tape so that we can do something about our energy problem right now and to the importance of letting coal be burned this winter instead of oil, we need to urge Congress to do something right now to establish uniform units.

It will enable us to save a significant amount of energy, and aid consumers because the cost of trucking will be less, and most important, help and be fair to the independent truckers in our country.

Again, uniform limits would pertain only to the interstate highways, as this resolution suggests.

Many of you at this table know from your experiences with your legislatures how hard this is to get done. I have talked to many governors in the past few weeks. They have told me about the various lobbying groups that have brought their power to bear and have defeated attempts to do this very thing, even though they as governors supported it.

But Congress is in session. Congress can act now. I suggest, as one who believes strongly in states' rights, and this is a part of interstate commerce, that this is the very least we ought to do. I believe the only way limits will be made uniform any time in the next several years is for Congress to act. I very strongly urge you to vote for this resolution and take it to Congress with a sense of immediacy.

Governor Judge: Mr. Chairman, I would like to speak on behalf of Governor Hunt's amendment. I had proposed the identical amendment. Millions of gallons of diesel fuel and gasoline could be conserved in this nation every day if we adopted a uniform 80,000-pound legal weight for trucks. At the present time, eleven states allow only 73,280 pounds legal weight. This results in a 16 percent loss of weight to East-West trucking. Every truck that hauls transcontinental cargo must travel 7,000 pounds light to accommodate these eleven states.

I agree that it is not an issue of states' rights because it involves interstate commerce. Because uniform weights would conserve energy at a time when we have a serious shortage of gasoline and diesel fuel, Congress should act, and act immediately, in support of this legislation.

I urge my fellow governors to adopt Governor Hunt's amendment.

Governor Alexander: I strongly urge that the amendments be defeated. My reasons are these: Over the years, many of us have insisted upon lesser weights and lengths because of what we felt were particular circumstances in our state. I intend to vote for the general resolution, without amendments, because it recognizes that the states and the Department of Transportation ought to work together to devise a way to reduce or to entirely eliminate a lack of uniformity among the states. But I think the ultimate resolution ought to be left to the states.

I support President Carter's proposal and this proposal which urge Congress to give the president the power to deal with this problem during a period of emergency.

Tennessee has lower weights and lower lengths and a number of interstates. There are serious questions that have to do with fees that truckers pay, the increased cost of road maintenance, the condition of our roads and bridges, and other questions of public safety that we want the time to carefully consider.

So I would urge that we defeat the amendment and support the committee position which does take us an important step toward some uniformities. But I have already been working, for example, with the governor of Arkansas and the governor of Mississippi to see whether we may be able to agree in our own independent ways.

Governor Bowen: I join Governor Alexander in urging the defeat of this amendment. I disagree with increasing truck weights for several reasons, some of which are the same as his. I would like to tell you about some of the circumstances in our state.

An increase in allowable weight would cause bridges and highways to deteriorate. Our engineers say that it would require \$14 to \$20 million a year more for highway maintenance in our state alone. Our roads and bridges were constructed for 73,280 pounds. Engineers say that one truck loaded with 73,280 pounds is equivalent to 60,000 cars passing over the highways and bridges. If the limit were increased to 80,000 pounds, it would be the equivalent of 100,000 cars passing over the bridges and roads, to say nothing about the increase in traffic fatalities. So before increasing the weights, I think that we should strengthen our bridges and upgrade our road beds, at least in Indiana.

Now, if the feds were to reimburse us for all of the extra maintenance costs, I suspect I would reluctantly refrain from opposition. Indiana ranks fifty-second in the nation as to the per capita amount we get back from our federal gasoline tax. We rank behind Washington, D.C., and Puerto Rico. Congress devised that formula, and I doubt that we will ever get it changed.

I would like for you to listen to these other facts, too. And these are not from me. DOE says that fuel use will increase by 5 percent for every 10 percent increase in weight. So that might be a trade-off, but more fuel will be used with the increased weight. DOT says that for every ten miles per hour increase in speed, there will be a 27 percent decrease in fuel economy. That doesn't deal with weights. But the truckers also want to increase speeds. DOT also says that if the trucking industry obeyed the 55-mile-per-hour speed limit, 1 billion gallons of fuel would be saved every year.

In 1970 in Indiana, trucks were involved in 9 percent of the

accidents and 10 percent of the fatalities. In 1977, they were involved in 12 percent of the accidents and 16 percent of the fatalities. Nationally, the fatality rate increased 2.2 percent in 1975-76, but the fatalities involving trucks increased 17.1 percent. Large trucks are ten times more apt to have accidents with fatalities than cars.

In car-truck accidents resulting in a fatality, seven times out of eight the death is in the car and not in the truck. With greater weights and smaller cars, the fatalities are bound to increase.

I think we need further study of the effect of the increased weight limits on highways and bridges and traffic safety before we support increased weights.

Governor Byrne: Your remarks apply to both the amendment and the resolution itself?

Governor Bowen: Unless the part on the increased weight limits specifically stating 80,000 pounds is stricken.

Governor Byrne: Sometime I would like to hear what the difference is between hits by a truck weighing 80,000 pounds and one weighing 68,000.

Governor Riley.

Governor Riley: Mr. Chairman, I would like to speak in support of Governor Hunt's amendment. I, too, believe in states' rights, as I think we all do. But as I said, in my state I believe in states' rights when states do right. And I think they do right in this particular instance if they recognize that this is, in fact, an interstate problem.

If we say that 73,000 pounds is adequate, what is to prevent us from saying 50,000 or 20,000 pounds is okay? A state could then tie up interstate transportation throughout this country. It is clear to me that in terms of safety on the highways, speed is a much more important factor than weight. We are strictly enforcing 55 miles an hour in South Carolina, and I urge everyone to try to move in that direction.

As I understand it, the interstate highways are designed to take well over 80,000 pounds.

Governor du Pont: I would like to support Governor Hunt's amendment. I talked with some of you some weeks ago when we were in the midst of our trucking difficulties. I pointed out that unless we get some kind of uniformity, however it is achieved—through interstate compacts, through federal legislation, whatever—we are going to have continuing problems with the delivery of goods and with our free transportation system throughout the country.

So I think it is important that we go on record as having some

kind of uniform weight and length. That way trucks will not have to travel light, and we'll get the maximum cargo capacity out of every truck on the roads. I would urge you to support Governor Hunt's amendment.

Governor Clinton: Mr. Chairman, I would just like to echo some of the remarks which have been made. I don't think this is a moral issue; it is a question of economics. Five years ago when Congress passed the law that enabled truck weight limits to go to 80,000 pounds, but said the states could stay behind if they wanted, it did the country a disservice, in my judgment, because we are dealing with an interstate highway system and the network of interstate commerce. In a perfect world, most of us think it would be better to have uniform weight and length limits. The problem is that Congress was unwilling then, and it apparently is unwilling now, to make any financial contribution to those states that may have a disproportionately higher cost of building and maintaining roads than other states. This resolution does not explicitly call for that to be done.

Arkansas is forty-ninth in per capita income and has a correspondingly low tax burden. However, we are among the top fifteen states in the country in the percentage of income our people pay to keep their roads up. I risked becoming the youngest ex-governor in the last four years by raising road taxes this year at a time when it wasn't very popular to do so to keep the country roads in shape and keep the state going.

I think an engineer could demonstrate that there would be more damage to the roads from these weights in some states than in others. I think mine would be one where there would be more damage. In the absence of a specific request that the federal government compensate those states that have an unacceptable tax burden and above-average costs of road maintenance, I would have a difficult time supporting this resolution.

Governor Byrne: All right, further discussion on the Hunt amendment?

All in favor signify by raising your hand.

All right, now, can I take a vote on the resolution as amended? Any further discussion on the resolution as amended?

Governor Clinton: Mr. Chairman, I wonder if Governor Hunt would consider, in view of his having carried the day here, a friendly amendment.

The amendment says: "For the short run, NGA also supports the position developed by the Administration in its negotiations with the independent truckers, i.e., legislation that would enable the President

to establish the standards for a temporary period during a declared energy emergency.” It would be added to the end of the resolution.

I know Governor Bowen objects, but I don’t know if anyone else would.

Would you mind adding that to your amendment, Governor Hunt?

Governor Hunt: I don’t quite understand what the amendment does. You want Congress to act now, right now?

Knowing how Congress works, I suspect they will take just as long to get through what we ask for in the resolution as they would to get through what you ask for. I just don’t see that it is going to make any difference.

Do you think it would?

Governor Clinton: I am just trying to support the administration. They seem to think they could get this measure through in a short time, and they could not get the other measure through without extensive debate. If you don’t think it detracts from your position, I don’t see what it hurts to take a stand that supports the understandings they worked out with the truckers.

Governor Hunt: Mr. Chairman, I would not object to that. However, I want what we have just done in terms of urging permanent action to be very, very clear. Governor Clinton’s amendment would be a temporary thing.

Governor Byrne: The gist of the resolution would give the executive emergency authority?

Governor Clinton: Yes. Mr. Eidenberg came to the meeting with the truckers and talked about this legislation.

Governor Byrne: Okay, I will treat that as a motion to supplement the resolution.

Governor Hunt: Yes.

Governor Byrne: Let me see if I have two-thirds on Clinton’s supplement. Let me see a show of hands.

Opposed.

One.

It is passed.

To conclude our discussion on trucking: We have all heard about the state trooper who stopped the farmer driving a truck and accused him of speeding. He asked the trucker, “Don’t you have a governor on that truck?” The trucker responded, “No, that’s the manure you smell.”

The rest of our committee report is, I think, without any substantial controversy. We deal with rural public transportation, federal assistance and federal requirements, rail and truck deregulation. In the resolutions on rail and truck deregulation, the language has to do with free competition and less regulation in both the rail and truck industries. In each case, the committee has withheld support for any specific proposal to deregulate each industry so the states can be sure that both shippers and communities will be protected under deregulation.

We have a resolution disagreeing with the administration's approach to Amtrak, which emphasizes curtailing Amtrak's service and improving the quality and efficiency of the service.

On highway transportation, we endorse a policy direction established last year in the Surface Transportation Act, which emphasized the rehabilitation and maintenance of our highways. On the airport development aid program, we support the state role and block grants to states.

On rail transportation we urge Congress to provide greater federal financial assistance for capital improvement and subsidization of sensitive light-density lines.

We support urban and rural public transportation funding.

We have one parochial resolution that urges at least one television station in every state. I think it is significant that Governor du Pont and I are the only two governors without a television station, as we constantly say even after they take down the cameras.

The chair is open to discussion on any of those resolutions.

Governor Garrahy: Governor Byrne, I would like to make one observation. In my state we don't agree entirely with one particular statement on the highway trust fund.

The resolution says the National Governors' Association is opposed to any diversion of the federal highway trust fund revenues. In my state, we think that some of the priorities ought to be established by the states themselves and that there should be some flexibility in the use of those monies throughout the states themselves. We also think that where we establish highway or mass transit types of priorities that we ought to have access to that particular fund.

Governor Babbitt: Mr. Chairman, I support the package, but I would like to add a word about the deregulation motion. I think it is extremely weak. We are coming up on a historic opportunity to restore competition in the motor carrier industry and to deregulate as a matter of national policy. The policy resolution talks in terms of more studies. It is really extremely weak.

I support it with the suggestion that the committee consider the

possibility of coming back next February with explicit, detailed support for an immediate plan for motor carrier deregulation and consider that in light of the various bills that have actually been passed.

Governor Byrne: Thank you. Any further comments on the package?

All in favor indicate by saying "aye."

Opposed?

Thank you very much.

Chairman Carroll: The next report is from the Committee on Agriculture. The chairman is Governor Link.

Governor Link: The Committee on Agriculture is proposing two policy positions for adoption. The first deals with the estate tax liability for small family farms and closely held businesses. It urges the Internal Revenue Service to revise proposed regulations to avoid taxing these estates at values resulting from speculative pressures rather than at current production value, which Congress intended. We urge adoption of the position to better protect small family farms as an enduring American institution.

Mr. Chairman, I move the adoption of proposal G.-5.

Governor Clements: Second.

Governor Link: I have heard a second to the motion. Is there discussion on the motion?

There being none, as many as are in favor of the adoption of the proposal will say "aye."

Opposed, if any.

The chair hears none. It is declared adopted.

The second proposed policy statement calls for a risk/benefit study on the relative health risks to consumers before any decision is made on banning the use of nitrites from cured meats. The use of nitrites in the processing of meats, poultry, and fish provides protection against botulism, a deadly food poisoning. With current food processing and handling technologies, protection provided by nitrites is essential to public health, and its immediate elimination would subject the public to grave risks of botulism. The policy statement also supports a moratorium on the ban of nitrites as recommended by the administration in a recent legislative proposal to Congress.

We must first adopt the amendment. I move the adoption of the amendment. Do I hear a second?

Governor Bowen: Second.

Governor Link: Any discussion?

As many as are in favor of adopting the amendment will say "aye."

Opposed, if anybody.

Motion is carried.

Now, for the passage of the policy position as amended. I move the adoption. Do I hear a second?

Governor Bruce King: It has been seconded.

Governor Link: Is there discussion?

Hearing none, as many as are in favor of the policy position as amended will say "aye."

Opposed, if any.

Motion is carried. The policy positions are adopted.

Thank you.

Chairman Carroll: The next report is from the Committee on Community and Economic Development. The chairman is Governor Pete du Pont.

Governor du Pont: We have four pieces of business before us. Resolutions E.-13 and E.-14 are on the arts and reaffirm the importance of the arts and public support for the arts. They are sponsored by Governor Riley of South Carolina. They are self-explanatory. Unless there is need for discussion, I would move they be adopted.

Is there a second?

Governor Thone: Second.

Governor du Pont: Any discussion?

All those in favor signify by saying "aye."

Opposed?

They are carried.

The next is a little bit more significant in dollar terms to our states, the resolution on state housing revenue bonds.

As you may be aware, forty-one states have programs establishing housing finance agencies that sell tax-exempt bonds and use the revenues to provide mortgage supplements for low- and moderate-income families. A bill sponsored by Congressman Ullman is now before Congress that does a lot of harm to those programs and essentially proposes to destroy them. It puts a great number of limitations on the use of state housing programs. It gives priority to local governments and allows the state government only to pick up what is left over. It specifies how many dollars may be used, how they may be used both geographically and in terms of the type of housing that they are allowed to subsidize. It is a very bad piece of legislation.

Those of you who have not had a chance to study it I hope will do so and make your views known to any of the congressmen from your states that serve on the Ways and Means Committee.

The resolution states that we must preserve the states' flexibility to encourage these kinds of programs and directs our committees on community and economic development and executive management to work in the preparation of legislation that preserves the prerogatives of the states to issue housing revenue bonds for meeting the needs of low- and moderate-income citizens.

Is there discussion on the resolution?

Governor Garrahy: I think you are correct that the legislation presently before Congress is unduly restrictive and would, perhaps in many cases, prevent the states from being able to sell bonds for a very worthy purpose. And I think you are correct that because of some of the abuses that may have existed in this particular program Congress might go so far as eliminating the program almost entirely with some of the legislation that they have before them.

So I strongly support the committee's work and heartily endorse this resolution.

Governor Thone: The hour is late. Let me say that Nebraska also strongly supports this resolution.

Governor du Pont: I might thank the governor of Nebraska for his work in bringing to the attention of the committee the problems that the Ullman bill was going to cause. He has taken a leadership role here. Even though he is not a member of the committee, we appreciate the fine work he has done.

If there is no further discussion, I move the adoption of the policy position. Is there a second?

Governor Thone: Second.

Governor du Pont: All those in favor signify by saying "aye."
Opposed.

The resolution is carried.

The final order of business is a resolution that simply reaffirms the importance to the governors of the federal housing and community development programs and urges Congress to fund them again and maintain the flexibility of state governments in administering the programs.

I move to suspend the rules and pass the resolution. Is there a second?

Governor Babbitt: Second.

Governor du Pont: Any discussion?

All those in favor say "aye."

Those opposed?

The motion is carried. The resolution is declared passed. Thank you, Mr. Chairman.

Chairman Carroll: The next report is from the Committee on Criminal Justice and Public Protection. The chairman is Governor Jim Hunt.

Governor Hunt: The Committee on Criminal Justice and Public Protection discussed a number of items during its meeting yesterday. I want to particularly thank Governor Babbitt for his strong leadership of our Subcommittee on Public Protection.

We discussed the recent conference on crime control that the National Governors' Association cosponsored in Washington, D.C. I just want to say this one thing to my fellow governors: I believe that many governors are missing a great opportunity to serve their people because they are not giving their personal leadership in dealing with the problem of crime in their states. Nobody else can lead the fight against crime like the governor can. The attorney general can't, the chief justice can't, the law enforcement people can't. The governor is the leader of all the people in his state.

During the time I have been governor, I have given two addresses to the general assembly each full session—my state of the state address, including my budget, and a special message on crime. I urge my fellow governors to do the same thing in their states and to begin to be serious about and to give your personal leadership to this matter.

We discussed the status of the Law Enforcement Assistance Administration reorganization bill of the Congress. I would urge all of you to support this and also support making it a high priority item in terms of the budget.

Our subcommittee that Governor Babbitt chairs had a fine discussion of state emergency management with John Macy, Jr., director of the Federal Emergency Management Agency.

Then we had an exceptionally fine discussion of the lessons learned at Three Mile Island led by Governor Thornburgh and Victor Gilinsky. We discussed whether the Nuclear Regulatory Commission would send people to our states to give us information about our own utility companies that have nuclear reactors. Mr. Gilinsky said they would gladly give us an appraisal of those companies, the effectiveness of their management, their technological capability, and the situation with respect to each of their reactors. All of us who have nuclear plants in our states probably would like to take advantage of that service and get that kind of information.

The committee has proposed four policy positions. The first resolution deals with prevention and control of juvenile delinquency.

Let me move that this resolution be adopted. Is there a second to that motion?

Governor Edward J. King: Second.

Governor Hunt: The motion is seconded.

This resolution calls for the reenactment of the juvenile justice and delinquency prevention program, linking it to the Law Enforcement Assistance Act. It asks that the state agency designated by the governor to develop the state's criminal and juvenile justice plan coordinate all juvenile justice programs; that discretionary grants provide an equitable share of funds to rural and urban states; and it generally puts our association on record as giving strong support to efforts in the juvenile justice field.

This amendment strikes paragraph two of the original resolution, which says that the term "secure facilities, non-secure facilities, and community-based facilities" should be defined in the legislation. We believe there will be more problems for states and for governors if the facilities are defined than if they are left to be defined administratively since we are making great progress in getting an adequate administrative definition.

I would move to adopt this amendment to the resolution. Is there a second to the motion to adopt the amendment?

Governor Bowen: Second.

Governor Hunt: The motion is seconded.

Is there any discussion on the amendment?

If not, so many as favor the adoption of the amendment will please vote "aye."

Opposed, "no."

The "ayes" have it, and the amendment is adopted.

Is there discussion now on the resolution as amended?

If not, those in favor of the resolution as amended will please vote "aye."

Opposed, "no."

The "ayes" have it, and the resolution as amended is adopted.

The second resolution speaks to LEAA. It says that after having some rocky times and not being very effectively administered, LEAA has overcome a great deal. We are getting far more cooperation than we received in the past. We update our support of it because Congress now is considering its reauthorization and is interested in the governors' current position. It also recommends that Congress appropriate the

administration's level of \$546 million for the program, which is an 18 percent cut.

We must suspend the rules, but we will do that by unanimous consent unless there is objection. Is there any objection to that?

If not, the rules will be suspended by unanimous consent.

And now the chair moves that this resolution be adopted. Is there a second?

Governor Thone: Second.

Governor Hunt: Governor Thone seconds. Is there discussion on this resolution?

If not, so many as favor the motion will please vote "aye."

Opposed, "no."

The "ayes" have it, and the resolution is adopted.

Next is "Hazardous Materials Emergency Response Management," sponsored by Governor Dalton of Virginia. Governor, would you make the motion to adopt?

Governor Dalton: I so move.

Governor Hunt: The motion is made. The chair reminds me this also must be under suspension of the rules. First, is there any objection to the rules being suspended and this matter being taken up?

If not, by unanimous consent that will be done.

The motion has been made for adoption of this resolution. Is there a second?

Governor Edward J. King: Second.

Governor Hunt: It is seconded. Is there discussion on the resolution?

Governor Riley: Mr. Chairman, I know it is late, but I want to take one minute to point out to the governors a matter that is related and which will not be before us today: low-level nuclear waste burial.

The governors of Washington and Nevada and I have met and have submitted a letter on this subject to the chairman of the Nuclear Regulatory Commission. A copy of the letter will be available to the governors and to congressmen and senators. I urge everyone to look at it.

South Carolina receives around 80 percent of all low-level nuclear wastes—80 percent of the quantity, 80 percent of the transportation across our state. I ask all governors to take notice of this letter. We are asking the NRC to enforce certain rules and regulations.

Unless we develop a regional concept and develop it quickly, the country will face a very serious situation because South Carolina is not going to continue to resolve this national problem alone.

Governor Hunt: Is there further discussion?

If not, so many as favor the adoption of this resolution will vote "aye."

Those opposed, "no."

The "ayes" have it and the resolution is adopted.

Chairman Carroll: The next report is from the Committee on International Trade and Foreign Relations. I call on the chairman, Governor George Busbee.

Governor Busbee: At our February meeting in Washington, we adopted a very comprehensive export policy statement. We devoted our initial attention to the Export Administration Act of 1969 which expires in September. Under our export policy statement, we tried to remove some of the impediments we now have in exporting. Six governors—Bill Clements, Dick Snelling, Brendan Byrne, Dixy Lee Ray, Bill Clinton, and I—testified on the Export Administration Act. We have had great success in this area. Eight of our amendments were adopted under the House version of the Export Administration Act. The chairman of the Senate committee is going to offer five of the NGA amendments on the Senate floor.

Concurrently with this effort, we held three regional seminars on export policy. The first was hosted by Dixy Lee Ray in Seattle, with Bob Strauss attending. The next one was hosted by Bob Ray in Cedar Rapids, and the final one in New York City, hosted by Governors Carey and Byrne. During these three regional seminars, Secretary of Commerce Juanita Kreps announced the administration's support of five of our amendments. Two thousand three hundred representatives from the states attended the seminars and met with seven cabinet members, twenty other high-ranking administration officials, and fifteen governors.

Because of the new lines of communication that have been opened with business, with labor, with Congress, and with the administration, I am confident we can work together in implementing the balance of the governors' export policy statement. We have adopted a work plan to carry out all of your recommendations.

We have one policy position today—Indochinese refugee policy prepared by Governor Ray. Bob is the chairman of our special task force on refugees.

Is there objection to suspension of the rules?

The chair hears none. The rules are unanimously suspended.

Bob, do you want to explain the resolution?

Governor Robert Ray: Four months ago, this body authorized and formed a task force on the Indochinese refugee problem. At that time,

we felt the condition was improving. Unfortunately, today we find it is still very acute and very critical. So we have introduced a policy statement that was unanimously accepted by the Committee on International Trade. It calls upon other countries to provide shelter in Southeast Asia for these unfortunate people and also for the other countries to join in a collective effort to help solve the problem and not leave it entirely to any one country. We commend the president for his efforts to bring refugees safely into our country. We also ask that any legislation dealing with refugees not cut off support to the states as we resettle these people.

This isn't the first time that this country has had boat people come to its shores. In May 1939, a ship carried 900 German Jews to find refuge from the holocaust. They were refused entry by Cuba, Colombia, Italy, and the United States. They returned to Europe to perish in Nazi death camps. This is a lesson that should have been learned, and I hope it has been learned. I move the adoption of this policy statement.

Governor Busbee: The motion is on adoption. All those in favor?

All opposed?

It is unanimously adopted.

I would like to take this chance to announce that Secretary of State Vance has issued a special invitation to two of the governors, Bob Ray and Brendan Byrne, to the International Conference on Indochina Refugees in Geneva on July 20. We are delighted to hear it.

Chairman Carroll: Thank you very much, Governor Busbee. And I want to personally thank the other committee chairmen. I think we have had a very productive morning.

Now I would like for you to adopt the revised articles of organization and rules of procedure for the National Governors' Association and the National Governors' Association Center for Policy Research. The Executive Committee voted unanimously in February to recommend the adoption of these documents. If you have any questions, of course, we would be happy to try to respond to them.

If not, we would like to ask the immediate consideration of those changes.

Do you have a motion that may be adopted?

Governor Busbee: So moved.

Chairman Carroll: A second?

Governor Bowen: Second.

Chairman Carroll: Is there any discussion?

If not, all those in favor, let it be known by "aye."

Opposed, "no."

The "ayes" have it and it is so ordered.

We come now to a review of state initiatives to assist distressed communities, large and small, urban and rural. I would like to call on Governor Riley to introduce our guest.

STATE INITIATIVES TO ASSIST DISTRESSED COMMUNITIES

Governor Riley: It is my honor to introduce the former mayor of New York City. Abe Beame served as mayor of New York from 1974 to 1978. During this period, he guided the city through turbulent financial and economic times with dedication and perseverance. Since his tenure as mayor, Abe Beame has continued his active concern for and commitment to our nation's cities, towns, and counties. He is here today as chairman of the Advisory Commission on Intergovernmental Relations [ACIR], a position he was appointed to by President Carter and a position of great importance to all of us who are actively involved in the day-to-day operation of governing.

Chairman Beame, I can think of no more appropriate person to discuss what the states have done and are doing to aid our local communities. I believe, and as I know you and ACIR believe, states do have a vital role in the conservation and development of our cities, towns, and counties.

Governors Snelling, Dalton, and Babbitt and I, as members of ACIR, respect you as a fair and capable chairman. On behalf of the National Governors' Association, I welcome you today at our table.

Abraham Beame: Thank you very much, Governor Riley and distinguished governors. I am very pleased and privileged to be with you today. I am sure you know it isn't often that a former mayor comes before governors to praise, not criticize, them. I want to thank the past and present gubernatorial members of the commission for their outstanding contributions to its work.

I welcome the opportunity to speak to you today on a subject of great importance to governors and to local officials of this country. That subject is state assistance for local development problems, both urban and rural. As a public official of the nation's largest city until recently, I can attest to the fact that state officials are crucial anchors in determining the growth potential of cities, counties, and towns. So it seems entirely fitting today to discuss ACIR's new report on state, urban, and rural development policies and programs. This report, which has been distributed to the governors and others, is entitled

"State Community Assistance Initiatives" and reveals that the states are key innovators in spurring local economies.

The report discloses that over the past two years, the fifty states have created a variety of programs aimed at stimulating local economies. There were four significant observations about the program. First, physical development and job formation are the primary objectives of many state programs. Second, public/private cooperation is a central ingredient in a number of state efforts resulting in leveraging private investments. Third, citizen input in designing urban and rural development strategies is an important element found in many state programs. And finally, states are using a variety of powers to affect local growth patterns, such as constructing state facilities in needier urban centers and using tax credits and abatements to attract industry to depressed communities.

In short, ACIR's newest research on the community aid front shows that the states are playing a valuable role in revitalizing and assisting their distressed local governments. It is in recognition of these state accomplishments that ACIR has formally recommended that the administration support and that Congress renew the general revenue sharing program, retaining state governments as full recipients of general revenue sharing aid. If the states were to lose general revenue sharing, we know that the hardest pressed states would find it difficult to maintain current levels of general aid to their local governments and to move ahead with their economic and community development initiatives.

The report details all the activities that the fifty states have engaged in in the areas of economic development, community development, and housing. In 1978 alone, for example, in economic development, states have authorized local governments to create nonprofit development corporations. They have expanded local industrial development bonding capabilities. They have revitalized central-city manufacturing facilities and industrial sites to create tens of thousands of jobs and to leverage private investment. They have initiated custom job training programs to meet the needs of specific industries, and funded agricultural and tourism developmental ventures among many others.

In community development and housing, in 1978 alone, the states funded erosion and flood control projects, port and harbor facilities, highways, ferries, and airports; created housing finance agencies; expanded borrowing capacities of existing housing financing agencies; provided low-cost interest construction loans to developers; and made surplus state lands available for low-cost housing sites.

The involvement of states is particularly crucial to serve community needs that are so diverse across this broad nation. In fact, one

of the most striking findings of ACIR's state urban policy research is the extent to which state governments are fashioning aid programs that meet distinctive regional needs. For example, the Northeast and North Central states have directed their local assistance efforts primarily toward older central cities. The Southeast and South Central states have focused on the development needs of rural communities and small towns. The states of the Far West, Southwest, Rocky Mountains, and Northern Plains are addressing difficulties associated with rapid economic growth.

This diversity, this pluralistic approach, is the strength of state/community aid efforts. State governments are meeting a variety of local concerns that are not fully addressed by federal development programs. The states in some cases are acting in advance of Washington.

There is abundant evidence that our federal system draws its vitality from its diversity and that consequently the states play critical roles as laboratories for national problem solving and as full partners in the system.

In short, ACIR's report documents that the states have recently made noteworthy strides in the economic and community development fields. While much remains to be done, we found a marked upswing in community aid activity during 1977 and 1978, a heightened awareness among state officials of the need for strong local economies and capital investment, and an impressive amount of innovation. In many states, a durable framework for future local development actions has now been established.

And so, looking ahead, the real resources available to local governments will probably continue to shrink as a result of the slowing of the national economy, Proposition 13 pressures, and the brakes on federal aid due to the drive for balancing the federal budget. A major salvation for local governments is to strengthen their economies through economic and community development programs. In these fields, the states have demonstrated that they can make major contributions and they, too, rightfully reap the fiscal and employment benefits therefrom.

As a former mayor, I commend your accomplishments and urge you to continue to spearhead reforms and to build on your past efforts on behalf of your urban and rural communities.

Thank you very much.

Chairman Carroll: I apologize for overlooking one Executive Committee resolution. It proposes a national holiday for the birthday of Dr. Martin Luther King, Jr.

Thus, the matter is before you. Do I hear a motion?

Governor Dalton: Move we adopt the amendment.

Chairman Carroll: The motion is we adopt the amended position. Is there a second to that motion?

Governor Link: Second.

Chairman Carroll: The motion is seconded. Is there discussion of the motion?

If not, all those in favor let it be known by saying "aye."

Opposed, "no."

The "ayes" have it, and the amendment is adopted.

We now take the same motion and second to adopt the resolution.

All those in favor let it be known by saying "aye."

Opposed, "no."

The "ayes" have it, and the resolution is adopted.

I would now like to call on Governor George Busbee, chairman of the Nominating Committee, to give a report of the nomination of the 1979-80 chairman and Executive Committee. The Nominating Committee consists of Governor Lamm, Governor Ray, Governor duPont, and Governor Snelling.

REPORT OF THE NOMINATING COMMITTEE

Governor Busbee: After long hours of deliberation last evening, your nominating committee has come up with the following slate: Governor Bowen, chairman; Governor Dixy Lee Ray, Governor Tom Judge, Governor John Carlin, Governor Joseph Brennan, Governor Julian Carroll, Governor Bill Milliken, Governor Bob Ray, and Governor John Dalton, the Executive Committee, with the understanding that upon the expiration of Governor Carroll's term, Governor George Nigh will succeed him.

That is our recommendation, and I so move.

Chairman Carroll: You have heard that recommendation and motion of the Nominating Committee. Is there a second?

Governor Link: Second.

Chairman Carroll: Are there any further nominations?

If not, I will call for a vote. All those in favor let it be known by saying "aye."

Opposed, "no."

The "ayes" have it.

Governor Bowen, congratulations to you. If you will please come forward, I will be happy to give you the gavel.

Let me say that I have worked extensively with Doc Bowen during this conference in handing over the leadership of the association. No

governor in this conference is more capable of handling the affairs of this association than Otis Bowen.

Otis, our personal congratulations to you, and I hope you have a good year.

REMARKS BY NEW CHAIRMAN

Governor Bowen: Thank you very much, Governor Carroll. I am indeed honored that you have elected me chairman of the National Governors' Association.

My first act is to honor our outgoing chairman. This plaque, Governor Carroll, is a token of NGA's appreciation for your efforts as chairman. Thank you very much and congratulations.

Chairman Carroll: Thank you.

Governor Bowen: I look forward with genuine enthusiasm to a year as NGA chairman. This association, which we have worked to strengthen in recent years, today is a highly respected policy instrument for the nation's governors.

During my six-and-a-half years as governor, I have seen NGA's strength and capacity rise dramatically. The single most important factor in this development has been the personal commitment of you as governors to the work of the association, the work of its committees and subcommittees and its task forces.

Continuing commitment by each governor is extremely important in the coming year. Our meeting here in Louisville has clearly demonstrated that there are major challenges ahead for us as chief executives of our states and as members of NGA. I look forward to working personally and closely with each of you as we address those challenges. I also relish the opportunity to work with Steve Farber and the NGA's excellent and hard-working staff, who do an outstanding job for us on a day-in and day-out basis.

Three governors are ending their participation in annual NGA meetings with this session, and I want to recognize them briefly. We will miss their input in future meetings because they have transcended party philosophy and region to become our friends.

Edwin Edwards, governor of Louisiana, who is unable to be here, is completing his eighth and final year in office. He is a forceful and effective spokesman for his state's independence. Governor Edwards has been an expert in energy as chairman of the NGA Subcommittee on Oil and Gas. He also is the current chairman of the Southern Governors' Association. To these and many other tasks, he has brought enthusiasm and a remarkable sense of humor.

Cliff Finch, governor of Mississippi, is completing his fourth and

final year in office. He has been deeply interested in economic development. While chairman of the NGA Subcommittee on International Trade, he represented the association in a top-level trade delegation to Japan. He also serves as chairman of the Subcommittee on Employment and Training and has been a forceful advocate of expanding job training and development.

Julian Carroll, governor of Kentucky, is completing his fifth and final year in office. Governor Carroll has made a significant contribution to NGA as chairman of the Committee on Natural Resources and Environmental Management during a period of unprecedented activity and as your chairman for 1978-79.

Governor Carroll and Charlann, the hospitality extended to us at this meeting is deeply appreciated by everyone.

So we are grateful to Governors Carroll, Finch, and Edwards for their contributions to NGA's good work. I ask the two governors present to please come forward to receive the certificates that we have for them.

Earlier in these remarks, I noted that each of us as governors face major challenges in the near future. A few of those challenges may be peculiar to a single state or to a region. Most, however, reach beyond state or regional lines and are national in scope.

Our most significant problems today are domestic. Inflation and the energy crunch, with the latter feeding the former, are just two of a long, long list. Another is the growing possibility of a recession. But in listing these problems, I do not intend to try to fix blame for them. Just as our major problems transcend state and regional boundaries, so also does the urgency of dealing with them transcend politics.

Inflation, prices of petroleum products and their scarcity, and a possible economic decline are issues that affect every American. It makes no difference whether individual Americans affected by them are Republicans, Democrats, independents, or something else. We all suffer together from their effects.

I suggest that members of this association, whether they be Democrat or Republican, be more involved in the process by which policies affecting our nation and its people are devised. As an association, NGA has become increasingly more active as a spokesman on national policy. The White House and Congress propose, but what emerges as a compromise from the process more often than not is something viewed with suspicion on all sides.

Without quibbling over which political party gets credit or blame, what we need is a consensus to which all of us can subscribe, a consensus about the national directions which will be in the best interests of all of our people.

Too often, governmental hardening of the arteries prevents us from making decisions when they are clearly in order. Such delays compound our problems and permit the difficulty of addressing our problems in a clear-cut fashion. They create distrust of government as an institution and contribute to apathy and discord.

This classification of governmental decision-making processes frequently forces us to fall back on partial decisions which disregard the whole to deal with only a part. Any sense of direction is lost because our sense of direction then is unclear.

As a nation, we then just drift along partially paralyzed by our inability to agree on much of anything. More often, the decisions made at the national level involving national policy must at some point be implemented. More often than not, this implementation occurs at the state and local levels by state and local governments.

Fuzzy or contradictory signals from Congress and the federal government result in fuzzy performance by states and localities. So we must change that, and NGA can be one of the vehicles for such change.

In his Camp David discussions, President Carter currently is attempting to find a consensus in the areas of energy, inflation, and the economy. We expect to hear the results of his meetings and deliberations in the very near future. I strongly feel that where there is agreement on his recommendations that Congress and the administration should move ahead on them with dispatch. And we, as governors, should support them.

However, where there is disagreement, we should be equally willing to express our opposition and state the reasons for it. To do less is to fail the people of our states and our nation.

Naturally, I hope the president will continue to include members of this association in a major role in the formative stages of national policy-making decisions and deliberations. Our membership includes men and women of talent with an abundance of experience in coping with complex and difficult problems. That is a resource which should be fully utilized.

As your new chairman, I pledge to encourage the president and Congress to provide governors with that kind of participation. I also pledge my best efforts in working with you as individuals and working with the administration and Congress in the difficult months ahead.

Thank you very much.

Is there further business to come before the association?

Any other announcements or any comments?

If not, we declare this session adjourned.

APPENDIXES

Appendix I

THE GOVERNORS, JULY 1979

State or Jurisdiction	Governor	Regular Term, in Years	Present Term began January	Number of Previous Terms	Max. Conse- cutive Terms Allowed by Constitution
Alabama	Forrest H. James, Jr. (D)	4	1979	—	2
Alaska	Jay S. Hammond (R)	4	1978(a)	1	2
American Samoa	Peter T. Coleman	4(b)	1978	1(c)	2
Arizona	Bruce E. Babbitt (D)	4	1979	(d)	—
Arkansas	Bill Clinton (D)	2	1979	—	—
California	Edmund G. Brown, Jr. (D)	4	1979	1	—
Colorado	Richard D. Lamm (D)	4	1979	1	—
Connecticut	Ella T. Grasso (D)	4	1979	1	—
Delaware	Pierre S. du Pont IV (R)	4	1977	—	2(e)
Florida	D. Robert Graham (D)	4	1979	—	2
Georgia	George Busbee (D)	4	1979	1	2
Guam	Paul Calvo (R)	4	1979	—	2
Hawaii	George R. Ariyoshi (D)	4	1978(f)	1	2
Idaho	John V. Evans (D)	4	1979	(g)	—
Illinois	James R. Thompson, Jr. (R)	4	1979	1(h)	—
Indiana	Otis R. Bowen (R)	4	1977	1	2
Iowa	Robert D. Ray (R)	4	1979	4(i)	—
Kansas	John Carlin (D)	4	1979	—	2
Kentucky	Julian M. Carroll (D)	4	1975(j)	(k)	(l)
Louisiana	Edwin Edwards (D)	4	1976(m)	1	2
Maine	Joseph E. Brennan (D)	4	1979	—	2
Maryland	Harry Hughes (D)	4	1979	—	2
Massachusetts	Edward J. King (D)	4	1979	—	—
Michigan	William G. Milliken (R)	4	1979	3(n)	—
Minnesota	Albert H. Quie (R)	4	1979	—	—
Mississippi	Cliff Finch (D)	4	1976	—	(l)
Missouri	Joseph P. Teasdale (D)	4	1977	—	2(e)
Montana	Thomas L. Judge (D)	4	1977	1	—
Nebraska	Charles Thone (R)	4	1979	—	2
Nevada	Robert F. List (R)	4	1979	—	2
New Hampshire	Hugh Gallen (D)	2	1979	—	—
New Jersey	Brendan T. Byrne (D)	4	1978	1	2
New Mexico	Bruce King (D)	4	1979	1(o)	(l)
New York	Hugh L. Carey (D)	4	1979	1	—
North Carolina	James B. Hunt, Jr. (D)	4	1977	—	2(e)
North Dakota	Arthur A. Link (D)	4	1977	1	—
Northern Mariana Is.	Carlos S. Camacho	4	1978(p)	—	3(q)
Ohio	James A. Rhodes (R)	4	1979	3(r)	2
Oklahoma	George Nigh (D)	4	1979	2(s)	2
Oregon	Victor Atiyeh (R)	4	1979	—	2
Pennsylvania	Richard L. Thornburgh (R)	4	1979	—	2
Puerto Rico	Carlos Romero-Barceló (NPP)	4	1977	—	—
Rhode Island	J. Joseph Garrahy (D)	2	1979	1	—
South Carolina	Richard W. Riley (D)	4	1979	—	(l)
South Dakota	William J. Janklow (R)	4	1979	—	2
Tennessee	Lamar Alexander (R)	4	1979	—	2
Texas	William P. Clements, Jr. (R)	4	1979	—	—
Utah	Scott M. Matheson (D)	4	1977	—	—
Vermont	Richard A. Snelling (R)	2	1979	1	—
Virginia	John N. Dalton (R)	4	1978	—	(l)
Virgin Islands	Juan F. Luis (I)	4	1979	(t)	2
Washington	Dixy Lee Ray (D)	4	1977	—	—
West Virginia	John D. Rockefeller IV (D)	4	1977	—	2
Wisconsin	Lee S. Dreyfus (R)	4	1979	—	—
Wyoming	Ed Herschler (D)	4	1979	1	—

- (l) **Independent.**
- (NPP) **New Progressive Party.**
- (a) Alaska Constitution specifies first Monday in December as Inauguration Day.
- (b) 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.
- (c) Governor Coleman served as presidentially appointed Governor from 1956 to 1961.
- (d) Governor Babbitt, as attorney general, became Governor in March 1978, following the death of Governor Wesley Bolin. Elected to full four-year term in November 1978.
- (e) Absolute two-term limitation, but not necessarily consecutive.
- (f) Hawaii Constitution specifies first Monday in December as Inauguration Day.
- (g) Governor Evans, as Lieutenant Governor, became Governor in January 1977, when Governor Cecil D. Andrus resigned to become secretary of the interior. Elected to full four-year term in November 1978.
- (h) Two-year term.
- (i) Three two-year terms.
- (j) December 1975.
- (k) 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.
- (l) Governor cannot serve immediate successive term.
- (m) May 1976.
- (n) Governor Milliken also served a prior partial term.
- (o) Previous term, 1971-75.
- (p) 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.
- (q) Absolute three-term limitation, but not necessarily consecutive.
- (r) Previous terms, 1963-67; 1967-71; 1975-79.
- (s) Governor Nigh, as Lieutenant Governor, filled two unexpired terms of Governors who resigned, once in 1963 and once in early 1979.
- (t) Governor Luis, as Lieutenant Governor, became Governor in January 1978, upon the death of Governor Cyril E. King. Elected to full four-year term in November 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. All members shall have voting rights, but there shall be no voting by proxy.

Article II

DURATION

Deleted.

Article III

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 IV

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 V

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 VI

EXECUTIVE COMMITTEE

The Board of Directors of the National Governors' Association, which shall be known as the Executive Committee, 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 VII

EXECUTIVE DIRECTOR, SECRETARY AND TREASURER

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 chief executive officer of the Association. He shall exercise such duties as customarily pertain to the office of the President, and shall be responsible for the general and active management of the property, business and affairs of the Association, subject to the supervision and control of the Executive Committee.

The Executive Director is also empowered to employ and fix the salary of the Secretary of the Association, who shall serve at the pleasure of the Executive Director. The Secretary of the Association 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 duties which are customarily incident to the office of Secretary and as required by these Articles, the By-laws and the Executive Committee.

The Secretary, subject to direction and oversight by the Executive Committee, shall also serve as Treasurer of the Association at the pleasure of the Executive Director. 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 Director 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. The Treasurer shall perform all duties as are customarily incident to the office of Treasurer and as required of him by these Articles, the By-laws and the Executive Committee. 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, and which may or may not appear in the Association's By-laws.

The Executive Director and Secretary shall furnish a bond with sufficient sureties conditioned for the faithful performance of their duties, the cost of such bond to be borne by the Association.

Article VIII

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 IX

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 X

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 XI

AMENDMENTS

The Association at any meeting may amend these Articles of Incorporation by a two-thirds vote of all members present and voting. Notice as provided for in the District of Columbia Non-Profit Corporation Act shall be given to all members and said notice shall advise of the specific proposed amendments, together with an explanatory statement regarding the proposed amendments.

Article XII

SUSPENSION

Any article of procedure for conducting the business of the Association, which articles of procedure are specified and set forth in the By-laws of the Association, may be suspended by a three-fourths vote of all members present and voting at the meeting wherein the article of procedure is sought to be suspended.

Article XIII

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.

Article XIV
INCORPORATORS

(List of incorporators is on file in the offices of the Association.)

Article XV
REGISTERED OFFICE AND ADDRESS

The name of the registered agent and the address of the registered office is: William J. Bigham, Sterns, Herbert & Weinroth, P.A., Suite 600, 1150 Seventeenth Street, N.W., Washington, D.C., 20036.

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 IX 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. 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 IX, 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—SUSPENSION OF RULES

1. These Rules of Procedure may be suspended by a three-fourths vote of all members present and voting at the meeting wherein the rule of procedure is sought to be suspended.

Appendix IV

FINANCIAL REPORT

COMBINING BALANCE SHEET

June 30, 1979

<u>Assets</u>	National Governors' Association Undesignated	National Governors' Association Designated	Restricted	National Governors' Association Center for Policy Research	Combined Total
Current assets:					
Equity in (obligation to) pooled cash and investments	\$(106,162)	\$2,167,893	\$46,951	\$(428,856)	\$1,679,826
Receivables:					
Grants and contracts	—	—	12,046	614,443	626,489
Royalties	—	24,000	—	—	24,000
State dues	5,100	—	—	—	5,100
Other	9,459	—	—	7,185	16,644
Total receivables	14,559	24,000	12,046	621,628	672,233
Prepaid Expenses	4,430	—	—	—	4,430
Total current assets	(87,173)	2,191,893	58,997	192,772	2,356,489
Advances to joint venture	117,336	—	—	—	117,336
Property and equipment at cost:					
Furniture and equipment	265,950	—	—	—	265,950
Leasehold improvements	25,232	—	—	—	25,232
	291,182	—	—	—	291,182
Less accumulated depreciation and amortization	44,866	—	—	—	44,866
Net property and equipment	246,316	—	—	—	246,316
	<u>\$ 276,479</u>	<u>\$2,191,893</u>	<u>\$58,997</u>	<u>\$ 192,772</u>	<u>\$2,720,141</u>
<u>Liabilities and Equity</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 172,063	—	—	\$ 98,232	\$ 270,295
Advances on grants and contracts in progress in excess of related costs	—	—	58,997	101,415	160,412
Total current liabilities	172,063	—	58,997	199,647	430,707
Equity (deficit)	104,416	2,191,893	—	(6,875)	2,289,434
	<u>\$ 276,479</u>	<u>\$2,191,893</u>	<u>\$58,997</u>	<u>\$ 192,772</u>	<u>\$2,720,141</u>

STATEMENT OF REVENUE AND PROGRAM EXPENSES
July 1, 1978 — June 30, 1979

	National Governors' Association						NGA Center for Policy Research		Combined Total	
	Undesignated		Designated		Restricted		Budget	Actual	Budget	Actual
	Budget	Actual	Budget	Actual	Budget	Actual				
Beginning Fund Balance (Deficit)	\$ 369,750	351,922	\$1,986,000	1,984,563			\$ (35,750)	(35,963)	\$2,320,000	2,300,522
Revenue:										
Dues from the states	1,054,900	1,056,350	—	—	—	—	—	—	1,054,900	1,056,350
Interest	26,000	30,671	140,000	154,755	—	—	—	—	166,000	185,426
Royalties	—	—	231,800	207,330	—	—	—	—	231,800	207,330
Publication sales	6,000	2,713	—	—	—	—	7,000	9,274	13,000	11,987
Registration fees	30,000	53,858	—	—	—	30,904	—	26,173	30,000	110,935
Services fee from the states	—	—	—	—	235,900	117,524	—	—	235,900	117,524
Grants and contracts	—	—	—	—	35,000	27,043	2,571,359	2,504,751	2,606,359	2,531,794
Transfers from NGA	(80,600)	(80,600)	(140,000)	(154,755)	—	—	220,600	235,355	—	—
Miscellaneous	—	2,745	—	—	—	—	—	—	—	2,745
Total revenue	\$1,036,300	1,065,737	\$ 231,800	207,330	\$270,900	175,471	\$2,798,959	2,775,553	\$4,337,959	4,224,091

Program Expenses:

Agriculture	\$ 59,050	21,134	—	—	\$ 35,000	27,043	—	—	\$ 94,050	48,177
Community and economic development	63,300	79,795	—	—	—	—	142,025	61,014	205,325	140,809
Criminal justice and public protection	60,100	32,465	—	—	—	—	429,252	347,348	489,352	379,813
Executive management and fiscal affairs	94,850	129,753	—	—	—	—	451,248	509,642	546,098	639,395
Human resources	151,900	145,569	—	—	235,900	136,382	459,309	547,437	847,109	829,388
Natural resources and environmental management	154,100	166,836	—	—	—	—	737,617	722,201	891,717	889,037
Transportation, commerce and technology, and International trade and foreign relations	90,000	97,053	—	—	—	12,046	267,717	245,507	357,717	354,606
State-federal relations	130,700	115,187	—	—	—	—	—	—	130,700	115,187
State-local relations	45,200	46,384	—	—	—	—	—	—	45,200	46,384
Chairman	30,000	23,225	—	—	—	—	—	—	30,000	23,225
Public affairs	144,400	176,946	—	—	—	—	—	—	144,400	176,946
Publication coordination	82,050	52,515	—	—	—	—	—	—	82,050	52,515
Annual meeting	130,150	145,204	—	—	—	—	—	—	130,150	145,204
Winter meeting	36,650	55,985	—	—	—	—	—	—	36,650	55,985
Center research and management	—	—	—	—	—	—	288,991	313,316	288,991	313,316
Under allocated overhead	—	25,192	—	—	—	—	—	—	—	25,192
Total Expenses	1,272,450	1,313,243	—	—	270,900	175,471	2,776,159	2,746,465	4,319,509	4,235,179
Excess revenue (expense)	(236,150)	(247,506)	231,800	207,330	—	—	22,800	29,088	18,450	(11,088)
Ending fund balance (deficit)	\$ 133,600	104,416	\$2,217,800	2,191,893	\$ —	—	\$ (12,950)	(6,875)	\$2,338,450	2,289,434

Appendix V

ANNUAL MEETINGS OF THE NATIONAL GOVERNORS' ASSOCIATION

1st	Washington, D.C.	May 13-15	1908
2nd	Washington, D.C.	January 18-20	1910
3rd	Frankfort and Louisville, Kentucky	Nov. 29-Dec. 1	1910
4th	Spring Lake, New Jersey	September 12-16	1911
5th	Richmond, Virginia	December 3-7	1912
6th	Colorado Springs, Colorado	August 26-29	1913
7th	Madison, Wisconsin	November 10-13	1914
8th	Boston, Massachusetts	August 24-27	1915
9th	Washington, D.C.	December 14-16	1916
10th	Annapolis, Maryland	December 16-18	1918
11th	Salt Lake City, Utah	August 18-21	1919
12th	Harrisburg, Pennsylvania	December 1-3	1920
13th	Charleston, South Carolina	December 5-7	1921
14th	White Sulphur Springs, West Virginia	December 14-16	1922
15th	West Baden, Indiana	October 17-19	1923
16th	Jacksonville, Florida	November 17-18	1924
17th	Poland Springs, Maine	June 29-July 1	1925
18th	Cheyenne, Wyoming	July 26-29	1926
19th	Mackinac Island, Michigan	July 25-27	1927
20th	New Orleans, Louisiana	November 20-22	1928
21st	New London, Connecticut	July 16-18	1929
22nd	Salt Lake City, Utah	June 30-July 2	1930
23rd	French Lick, Indiana	June 1-2	1931
24th	Richmond, Virginia	April 25-27	1932
25th	Sacramento and San Francisco, California	July 24-26	1933
26th	Mackinac Island, Michigan	July 26-27	1934
27th	Biloxi, Mississippi	June 13-15	1935
28th	St. Louis, Missouri	November 16-18	1936
29th	Atlantic City, New Jersey	September 14-16	1937
30th	Oklahoma City, Oklahoma	Sept. 26-28	1938
31st	Albany and New York, New York	June 26-29	1939
32nd	Duluth, Minnesota	June 2-5	1940
33rd	Boston and Cambridge, Massachusetts	June 29-July 2	1941
34th	Asheville, North Carolina	June 21-24	1942
35th	Columbus, Ohio	June 20-23	1943
36th	Hershey, Pennsylvania	May 28-31	1944

37th	Mackinac Island, Michigan	July 1-4	1945
38th	Oklahoma City, Oklahoma	May 26-29	1946
39th	Salt Lake City, Utah	July 13-16	1947
40th	Portsmouth, New Hampshire	June 13-16	1948
41st	Colorado Springs, Colorado	June 19-22	1949
42nd	White Sulphur Springs, West Virginia	June 18-21	1950
43rd	Gatlinburg, Tennessee	Sept. 30-Oct. 3	1951
44th	Houston, Texas	June 29-July 2	1952
45th	Seattle, Washington	August 2-6	1953
46th	Lake George, New York	July 11-14	1954
47th	Chicago, Illinois	August 9-12	1955
48th	Atlantic City, New Jersey	June 24-27	1956
49th	Williamsburg, Virginia	June 23-26	1957
50th	Bal Harbour, Florida	May 18-21	1958
51st	San Juan, Puerto Rico	August 2-5	1959
52nd	Glacier National Park, Montana	June 26-29	1960
53rd	Honolulu, Hawaii	June 25-28	1961
54th	Hershey, Pennsylvania	July 1-4	1962
55th	Miami Beach, Florida	July 21-24	1963
56th	Cleveland, Ohio	June 6-10	1964
57th	Minneapolis, Minnesota	July 25-29	1965
58th	Los Angeles, California	July 4-7	1966
59th	S.S. Independence and Virgin Islands	October 16-24	1967
60th	Cincinnati, Ohio	July 21-24	1968
61st	Colorado Springs, Colorado	Aug. 31-Sept. 3	1969
62nd	Lake of the Ozarks, Missouri	August 9-12	1970
63rd	San Juan, Puerto Rico	September 12-15	1971
64th	Houston, Texas	June 4-7	1972
65th	Lake Tahoe, Nevada	June 3-6	1973
66th	Seattle, Washington	June 2-5	1974
67th	New Orleans, Louisiana	June 8-11	1975
68th	Hershey, Pennsylvania	July 4-6	1976
69th	Detroit, Michigan	September 7-9	1977
70th	Boston, Massachusetts	August 27-29	1978
71st	Louisville, Kentucky	July 8-10	1979

Appendix VI

CHAIRMEN OF THE NATIONAL GOVERNORS' ASSOCIATION 1908-1979*

Governor Augustus E. Willson, Kentucky	1910
Governor Francis E. McGovern, Wisconsin	1911-14
Governor David I. Walsh, Massachusetts	1914-15
Governor William Spry, Utah	1915-16
Governor Arthur Capper, Kansas	1916-17
Governor Emerson C. Harrington, Maryland	1918
Governor Henry J. Allen, Kansas	1919
Governor William C. Sproul, Pennsylvania	1919-22
Governor Channing H. Cox, Massachusetts	1922-24
Governor E. Lee Trinkle, Virginia	1924-25
Governor Ralph O. Brewster, Maine	1925-27
Governor Adam McMullen, Nebraska	1927-28
Governor George H. Dern, Utah	1928-30
Governor Norman S. Case, Rhode Island	1930-32
Governor John G. Pollard, Virginia	1932-33
Governor James Rolph, Jr., California	1933-34
Governor Paul V. McNutt, Indiana	1934-36
Governor George C. Peery, Virginia	1936-37
Governor Robert L. Cochran, Nebraska	1937-39
Governor Lloyd C. Stark, Missouri	1939-40
Governor William H. Vanderbilt, Rhode Island	1940-41
Governor Harold E. Stassen, Minnesota	1941-42
Governor Herbert R. O'Connor, Maryland	1942-43
Governor Leverett Saltonstall, Massachusetts	1943-44
Governor Herbert B. Maw, Utah	1944-45
Governor Edward Martin, Pennsylvania	1945-46
Governor Millard F. Caldwell, Florida	1946-47
Governor Horace A. Hildreth, Maine	1947-48
Governor Lester C. Hunt, Wyoming	1948
Governor William P. Lane, Jr., Maryland	1949
Governor Frank Carlson, Kansas	1949-50
Governor Frank J. Lausche, Ohio	1950-51
Governor Val Peterson, Nebraska	1951-52
Governor Allan Shivers, Texas	1952-53
Governor Dan Thornton, Colorado	1953-54
Governor Robert F. Kennon, Louisiana	1954-55
Governor Arthur B. Langlie, Washington	1955-56

* At the initial meeting in 1908, President Theodore Roosevelt presided.

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
Governor Otis R. Bowen, M.D., Indiana	1979-80

Appendix VII

APPROVED POLICY STATEMENTS

Note: The following policy statements represent new positions adopted by the governors at their 1979 annual meeting and revised versions of previously adopted positions incorporating amendments adopted at the meeting. The policy positions contained in *Proceedings of the National Governors' Association, 1978* remain in force except where amended by the following statements.

Criminal Justice and Public Protection

A. - 1

ADMINISTRATION AND IMPLEMENTATION OF THE LAW ENFORCEMENT ASSISTANCE PROGRAM

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 and its subsequent amendments. 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 have set an outstanding example which could well be emulated by other federal departments.

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

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

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

The success, momentum, and thrust of the LEAA program has been jeopardized and undermined by the failure to appoint strong and effective federal leadership. The National Governors' Association commends the appointment of an administrator of LEAA and pledges its full support to that individual in carrying out the purposes of the program.

The National Governors' Association recommends that Congress appropriate the Administration's level of \$546 million for the LEAA program, which includes \$310 million of formula funds for state crime control programs beginning October 1, 1979.

Revised July 1979.

PREVENTION AND CONTROL OF JUVENILE DELINQUENCY

The National Governors' Association believes that greater emphasis should be placed on coordinating and planning services for the prevention, control, and treatment of juvenile delinquency. Each state should strengthen its commitment to this effort by emphasizing programs to build better families, schools, and community services.

The Association commends Congress for enacting the Juvenile Justice and Delinquency Prevention Act (PL 93-415) of 1974. The act provided resources for developing programs in juvenile delinquency and treatment.

Because the problems caused by juvenile delinquency continue, the National Governors' Association urges Congress to incorporate the following principles when it works on the reauthorization of the Juvenile Justice and Delinquency Prevention Act:

1. The act should maintain the Office of Juvenile Justice and Delinquency Prevention within the Law Enforcement Assistance Administration. The director of OJJDP should report to the administrator of LEAA.
2. There should be parallel authorization periods with the Law Enforcement Assistance Act. This would help states to assess, manage, and implement all criminal justice programs during a reauthorization cycle.
3. The "adequate assistance" provision that applies to courts and corrections should apply to all components of the criminal justice system including juvenile justice.
4. The state agency designated by the Governor to develop a state's criminal and juvenile justice plan should coordinate all juvenile justice programs. No program should be funded directly under the act without the advice and comments of this agency.
5. Discretionary grants should provide an equitable share of funds to rural and urban states for the development of juvenile justice programs.
6. The legislation should direct the Office of Juvenile Justice and Delinquency Prevention to ensure that rules, regulations, definitions, and responsibilities pursuant to the act are reasonable and consider the impact on the states. Furthermore, they should be designed to encourage full participation in the program by all states.

Adopted July 1979.

HAZARDOUS MATERIALS EMERGENCY RESPONSE MANAGEMENT

Hazardous materials accidents are increasing dramatically throughout the United States. Numerous sizable emergencies such as trucking and railroad accidents or storage explosions occur daily. Although serious emergencies affecting large numbers of people and large amounts of property have been rare, the potential for such accidents is great.

Proper and quickly applied response measures may help to contain a serious incident and minimize risks to life, property, and the environment. Conversely, improper measures can turn a controllable incident into a catastrophe.

Correct and immediate action by the local response unit (often a fire department or the highway patrol) is vital. The first arriving unit must be able to identify the hazardous cargo and act knowledgeably and quickly, because usually there is no time to wait for technical experts to arrive. Therefore, training and coordination of local response units to provide them adequate technical information and resources is paramount.

The National Governors' Association commends the many efforts of various federal agencies, associations, industries, inter-agency and inter-industry task forces, universities, and public interest groups to address various aspects of training, commodity identification and communication problems related to hazardous materials accident management. The multiplicity of hazardous materials, types of emergencies and organizations involved, however, presents a serious management problem, and the National Governors' Association notes that efforts are often uncoordinated and fragmented.

The National Governors' Association urges the President to designate the director of the new Federal Emergency Management Agency to coordinate the efforts of all federal agencies with programs addressing hazardous materials emergency response training, commodity identification and communications to eliminate program gaps and overlaps and to effect cost savings among participants. Such coordination could also facilitate creation of a productive national reporting system to disseminate the results of field experience in handling incidents, evaluate community, state, and national emergency management, and capitalize on available expertise. This vital coordination role is in keeping with FEMA's mandate.

The Association urges public interest groups and industry to coordinate their efforts through the Federal Emergency Management Agency. The Association also urges Congress to facilitate such coordination in any new emergency management legislation it enacts.

Adopted July 1979.

Executive Management and Fiscal Affairs

B. - 1

GENERAL REVENUE SHARING

The National Governors' Association reaffirms its position in support of the General Revenue Sharing Program to the states. The program embodies the reform principles to which the Governors and the Advisory Commission on Intergovernmental Relations believe the federal system of intergovernmental aid should conform.

General revenue sharing has been a successful experiment in promoting state and local initiatives to meet important program goals and to advance national priorities. Almost two-thirds of the funds allocated to the states in 1979 are spent for education, social services, and tax relief. Approximately 40 percent of state revenue sharing funds are passed through to local units of government.

The Governors oppose any proposal that eliminates states' eligibility for revenue sharing funds, that significantly restricts the flexibility of recipients to determine the purposes for which funds shall be spent, or that requires annual authorization and/or appropriations for the program.

Adopted July 1979.

B. - 18

MANAGEMENT IMPROVEMENT AND PRODUCTIVITY IN STATE GOVERNMENTS

Executive training and development activities are crucial elements in overall programs to improve the operation of state governments. If states are to respond to the national need for increased productivity, state managers and executives must be equipped with the general management skills they need to carry out their increasingly complex responsibilities. The National Governors' Association therefore recommends that states develop management and executive training and development programs.

The Intergovernmental Personnel Act is a major force for the creation and development of innovative approaches to personnel management in state and local governments. IPA fosters nationwide intergovernmental cooperation, coordination, and information sharing, thus reducing duplication of effort and fostering more efficient resource allocation. IPA finances developmental work in personnel programs which would otherwise be beyond the means of state and local governments. Relatively few IPA resources, however, have been devoted to programs at the management and executive levels. For this reason, NGA recommends expansion of the IPA grant program to include general

management and productivity improvement programs. Such programs increase the efficiency and effectiveness of state and local governments and of their employees and are the most rational means of improving service delivery and performance in an era of increasingly scarce resources.

Adopted July 1979.

Human Resources

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 education 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--thereby is 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, et cetera). 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. Reauthorization of the Higher Education Act

Congress now is considering the reauthorization of the Higher Education Act.

References to a state role are scattered throughout several titles and sections in the current law, most of which focus on issues of planning and administering post-secondary programs under the act.

Post-secondary education is governed and coordinated by a variety of organizational structures in the states, which are based on their constitutions, statutes, traditions, responses to changing needs, and location of competent planning resources.

Therefore, the National Governors' Association encourages Congress to consolidate in this act the various provisions relating to a state role. Such consolidation should:

- Clarify congressional goals related to federally supported state activities;
- Recognize the ability of different states to achieve those goals through their own unique structures;
- Allow the federal department to enter into a general agreement with each state that fulfills the need for state accountability in the use of federal funds for comprehensive post-secondary planning; and
- Establish a mechanism for states to enter into supplemental agreements for other specific federal programs requiring the participation of state agencies.

6. 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 frequently have 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, report-

ing 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
- 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 and July 1979.

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 also must 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.

Revisions to the Wagner-Peyser Act of 1933

NGA repeatedly has 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 eliminate 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 also should 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

In 1978, Congress 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.

In the administration of national programs, the Department of Labor should abide by the provision of the CETA law that requires notification of the Governor and relevant prime sponsor prior to funding national CETA programs within states.

The goal of CETA Public Service Employment (PSE) is to provide meaningful job opportunities for economically disadvantaged persons and for those whose ability to find jobs is affected adversely by high unemployment. Public service jobs provide useful training and work experience. Moreover, many valuable community services are provided with the assistance of CETA PSE.

The 1978 CETA amendments sought to target CETA PSE resources to those most in need by (1) limiting supplementation of wages, (2) tightening eligibility requirements, (3) limiting PSE positions to entry-level jobs, and (4) lowering the average wages of PSE jobs. While much of this was productive and useful to the program, the fourth provision--lowering average wages for PSE jobs--is affecting the viability of the PSE program and is in direct conflict with other sections of the legislation.

The lower average wage, \$7,200 adjusted by an area wage index, has severely limited the ability of prime sponsors to create jobs. In most instances, the wages of entry-level positions in state and local governments exceed the required average wage for the prime sponsors. Similar problems exist among community-based organizations.

Therefore, the National Governors' Association urges the Administration and Congress to take immediate action to modify the average wage provision to at least \$7,800, which will establish a realistic mixture of public sector jobs at entry-level wage rates within state and local government and community-based organizations. This average wage provision must be indexed annually to allow the wage level to keep pace with inflation.

Youth Employment and Training Programs

At a time when the nationwide unemployment rate is 5.8 percent, the rate for young people is nearly three times as high and that for black youth is nearly six times as high. These figures indicate that youth employment problems must continue to be a special focus of a comprehensive broad-based employment and training system. It is in the best interest of both society and individual youth that early workforce experiences for young people be positive.

We believe that the legislative tools for improving the youth employment picture are predominantly in place; a key is Title IV of the Comprehensive Employment and Training Act. Certain basic administrative changes, however, must be made to make youth employment and training programs more effective and efficient.

Governors' statewide youth set-aside funds have proven a valuable tool for serving youth who might not otherwise be served. These funds have financed many innovative and experimental programs, and have included programs for youth under state supervision (physically handicapped, mentally retarded educable youth, emotionally troubled, and youth in foster homes, orphanages, or public shelters), programs providing labor market or occupational information, programs establishing cooperative arrangements between state and local institutions, expanded or experimental apprenticeship programs, and model employment and training programs. We support the continuation of these statewide youth services grants as a proven and effective means of serving the employment needs of youth.

In considering any program that attempts to solve youth employment problems, it is impossible to ignore the issue of coordination of these programs with programs administered by Local Education Agencies (LEAs). During the demonstration period of the CETA youth programs, a number of problems of coordination have emerged and must be addressed. For example, differing planning and funding cycles of LEAs and CETA have created a barrier to effective linkages, as has the lack of a stronger incentive for LEAs to participate in coordinated, integrated efforts.

To address these needs and a number of others that are relevant to creating an effective nationwide youth employment program, the National Governors' Association recommends that Congress consider the following issues during the reauthorization of the youth employment legislation:

1. Consolidation of Programs

In order to streamline and consolidate programs, all youth employment and training programs should be included under Title IV of CETA and, with the exception of the Job Corps and the Young Adult Conservation Corps, should be decategorized within that title. Youth programs should be forward funded and should have uniform eligibility criteria, such as age, family income, length of time of unemployment, and whether the youth are in school or out-of-school. Eligibility criteria must not serve as incentives to drop out of school. The Job Corps should remain as currently legislated, with continued emphasis on the residential component.

2. Youth Conservation Programs

The current administration of youth conservation programs at the federal level is unnecessarily complex. The Young Adult Conservation Corps should be merged into the Youth Conservation Corps, with equitable funding among the states assured. The states should have the option to administer the programs. States' conservation program set-asides should be allocated to the Governors.

3. Statewide Recruitment and Referral Systems

Consistent with the National Governors' Association policy on the re-write of the Wagner-Peyser Act that states are in a unique position to provide effective planning, administration, and coordination of employment-related programs, we recommend that responsibility for developing and coordinating a statewide, integrated system of recruitment, intake, and referral for all CETA youth programs be lodged with the Governors. This change, combined with uniform eligibility for programs and coordination of funding and planning cycles with other youth programs, should improve substantially the efficiency and cost-effectiveness of CETA youth programs.

4. Maintenance of Effort

The maintenance of effort requirement in serving youth under other titles of CETA should be repealed. The repeal would allow greater flexibility in serving both youth and other target groups and would eliminate potential conflicts under proposed welfare reform legislation.

5. Nontargeted Funds

Although the majority of youth programs should be targeted to low-income, disadvantaged youth, a percentage, such as 10 percent, of both regular youth funds and Governors' statewide funds should be available to serve youth of any income level. These funds should be as free of restrictions as possible to encourage experimental programs.

6. CETA/LEA Linkage

Because both the education system and CETA serve youth, linkages between the systems should be encouraged. It is imperative that the planning and funding cycles of CETA and the education system be coordinated. This can be accomplished most easily by forward funding CETA. Employment

and training funds should continue to flow through CETA because CETA is a targeted program and education systems are designed to serve all youth. The focus of linked CETA and education funds should be to enhance such programs as school-to-work transition, school-based apprenticeships, and cooperative education.

7. Integrated Grant Applications

Current federal administrative practices and procedures, particularly in the employment and training area, discourage integrated grant applications. When locally agreed-upon grant applications, such as CETA/LEA, meet certain minimum criteria, affected federal departments, at both the national and regional levels, should allow localities maximum flexibility to carry out the program.

8. Private Sector Initiatives Program

Sufficient linkages between the Title VII Private Sector Initiatives Program (PSIP) and CETA youth programs exist in the current law, but PSIP has not been in place long enough to assess the implementation of these mechanisms.

9. Secretary's Discretionary Funds

We support the continued use of the secretary's discretionary funds to carry out national research efforts, especially in such areas as wage subsidies or other incentives to hire youth, and improvement of program performance measures.

Public service employment jobs should be distributed equitably 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 be approved only 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, irre-

spective 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 economies.

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.
3. Revise those factors in the Bureau of Labor Statistics seventy-step formula that cause distortion in unemployment estimates.

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 examine thoroughly 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 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.

NGA also supports immediate passage of legislation to allow those states with outstanding advances the option of repaying from state trust funds the amount that would otherwise be collected directly from employers through increased federal taxes. This option will assure timely repayment of outstanding advances while avoiding unnecessary federal payroll tax increases.

Special Worker Assistance Programs

The National Governors' Association is concerned about the recent expansion and proliferation of special unemployment assistance programs for specific categories of dislocated workers. In recent years, special benefits have been extended to workers dislocated due to such factors as foreign trade, preservation of redwood forests, and deregulation of the airline industry. NGA recommends that these programs be examined by the National Commission on Employment Policy and the National Commission on Unemployment Compensation to determine if they should or could be consolidated under single, umbrella legislation.

Adopted September 1977; revised August 1978 and July 1979.

C. - 12

LONG-TERM CARE

Long-term care refers to specialized health, social rehabilitative,

and residential services provided over an extended period of time to the elderly, the chronically ill, or the mentally and physically disabled. A national long-term care delivery system must focus on the social, residential, rehabilitative, and supportive needs of individuals as well as needs that are essentially medical in nature.

The issue of long-term care demands a comprehensive response from our public human services and health networks. The growing need for long-term care services among the elderly, disabled, mentally retarded, and mentally ill populations and the experience with the costs and limitations of the current long-term care system which is primarily institutionally based suggests that the increased demand can be served best through a balanced system. The system must offer a continuum of care so that each individual is served according to his particular needs in the least restrictive setting that will provide him with appropriate, adequate services. The long-term care system should seek to maximize to the greatest possible degree the self-sufficiency and independence of those to whom it provides attention and care. The system must properly accommodate the persons who have been inappropriately placed in institutional services.

In the past, public funding for long-term care has been channeled to an unwarranted degree into categorically funded institutional settings. As a result, community-based support services, a fundamental component of the continuum of long-term care services which is sought, have been seriously underfunded and therefore underdeveloped.

Traditionally, state governments have played an essential, integral role in providing long-term care services. If states are to alter their systems so that the complete continuum of care is made available to anyone who needs long-term care services, they must have the necessary financial and programmatic tools to provide a full array of appropriate services. One of the most substantial impediments to establishing such a complete array of services continues to be the multiplicity of federal categorical grants to the states for purposes that are too narrowly defined. This imbalance should be corrected and a new emphasis should be placed on community-based support services (that is, those services provided in a setting and manner that are as close as possible to a "normal" life setting for any individual needing such services). Community-based services should encourage maximum self-sufficiency and minimize dependency. Such a concept obviously means preventing unnecessary institutionalization wherever possible and removing persons placed inappropriately in institutions in the past. The impetus for such a shift in public policy rests on (1) professional judgment that community-based care is preferable for the majority of the population in need of long-term care; (2) respect for the rights of those persons; and (3) an appreciation of the staggering costs of institutional care, construction, and maintenance.

A number of problems exist in the current long-term care system which result in an undue bias toward institutionalization, including:

1. Classification of people on the basis of the category of their infirmity or disability, rather than on the basis of the services and care they need;

2. Federal funding, program, and reimbursement biases against non-medical and noninstitutional care;

3. A lack of continuity of care exacerbated by fragmented federal programs and statutes, regulations, and guidelines, and inconsistent interpretations and application of those statutes, regulations, and guidelines.

In view of these problems in the current system, and in an effort to progress in redirecting the focus of long-term care toward establishment of a network offering a balance between institutional care and alternative community-based services, the National Governors' Association urges the Administration and Congress to take the steps indicated in the following recommendations. These steps will result in substantial benefit to both persons in need of long-term care and services and state governments attempting to provide the most appropriate services in a cost-effective manner and in a manner that does not extract from state governments a penalty of lost federal financial assistance:

- The Department of Health, Education, and Welfare (HEW) and other federal agencies should explicitly structure their health care and social services programs to the fullest possible degree allowed by the law to provide states with the capability to develop a comprehensive system of institutional and community-based services. Such a system would emphasize use of the least restrictive settings appropriate to individual needs. Federal agencies should revise and enforce regulations and requirements to permit the development of such a comprehensive system.
- The Medicare program must be altered so that incentives are established to minimize institutionalization of persons eligible for Medicare (that is, the elderly, who comprise the largest portion of the population in need of long-term care). Specifically:
 1. The limit on home health benefits under Part A and Part B of Medicare and the requirements under Part A for prior hospitalization before Medicare payment is allowable for long-term care should be eliminated.
 2. Home health aide services should be redefined as "homemaker/home health aide" services for persons currently eligible for Medicare long-term care.
 3. The "homebound" requirement for home health services should be inapplicable when the state agency can show that the provision of the service in the home is the most cost-effective method of delivering services to a person in need of long-term care.
 4. Applicable statutes and regulations should be altered to allow nurses to authorize the provision of home health care services when a physician's approval is obtained within fourteen days of such authorization.

Because Medicare covers all eligible elderly persons regardless of income, these changes would enable elderly persons with marginal incomes to bypass the much stricter Medicaid income

standards and those incentives for institutionalization that are found in some state Medicaid programs.

- The Medicaid program must be altered to eliminate incentives for institutionalization:
 1. Financial eligibility standards for those medically determined to be eligible for institutional care should be the same for home health care as for institutional (for example, nursing home) services.
 2. Title XIX of the Social Security Act should be altered so that the federal matching payments for home health care services will be increased above the federal match for institutional services. Increases in federal expenditures could be prevented by requiring each state to demonstrate savings that would accrue from providing home health care services to persons who otherwise would be placed in institutions under Medicaid financing, and by limiting the aggregate amount of increased federal matching paid to any state to the total amount of such savings which can be documented by the state.
- The Governors believe that all residential facilities housing long-term care recipients must offer fire and life safety to the fullest reasonable degree. With this in mind, the Governors recommend that HEW establish a national commission, including representatives of state governments, to review the standards for fire and life safety for all categories of nonhospital residential care facilities, including skilled nursing and intermediate care facilities. Such a review should emphasize the development of appropriate standards for facilities whose residents have varying functional limitations, and should encourage flexibility consistent with reasonable life safety and living conditions. Flexibility in these areas is essential to prevent the application of inappropriate and programmatically damaging life safety code standards, such as those applicable to Title XIX intermediate care facilities for the mentally retarded (ICF-MR), to various community-based services facilities. Currently these requirements discourage the development of needed community services. Moreover, the application of these standards has unnecessarily increased construction and renovation costs, and has compelled community-based facilities, even those serving a small number of ambulatory residents, to develop inappropriate and even harmful institutional characteristics.
- HEW should design and fund demonstration projects that explore the feasibility of developing intermediate care facilities for the mentally ill (ICF-MI) program as one portion in the continuum of long-term care services. This has been recommended by the President's Commission on Mental Health.
- Deinstitutionalization should be an allowable component of plans of correction for mental institutions, ICF-MRs and other facilities under Title XVIII (Medicare) and XIX (Medicaid) of the Social Security Act. HEW should direct the Health Care Financing Administration

(HCFA) to clarify that ICF-MR regulations issued June 3, 1977, permit plans of correction to include provisions for relocating patients in least-restrictive-care settings and phasing out those institutions within a definite time frame. Such clarification would prevent states from facing the untenable choice of Medicaid decertification (and a resulting loss of federal financial participation for the care of recipients in those facilities) or the expenditure of scarce state and federal funds for the construction of unnecessary new facilities or the expensive renovation of existing facilities which would be phased out ultimately under a plan of correction.

- The Department of Housing and Urban Development (HUD) and HEW should expand existing limited efforts to coordinate housing for the disabled with delivery of appropriate service packages. HUD and HEW are continuing a demonstration program for assisting states to improve their housing and support services to the chronically mentally ill. Such a program represents encouraging movement in the appropriate direction. However, HUD still limits access for the chronically mentally ill to its regular housing programs. Such limitations should be carefully examined and unwarranted and damaging limitations should be removed wherever they are found.
- The "pre-release" procedures under the Supplemental Security Income (SSI) program should be improved by the Social Security Administration so that the processing time for determining the eligibility of currently institutionalized mentally disabled persons will be reduced and thereby not impede placement in community-based care settings when such settings are available.
- The Supplemental Security Income (SSI) program should be amended to provide greater flexibility to states in making vendor payments on behalf of SSI recipients who are housed in group care facilities. Specifically, states should have the option to purchase group care through vendor payments with state funds used to supplement the federal base SSI payment, without incurring a loss of federal SSI or Medicaid funds.

Adopted July 1979.

C. - 22

THE ROLE OF STATE GOVERNMENTS IN DELIVERY
OF CARE AND SERVICES TO THE MENTALLY DISABLED

Despite major investments by all levels of government, services for the mentally disabled are in many ways fragmented and inadequate. The problem is not a lack of funds, but the absence of coordinated program and management design for the care and treatment of the mentally disabled. As a consequence, large numbers of persons who need mental health care are unserved, underserved, or inappropriately served. This has been documented by both the report of the President's Commission on Mental Health and the United States General Accounting Office report titled "Returning the Mentally Disabled to the Com-

munity: Government Needs To Do More."

The National Governors' Association calls for an equal partnership of federal, state, and local governments to plan and deliver care for the mentally disabled through a unified, integrated community-based system. Specifically, the mental health authority designated by the Governor (or by state statute) should be an equal partner with the federal and local levels in programmatic and financial planning, development, and administration of state mental health programs.

Based on national goals and state-local planning, the state mental health system should assemble and coordinate an array of treatment and support services for all individuals in all settings. Given the scope of such a system, the needs of the mentally disabled should be taken into consideration in the programmatic and fiscal policy development process for all human services programs. The primary objective of the mental health system should be to give special emphasis to the chronically mentally disabled and to other priority populations (children, adolescents, the elderly, racial and ethnic minorities, low-income groups, and rural populations) as determined by needs assessments conducted within the state-local planning process and in conformity with a state plan. An equally important objective should be providing encouragement and resources to the mental health authority to eliminate waste and duplication of effort and promote efficiency and accountability.

Expenditures within each state for services for the mentally disabled should conform with a coordinated and comprehensive plan. Funds should be administered through formal agreements between federal and state government, and where services are to be provided by local entities, between state governments and those local entities. The agreements should specify each party's rights and responsibilities, describe clear lines of accountability, and contain incentives for improved performance by each level.

In order to help state governments retrain state mental health personnel for the responsibilities of operating a mental health system in transition, the federal government should allocate a substantial proportion of currently available mental health training funds to states.

Planning for mental health programs must be coordinated with state comprehensive health planning carried out in conjunction with the processes established under the provisions of the National Health Planning and Resources Development Act of 1974 as amended. (This coordinated planning should be pursued in compliance with the policy expressed in item 11 of policy position C. - 15, Health Planning.)

Adopted July 1979.

Natural Resources and Environmental Management

D. - 15

COAL TRANSPORTATION

One of the most significant constraints to the expansion of coal production, distribution, and use is the capacity and reliability of the coal transportation system throughout the country. An estimated 75 percent of this country's annual coal production is trucked on public roads for at least part of its journey. By 1985, this tonnage is expected to increase significantly. 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 NGA Coal Transportation Task Force has worked closely with the Federal Highway Administration to develop an accurate assessment of coal transportation needs.

In order to maintain and expand production, distribution, and use of coal to meet the nation's critical energy needs, the Governors urge the President and Congress to formulate and implement as soon as possible a federal/state coal transportation assistance program. The Governors support the enactment of revenue-generating mechanisms to fund a new coal transportation assistance program. The program should be designed to provide for the rehabilitation and improvement of existing transportation systems to meet present and future coal transportation needs and to minimize adverse transportation impacts that result from expanded coal production, distribution, and use.

Adopted July 1979.

D. - 16

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,
7. Abandoned uranium mine and mill tailing sites,
8. Reactor operator training,
9. Nuclear facility management certification,
10. Plant procedures and administrative controls,
11. System and components design bases and rationales,
12. Off-site radiation monitoring systems,
13. Communications,
14. Insurance,
15. Nuclear compensation fund, and
16. Nuclear emergency preparedness.

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 "retrieveability."

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. In addition, these regulations should establish an individual shipment tracking system which would provide information to the appropriate state and local officials as to what and how much is being transported, when, the mode of transport, origin, and destination. 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.

Timely and Thorough Licensing Procedures for 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.

Reactor Operator Training

The recent incident at the Three Mile Island nuclear station suggests that additional reactor operator training may be needed. The Governors therefore call upon the U.S. Nuclear Regulatory Commission (NRC) to review its operator training and certification programs and requirements to ensure that control room operators are able to properly carry out their vital duties in the face of the type of incidents that occurred at the Three Mile Island facility. The Governors also call upon the NRC to continually review and evaluate its operator training programs.

Nuclear Facility Management Certification

The recent incident at the Three Mile Island nuclear station suggests that additional management controls over the proper execution of administrative procedures may be necessary.

The Governors therefore call upon the NRC to undertake a review of the qualifications of those nuclear plant employees whose primary function is the management and administration of the nuclear facility and its various administrative procedures. The goal of such review should be to establish a management certification program which would take into account the technical as well as managerial background, education, and experience of the managers and administrators.

Plant Procedures and Administrative Controls

The recent incident at the Three Mile Island nuclear station suggests the need for additional administrative controls to provide for the proper alignment and positioning of equipment following testing.

The Governors therefore call upon the NRC to thoroughly review and update as required its programs that cover plant management and administrative controls.

The Governors also call upon the NRC to increase the frequency and thoroughness of its management audits to ensure that the management and administrative controls are indeed working.

Systems and Components Design Bases and Rationales

Based on the experience of the recent incident at the Three Mile Island nuclear station, it is suggested that components and systems designs need to be re-examined.

The Governors therefore call upon the NRC to undertake an immediate and thorough review of the bases and rationales that support the engineering designs of the various systems and components.

The Governors also call upon the NRC to investigate and implement as soon as possible any needed design changes so as to account for all plausible abnormal operating conditions.

Off-Site Radiation Monitoring Systems

It became apparent during the recent incident at the Three Mile Island nuclear station that the information provided by the then-existing off-site radiation monitoring system was inadequate as a basis for decision making.

The Governors therefore call upon the NRC to analyze existing in-place radiation monitoring systems around reactor sites to ensure that such systems will provide needed and meaningful radiological information which is so crucial to the decisions made by state emergency management officials.

The Governors also call for this analysis to be carried out with the full participation of state and local officials.

Communications

One of the most serious problems encountered in the management of the recent incident at the Three Mile Island nuclear station was the difficulty in obtaining reliable and consistent information.

The Governors therefore call upon the NRC to establish a communication network that directly ties together, by both voice and printed word, the reactor site, local authorities near the reactor site, each state's emergency preparedness centers, and the NRC situation center.

The Governors also suggest that this network be in operation continuously and that the network be designed so that all parties receive the same information at the same time.

Insurance

The aftermath of the recent incident at the Three Mile Island nuclear station promises to present unprecedented liability and insurance problems.

The Governors therefore call upon Congress to review the Price-Anderson Act of 1957, study the adequacy of existing insurance programs, and, if required, seek information of any needed changes.

Nuclear Compensation Fund

In the aftermath of the recent incident at the Three Mile Island nuclear station it became apparent that the customers of the station's operators might be financially burdened due to the need to purchase more expensive replacement power as a direct result of the station's being out of service.

The Governors therefore call upon Congress and the President to review the financial impact of the costs arising from an incident of the type that occurred at the Three Mile Island nuclear station on individual states, local governments, and their citizens and ratepayers.

The Governors also suggest that Congress and the President give consideration in the review to the creation of a national compensation fund to mitigate the impact of nuclear incidents on ratepayers. Such a fund should be financed by a surcharge on nuclear electric generation or other appropriate methods.

The Governors further suggest that this fund be used to support expanded nuclear emergency planning efforts by federal, state, and local governments, to finance extraordinary response efforts, and to mitigate the impact of increased utility and consumer costs resulting from individual nuclear incidents.

Nuclear Emergency Preparedness

The recent incident at the Three Mile Island nuclear station proved the need for sound and workable emergency preparedness plans.

The Governors therefore call upon the appropriate federal, state, and local officials to undertake a review of the present nuclear emergency preparedness plan rationales with the goal of basing future plans on the lessons learned by the incident at Three Mile Island.

The Governors suggest that high on the list of factors to be considered are distances from reactor sites that the plan must be operable, public awareness of such plans and the responses to a given type of nuclear emergency required by the preparedness officials.

The Three Mile Island nuclear incident emphasized that a Governor's first need in emergency response is immediate and correct damage assessment. The Governors therefore reiterate their policy position that radiation monitoring systems must provide reliable and meaningful information and that a proper communication network must be provided.

Congressional Participation

The nuclear programs of this nation as well as its future course are matters of congressional concern and direction.

The Governors therefore call upon Congress to periodically review the performance of the NRC in the areas discussed in other parts of this policy position and, if warranted, propose and support remedial efforts to eliminate any deficiencies in NRC actions or programs.

The Governors also call upon Congress and the President to propose and support changes in federal laws that at present preempt states from inspecting nuclear power facilities. Those states with nuclear power facilities within their borders that choose to inspect such facilities must be able to exercise that option.

Adopted August 1978; revised July 1979.

D. - 17

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.

The Association is generally pleased with the progress and interim results of the Federal Coastal Zone Management Program. (The exception is the implementation of the Coastal Energy Impact Program, which has not met state needs.) However, further amendments to the Coastal Zone Management Act are needed to strengthen, simplify, and clarify the national program. Above all, the Association supports reauthorization of Section 306 of the act for at least five years. The following sections of the act should be amended:

- Section 304 should be amended to redefine the term "excluded lands." Only those lands held in trust by the federal government should be excluded. The states' responsibility to safeguard the national interest should be acknowledged by a reciprocal responsibility to manage federal lands in a manner consistent with the states' coastal programs.

- Section 307 should be amended to simplify the federal consistency provisions. One procedure and one set of rules should apply to all federal actions that must be consistent with state coastal programs. The amendment should clarify that (1) the state will make consistency determinations; (2) federal applicants for federal licenses or permits are also subject to Section 307; (3) a single review procedure, preferably the A-95 clearinghouse system, will be used to review all proposed federal actions that are subject to Section 307.

Revised July 1979.

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.

Independent agencies of the federal government have regulatory responsibilities with respect to the resources, environment, and enjoyment of water beyond state jurisdiction and the continental shelves. The Governors urge that the federal government not promulgate regulations, issue licenses, or otherwise manage the resources and environment of the outer continental shelf or waters beyond state jurisdiction without the active participation of the coastal states affected by such regulations, licenses, or management actions.

Revised July 1979.

SOLID WASTE MANAGEMENT

The solution to the nation's hazardous waste problems will require the cooperation of federal, state, and local governments and industry. The states should continue to have the lead in the management of hazardous wastes. Clear federal policy is essential to the proper management of hazardous wastes. However, such policy must provide states with sufficient flexibility to respond to their respective priorities.

The National Governors' Association supports the establishment of a trust fund for the perpetual care of closed non-nuclear hazardous waste management facilities permitted in accordance with the Resource Conservation and Recovery Act. This fund is needed to provide assurance that financial and technical resources will be available to control and abate any problems that may arise after closure of the facility. The fund should be based on an equitable assessment of fees on the operators of non-nuclear facilities. Fees should be reduced or eliminated for those facilities, or portions of facilities, that reuse or recycle hazardous wastes or destroy the hazardous nature of wastes. Tax incentives must be made available to

generators to dispose of properly or recover hazardous wastes. Congress should direct that consultation with the states be required in the development of the fund and that states exercise a primary role in the administration and utilization of the fund.

Under the Resource Conservation and Recovery Act, Congress should ensure that requirements for financial responsibility of the owners and operators of hazardous waste management facilities can be met. Financial resources are necessary to provide for the prevention or abatement of release of hazardous wastes into the environment during the operating life of a hazardous waste facility. Consideration should be given to the adequacy of insurance, guarantee, surety bond, self-insurance or other financial methods for a specific facility. Congress should amend existing legislation to require the owner of each hazardous waste management facility to establish and maintain a fund sufficient for acceptable operation, closure and emergency response for that facility.

Congress should establish a systematic and phased effort to identify, assess, and control abandoned sites. The states should have the lead in the management of such sites, with the federal government providing financial and technical assistance. Funding through a combination of general appropriations and fee-generated funds should be provided to the states not only for emergency remedial action at abandoned sites but also for long-term containment and treatment of disposal, either on or off-site. Any federal assistance for the remediation and control of abandoned sites must be retroactive to July 1, 1977. States must be free to use their own resources to protect the public safety without fear of losing federal assistance while the federal program is under debate.

Interstate and intergovernmental information sharing would greatly aid states in the development of the interstate agreements that will be necessary for the handling of hazardous wastes. A long-standing major obstacle to effective hazardous waste management and control is the location of environmentally acceptable hazardous waste disposal sites. Intergovernmental mechanisms must be explored to identify technical institutional barriers to siting hazardous waste management facilities and to investigate alternative responses to the problem, including economic incentives to overcome public opposition to the siting of such facilities.

The National Governors' Association recommends that the hazardous waste regulations promulgated by the Environmental Protection Agency include a mechanism for the definition, identification, and gradation of hazardous wastes based on their risk to human health and the environment. The regulations should address the degree of risk of management of various wastes by means of alternative technologies to safely and permanently dispose of hazardous waste. Standards applicable to storage, treatment, and disposal of hazardous wastes should reflect the gradation based on the degree of risk for the specific hazardous waste.

The federal government should increase its research and development program in hazardous waste management. A modest investment in hazardous waste research could significantly decrease the cost of remedial action for abandoned sites and reduce the cost of future waste disposal. Increased federal technical assistance to states and industry for the proper management of hazardous waste is needed.

Long-term funding should be provided by Congress and supplemented as necessary by the states to support comprehensive state and local solid waste management and resource conservation and recovery programs.

The National Governors' Association proposes that the United Nations system for the identification of hazardous material be adopted as part of Title 49, Code of Federal Regulations, and also become part of the current placarding system.

The Interstate Commerce Commission's regulations and tariffs relating to the transportation of recyclable materials should be revised so that such materials have a tariff advantage over virgin materials.

Adopted July 1979.

D. - 42

OIL POLICY

The National Governors' Association supports the President's policy to deregulate oil prices. Deregulation is necessary to provide industry the incentive to produce more energy and move toward full replacement costs. Pricing all oil and gas at world prices will encourage conservation and make alternative energy sources more economically competitive. Furthermore, the inflationary effect of deregulation will be significantly countered by the strengthening of the dollar and a corresponding reduction in all import costs, including those for oil.

The Governors further recommend that revenues from a windfall profits tax and other appropriate funding sources be used for:

- Energy production and development, especially alternatives to petroleum fuels, including the device of a plowback credit
- Energy conservation
- Energy emergency impact assistance programs for individuals on fixed and low incomes.

Adopted July 1979.

D. - 43

EMERGENCY ENVIRONMENTAL WAIVERS

The National Governors' Association supports emergency waivers by the President to increase coal utilization this winter to reduce our dependence on foreign oil and particularly to improve the market for residential heating oil. The Governors also support efforts to revise the criteria and duration in Section 110(f) of the Clean Air Act Amendments of 1977 in ob-

taining emergency waivers so that both price differential and the ability to reduce #2 fuel oil consumption by power plants are factors in making Section 110(f) determinations.

Adopted July 1979.

D. - 44

NATIONAL ENERGY CONSERVATION DAY

The world's supply of fossil fuels is being rapidly depleted. The American public must realize the urgent need to conserve these traditional fuels and develop alternate sources of energy as fast as possible.

In 1970 Earth Day had a profound effect in making millions of Americans deeply aware of the need to protect our environment. The Governors believe that a similar energy conservation observance could enlist the efforts of millions of citizens in concert with leaders in business, labor, government, religion, and civic affairs.

Therefore, the National Governors' Association urges the President and Congress to designate the Friday after Thanksgiving, November 23, 1979, as National Energy Conservation Day. This would be an occasion for giving thanks for our natural resources, for pledging conservation of fossil fuels, and for teaching others how to save our non-renewable energy sources.

Adopted July 1979.

D. - 45

NORTHERN TIER PIPELINE

The United States currently faces a critical shortage of crude oil supplies due to several factors, including the reduction of crude oil imports and the inadequacy of domestic crude oil transportation systems. There is a need to accelerate actions which will produce jobs and enhance the economy but the actions must be compatible with strict environmental protection.

The National Governors' Association supports a proposed Northern Tier Pipeline planned for transportation of crude oil from a location in Washington, then eastward through Idaho, Montana, North Dakota, and terminating in Minnesota. The proposed Northern Tier Pipeline makes possible a secure Alaskan crude oil transportation system located entirely within the United States. The Northern Tier Pipeline is committed to the utilization of domestically produced raw material and will provide needed jobs in construction, transportation, equipment sales, and other fields within the United States. The Northern Tier Pipeline will be built primarily along existing rights-of-way which will enhance safety and environmental protection.

The National Governors' Association urges the President and Congress to expedite the decision on the Northern Tier Pipeline project so that construction may commence at the earliest possible date.

Adopted July 1979.

Community and Economic Development

E. - 13

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. The National Governors' Association believes that the arts are an essential part of basic education. With the current emphasis on budget cutting, policymakers may be tempted to reduce funds for arts education. The nation's Governors believe that a reduction of funds for arts education would be a serious mistake.

The National Governors' Association endorses the integration of the performing and visual arts into the curricula of public elementary and secondary schools and directs its subcommittee on the arts to cooperate with state arts councils, state boards of education, the Education Commission of the States, and appropriate public interest groups in the preparation of a set of recommendations to strengthen the place of the arts in public school curricula.

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.
10. In their annual budgets, state governments should provide adequate funds for the coordination of state-sponsored artistic endeavors and programs designed to assist the aged, the gifted and talented, the handicapped, and institutionalized persons. State governments should also seek to augment public funds for these purposes with monies obtained from the private sector.

Adopted August 1978; revised July 1979.

E. - 15

STATE HOUSING REVENUE BONDS

The 1968 Federal Revenue and Expenditure Control Act authorized states to issue tax-exempt bonds to meet the housing needs of low- and moderate-income citizens. Since that time, at least forty-one states have established housing finance agencies whose principal instrument for addressing low- and moderate-income citizens' housing needs is the tax-exempt revenue bond. The thirty-seven operational state housing finance agencies have issued more than \$15 billion in housing revenue bonds and have been responsible for the construction of almost 500,000 units of housing occupied by those most in need of decent, safe, and sanitary housing. Of the total number of housing units constructed with state assistance, 145,000 units are single-family homes and more than 350,000 units are in multi-family residences.

Congress is considering legislation that would severely restrict states' issuing tax-exempt revenue bonds to finance housing for low- and moderate-income citizens. The National Governors' Association opposes excessive interference by the federal government in activities properly belonging to the states. Such legislation, if enacted, would be contrary to the federal government's stated objective of meeting the housing demands of the needy. The federal government admits that state government participation in federal housing assistance programs is an absolute necessity. The passage of severely restrictive legislation would cripple states' ability to participate in addressing the housing needs of low- and moderate-income citizens.

During the congressional hearings on the legislation restricting states' issuance of housing revenue bonds, no evidence was presented that indicates that state housing finance agencies have abused their prerogatives to issue housing revenue bonds. In fact, there are a number of reasons to believe that state housing finance agencies have done an exemplary job of using the proceeds from their housing revenue bond issuances to meet the single-family and multi-family housing needs of low- and moderate-income citizens. Further, the majority of state housing finance agencies have imposed reasonable income and mortgage and purchase price restrictions on the housing assisted by state revenue bonds.

With the recent proliferation of housing bond issues, isolated abuses of the tax-exempt status of housing revenue bonds have occurred. The federal government should work with state governments to develop solutions to these problems. The National Governors' Association believes that any legislative resolution of the issue must preserve states' flexibility to encourage the housing integration of economically disadvantaged citizens and more affluent citizens. The National Governors' Association directs its Committees on Community and Economic Development and Executive Management and Fiscal Affairs to work closely with the Administration, Congress, and other concerned public interest groups in the preparation of legislation that preserves the prerogatives of states to issue housing revenue bonds for meeting the needs of low- and moderate-income citizens.

Adopted July 1979.

E. - 16

STATE PARTICIPATION IN FEDERAL HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

In recent years, state governments have developed valuable working relationships with the federal government in the delivery of much-needed housing and community development services to their local communities. During the past decade, state governments have appropriated significantly increased budgets for community and economic development programs. At least forty-one states have established housing finance agencies that assist the federal government in addressing the housing needs of low- and moderate-income citizens through the issuance of tax-exempt revenue bonds. The proceeds from these bonds are used for the construction and rehabilitation of decent, safe, and sanitary housing for those most in

need of it. Additionally, a large number of state governments have enacted community reinvestment programs and have developed technical assistance programs to aid their local governments in applying for such federal community and economic development funds as Urban Development Action Grants.

Within the next year, Congress will begin the process of reviewing and reauthorizing federal housing and community development programs. The National Governors' Association recommends that these programs be reauthorized and that state governments' role in their administration be significantly enhanced. The nation's Governors believe that Congress should be mindful of states' demonstrated capacity and competence in the construction and rehabilitation of housing and of state governments' often-expressed desire to strengthen their partnership with the federal government in housing and community development activities.

The National Governors' Association calls on Congress, in its reconsideration of federal housing and community development programs, to broaden and enhance the federal-state partnership by permitting state governments to administer federal housing and community development programs. This delegation of responsibility should include a greatly expanded role for state governments in the administration of the Urban Development Action Grant program, which has become a critical building block in community revitalization.

Finally, the nation's Governors urge Congress to appropriate funds for these important housing and community development programs consistent with the need for them. So long as millions of this nation's citizens are faced with poor housing, underemployment, and unemployment, these programs will continue to be needed.

Adopted July 1979.

Transportation, Commerce and Technology

F. - 1

TRANSPORTATION POLICY DIRECTIONS

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. Further, the Association urges the Department of Transportation to adopt uniform minimum standards for the one-time certification of each state's transportation program and discard the project certification process by the several departments, which often use different regulations for such items as affirmative action, administrative authority, and attorney general review.

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 include 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 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. The Governors fear, though, that a major national effort to shift to or more fully utilize our abundant domestic energy resources, such as coal, will be seriously hampered by energy transportation facilities and services that are overburdened and rapidly deteriorating. Therefore, the Governors call on the Administration

and Congress to develop and adequately fund a federal/state energy transportation assistance program.

2. All states have felt the impact of stagnating 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. As energy conservation goals are realized, these effects will worsen, and special measures will be required to protect state and federal transportation programs from serious funding dislocations. Portions of the revenue generated by any energy conservation tax are 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. Four-year authorization periods for public transportation and highway programs contained in the Surface Transportation Act of 1978 ensure the predictability of funding levels and match requirements for the immediate future. The Governors urge that this four-year lead on authorizations be maintained continually and that this concept be applied to other transportation programs as well. To permit multiyear authorizations, 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 that is consistent and continuing. It is recognized that public transportation needs cannot be fully supported 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.

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. The objective of the Council on Environmental Quality (CEQ) regulations--to facilitate concurrent and integrated review of environmental impact assessments--is supported strongly by the Governors. Maximum effort is needed to ensure that the policy in the CEQ regulations is implemented in actual environmental review procedures by the appropriate agencies. 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.

5. The Association urges the Department of Transportation to review the direct charges and indirect costs generated by the customs and immigration service in reviewing transfers and freight carriers at border check points, and to recommend changes in regulations or legislation to reduce the total cost to Amtrak, the airlines, and other carriers and consumers.

6. The National Governors' Association supports improving efficiency in the administration of federal surface transportation programs. The goals enumerated in the November 1978 U.S. Department of Transportation proposal for a surface transportation administration would provide improved efficiency.

The Governors cannot support any proposals that would create divisiveness between the states and their local units of government. Governors oppose any action that would reduce the present role of the states in planning, programming, constructing, and maintaining transportation systems. Accordingly, the National Governors' Association will review any organizational proposals by the Department of Transportation to ensure compatibility with this position.

D. Regulations

1. 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 National Governors' Association supports the development and maintenance of efficient, privately owned freight transportation systems in the United States. Limited regulation of freight transportation is in the public interest. Governors believe that only the minimum amount of regulation necessary to satisfy national public interest objectives should be imposed on the transportation industry. Regulation should be structured to minimize interference with free market competition. Before any changes in the structure of freight transportation regulation are adopted, however, the Governors urge careful assessment of the impact of proposed regulatory changes on the transportation industry to which the change is directed, on competing modes, and on users of service: of particular concern is the potential impact on captive shippers. This assessment will help ensure that regulatory reforms achieve the desired results with the least amount of economic dislocation. The full range of effects on communities and industries should be examined in detail and the results widely acknowledged prior to passage of legislation or institution of regulatory policy designed to improve a particular industry or segment thereof.

3. The Governors have been troubled by the issuance of burdensome federal requirements for transportation assistance at a time when the purchasing power of federal transportation assistance is stagnant or decreasing. The Governors are also concerned about the issuance of federal regulations that have unreasonable expectations. The Governors believe that the establishment of regular dialogue between the states and the senior officials of the U.S. Department of Transportation would help avoid costly and burdensome requirements and regulations.

Revised July 1979.

F. - 2

HIGHWAY TRANSPORTATION

The Governors are greatly concerned that the proposed national energy conservation efforts 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.

The combination of aging transportation facilities, escalating construction costs, and dwindling resources requires that we turn our attention to making the most efficient use of existing transportation systems. The Governors are pleased that the Surface Transportation Act of 1978 placed renewed emphasis on preserving and improving existing federal-aid highways. In a further effort to maximize benefits to highway users from the limited resources available, the Governors also support measures that allow states 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. The primary authority for coordination, planning, and flexible distribution of transportation 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. The current provision guaranteeing each state one-half of 1 percent of the total apportionment should be continued until the completion of the interstate program. 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. Recogniz-

ing 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 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. Efforts to substantially reduce the number of existing categorical programs should be continued.

5. 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.

6. 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.

7. The Governors are concerned about the condition of many of the bridges both on and off the federal-aid highway system. We urge Congress to recognize this problem, as described in the Surface Transportation Assistance Act of 1978, and appropriate sufficient funds to assure an adequate response to this critical problem.

8. 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.

9. 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 promo-

tion 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 and expeditiously develop national guidelines for the operation of a truck weighing program. Upon acceptance of such guidelines, state enforcement programs of truck weight limits should be established 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 guidelines 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 apply 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. The National Governors' Association generally supports the reduction of federal regulation of private industry and therefore supports the overall objectives of regulatory reform in the trucking industry. However, because there is uncertainty about the nature and magnitude of the benefits of regulatory reform, the Governors cannot yet support specific proposals. The full impact of any regulatory changes on the trucking industry, competing modes, and shippers should be carefully assessed before their adoption, and efforts should be made to minimize adverse impacts. The Governors urge that the regulations give consideration to allowing firms greater freedom to enter or leave the industry, to offer new or improved service to shippers, and to serve new geographic and commodity markets.

2. The Association supports federal regulations facilitating energy-efficient truck transportation. Restrictions on the utilization of available trucking capacity, such as prohibitions against backhauls and common carrier service by private and contract carriers, should be examined and removed where appropriate.

3. The National Governors' Association supports greater ratemaking freedom for trucking firms to facilitate improved, innovative service to shippers and to promote price competition.

4. The Association is concerned with increasing costs to truckers as well as consumers resulting from the lack of uniformity in allowable vehicle weights and dimensions which still exists among many states. The U.S. Department of Transportation should work cooperatively with the states to establish uniform vehicle axle and gross weights, dimensions and vehicle combinations for the interstate highway system. Particular attention should be directed to increased highway deterioration that may result in some states and to the resultant costs.

NGA urges that Congress enact immediately legislation establishing national standards for weight (80,000 gross; 20,000 per single axle; 34,000 for tandem) and length (60 ft.).

For the short run, NGA also supports the position developed by the Administration in its negotiations with the independent truckers, that is, legislation that would enable the president to establish these standards for a temporary period during a declared energy emergency.

The International Registration Plan (IRP) promotes uniformity and efficiency in state registration of interstate truck operations. We urge all nonmember states to take early steps to join the twenty-two current members and allow this important program to function effectively. The Department of Transportation should take steps to provide assistance and incentives for the states to establish this system nationwide.

We recommend that state agencies responsible for fuel tax collection, especially taxes on diesel fuel, work with those agencies responsible for vehicle registration. These agencies and their respective national associations should develop a fuel taxation program similar in operation and intent to the IRP. The states must seek ways to unite these two distinct but important revenue processes into a unified, more efficient, and economical system.

5. The Governors recognize the advantages of the nonresident violators compact and the benefit 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.

6. The Governors recognize the role of diesel engines in the transportation system as being more fuel efficient and producing less pollutants of certain types. The Governors also recognize that the Environmental Protection Agency is concerned about the amount of particulate pollution produced by the diesel engine. The Governors recommend that a study be made to determine the advantages and disadvantages of the expanded use of diesel engines in the transportation system.

7. The Governors recognize that the roadside sign provisions of the Highway Beautification Act are not effectively achieving their goal. They therefore endorse concepts to allow each state to meet its own problems in its own way and still participate in the federal program.

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 administrations 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. Furthermore, if a surface transportation administration encompassing the Federal Highway Administration and the Urban Mass Transit Administration is created, it is recommended that the National Highway Traffic Safety Administration also be included in that agency.

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 are concerned about recent federal legislation dealing with state enforcement of traffic speed limits. Withholding federal funds is an undesirable method to encourage state enforcement of the 55 mile per hour national speed limit. The Governors pledge in good faith to support the 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.

The Governors further recommend that Congress undertake research to determine the feasibility and advantages of requiring seatbelts to be furnished in all school and commercial buses.

6. The Governors are concerned by congressional action to require a hard match for the planning and administrative cost of the states' highway safety programs. Such action 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.

10. The Governors are concerned about the growing number of highway incidents involving hazardous materials and call upon the Administration and Congress, in cooperation with the states, to establish programs to reduce the incidence of accidents and to improve the capacity of state and local authorities to enforce appropriate regulations and to react to incidents.

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F. - 3

AIR TRANSPORTATION

Aviation is a vital 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 air transportation systems planning in the context of statewide, multimodal transportation systems planning.

B. Finance

1. The Governors endorse the principle of user financing to support the Airport Development Aid Program. However, we are concerned about the growing balance in the Airport and Airway Trust Fund and we urge Congress to reduce these balances through increased authorizations. Higher authorizations are needed to provide increased funding for general aviation safety and navigation aids and to support a special, discretionary fund for unique and high-cost projects, such as the purchase of private airports or the development of major new passenger or freight hub airports. The Governors also urge Congress to set obligation ceilings at a high enough level to enable the obligation of all appropriated airport development funds. Imposition of the current ceiling has reduced the amount of discretionary funds available for obligation.

2. The Governors are concerned about the Administration's proposal to fund the Federal Aviation Administration operations and maintenance activity from the Airport and Airway Trust Fund. The program's routine and ongoing personnel and maintenance costs should be supported by general tax revenue. The support of such activities from user taxes that were imposed to fund improved facilities is an unwarranted use of dedicated funds.

3. The current airport development aid program does not provide sufficient flexibility to target funds to areas of greatest need, nor does it take into account the Governors' role and responsibility for overall economic development within their states. The Governors urge Congress to restructure the program to provide individual grants to the nation's busiest airports. Such grants should be provided to the states when requested by Governors. Block grants should be provided to the states for airport development at all other airports.

A transfer to the states of federal administrative responsibility for the airport development program would coincide with block grants and would allow the states to fund airport needs consistent with their state airport system plans. To give stability to the federal Airport Development Aid Program the Governors further recommend that Congress authorize the program for at least four years.

4. Numerous private airports have succumbed to land development pressures in recent years. Many of these airports relieve the area's air carrier airport(s) of a substantial amount of general aviation operations

and are thus essential to the efficient use of the air carrier 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 with retention of appropriate equity by the public.

5. Computer/reliever 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. Current funding to commuter airports, however, is inadequate. The Governors urge that the post FY 1980 Airport Development Aid Program provide funding sufficient to meet commuter airport needs.

6. Efficient ground access to airports is essential to the proper functioning of airport facilities. Yet, with the continuing rapid growth in air travel, many ground access facilities are no longer adequate. Airport Development Aid Program funds should be available for ground access improvements essential to safe and reasonable access to an airport.

C. Operation

1. The Governors urge all states to make every effort to encourage effective local airport zoning laws, including height 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 minimum eligibility standards for installation 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 Airline Deregulation Act of 1978 precludes the states from regulating carriers having authority under Title IV of the Federal Aviation Act. The Civil Aeronautics Board (CAB) has interpreted this to mean that the states also are preempted from regulating commuter airlines which are exempted from the certification requirements of Title IV. The Governors urge the CAB not to intrude further on the states' rights to regulate intrastate commuter service. To the extent that the CAB already regulates intrastate service, the Airline Deregulation Act requires the Board to seek guidance from affected states and communities and act in accordance with that advice.

2. The Governors are concerned about the loss of air service to small communities resulting from the increased freedom for regional carriers to abandon low-density or unprofitable service. The Civil Aeronautics Board (CAB) has the obligation under the Airline Deregulation Act of 1978 to main-

tain essential levels of air service to communities marginally or formerly served by certificated carriers. The Governors insist that the CAB fulfill this obligation by allowing effective participation of interested civil parties in the essential air service determination process, by basing subsidy determinations on actual service needs rather than arbitrary minimum service levels, by basing carrier selection primarily on quality of service offered rather than subsidy requirements, and by analyzing air service needs on a regional (as opposed to a piecemeal city-by-city) basis. The CAB has recognized the value of commuter air service in its recent orders and public statements. In light of the increasing importance of commuter service, the Governors support the expanded use of ADAP funds for commuter airports.

3. The CAB's apparent inflexible commitment to multiple permissive awards is inconsistent with the mandate of the act that deregulation be phased in to ensure long-term, stable service patterns. Before granting such awards, the CAB should carefully consider the views of the affected states and communities.

4. 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 and to ensure the adequacy of air service provided.

E. Safety

1. The Governors urge the Federal Aviation Administration to resume its active participation with state aviation agencies in cosponsoring instructor pilot training clinics, utilizing pertinent and up-to-date instructional material. We recommend the development of a more cooperative relationship between federal aviation officials and state aviation agencies to utilize the states' 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. - 4

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 equip-

ment 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.

I. Freight Service

The National Governors' Association views the chronic financial difficulties of large segments of the railroad industry with extreme frustration. Since 1973, major pieces of federal legislation have been enacted that were intended to revitalize the nation's railroad industry. Despite these opportunities and the massive funding provided, the industry has continued to decline.

The Governors believe that regulatory reforms are essential to help prevent further decline. However, the impact of the proposed regulatory changes cannot be fully understood until the joint United States Railway Association/Federal Railroad Administration study of Conrail is completed and the future structure of Conrail is determined. Since the consequences of major deregulation of the rail industry undoubtedly would be far-reaching, the Governors urge careful and considered assessment of all likely scenarios to determine their impacts on the railroad industry, competing modes, and rail users.

A. Planning

1. The Association urges the secretary of transportation in cooperation with the states to develop a national rail plan to guide future investment of public funds in the national rail system. All interstate and intrastate rail lines should be evaluated as to their present and future role in providing transportation necessary to support a healthy economy. Included in this plan must be an assessment of the condition of rail companies and their ability to provide necessary services. A national rail plan will enable the investment of state and federal monies in a coordinated and cost-effective manner.

2. Corporate or physical restructuring plans should be designed to improve service to communities and enhance profitability for the carriers. Plans must be considered in light of their potential to increase the productivity of manpower and material resources, to succeed under existing regulatory practices, and to provide the financial resources necessary for implementation.

3. All states should receive a continuing entitlement of rail planning funds sufficient to cover the cost of an individual state's permanent planning program for freight and rail passenger service.

4. The National Governors' Association is concerned that efficient rail freight transportation often is hindered by congested major rail gateways and obsolete yard facilities. These railroad terminal facilities often occupy valuable, central locations in major metropolitan areas. The Governors support combined federal, state, and local actions to study and identify specific areas for selective restructuring of rail facilities, to improve the efficiency of rail operations in and through urban areas and to free land for economic development.

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 be a self-liquidating investment program which would provide sufficient capital funds to modernize and expand rail facilities where such work cannot be financed from either internal cash or private borrowings. Government financial aid to the railroads should be provided in a manner that guarantees improvement in the physical plant and service provided. Public investments should be protected through equity provisions and an appropriate level of preventive maintenance.

2. The Association urges Congress to provide funding for local rail service assistance at levels which will complement the states' capabilities to continue vital local services.

3. Federal assistance to railroads for track improvements has been restricted largely to main lines. The deferred maintenance problem is not limited to the main lines but also applies to secondary lines as well. Therefore, the Association urges the expansion of the capital funding program under Title V of the Rail Revitalization and Regulatory Reform Act to enable the upgrading of secondary rail lines.

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 Federal Railroad Administration (FRA) has promulgated rules that the states must follow in developing the rail plans that are required for the receipt of funds for rail service assistance under PL 94-210 (4R Act). These rules have not been sufficiently flexible to permit the states to execute high-priority projects in a timely manner. Therefore, the Governors urge FRA to adopt regulations that eliminate excessive delay in the implementation of important state rail projects.

6. The Governors note many reports of inordinate delay in gaining FRA approval for their state rail plans and updates. Such delays block approval of project applications. The Association urges that an expedited rail plan approval process be instituted by FRA to avoid delays in implementing state rail assistance programs.

7. The Association strongly urges that any legislation enacted to expedite abandonment of rail lines be accompanied by programs to allow the states to use federal funds to retain these essential transportation corridor rights-of-way.

8. The Association urges each state legislature to consider state and local rail taxation policy and to assess its impact on the economic viability of railroads.

C. Operation

1. Modernized railroads, as efficient energy users, will help achieve greater energy independence. A modern rail system, with appropriate inter-

face 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 Association urges Congress to adequately fund programs designed to reduce the incidence and severity of rail accidents, particularly those involving hazardous materials, and to improve the capability of state and local authorities to enforce appropriate regulation and to react to any incidents which occur.

D. Regulation

1. The problems now confronting the rail industry 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 the productivity of rail labor be increased through the introduction of new work methods and appropriate work rule changes. The FRA should continue demonstration projects in this area.

3. The National Governors' Association is concerned that some elements of federal and state regulation have been detrimental to the ability of railroads to provide quality transportation service. However, the Association recognizes that any deregulation proposals must be adequately studied to determine their end results. An incremental approach to deregulation of the railroad industry is urged, as it is important to minimize severe economic dislocations which sudden deregulation could cause. The Governors support the concept that existing state rail regulation should not be increased to compensate for reduced ICC regulation.

4. The National Governors' Association supports greater ratemaking freedom for railroads to facilitate the recovery of all costs of providing service including capital costs. However, it should be implemented in such a manner as to minimize severe dislocations and hardships to rail users, particularly captive shippers. Railroads should be permitted, subject to anti-discriminatory safeguards, to raise or lower rates annually within a reasonable range without ICC or state approval. Rate increases beyond the legal maximum level should be investigated upon rail user complaint and disallowed if there is competitive harm and no reasonable alternative transportation is available. The Governors support greater freedom to offer innovative service and incentive rates. Methods of providing improved service, such as contract rates, should be encouraged.

5. The National Governors' Association strongly urges that whatever regulatory reforms are adopted in the future, maximum effort be made to eliminate artificial discrimination among shippers and regions.

6. The National Governors' Association supports the early identification of marginal rail lines and encourages cooperative efforts among the rail operator, state, and shippers to return a marginal line to adequate profitability. However, the Association supports a gradually more permissive policy toward the discontinuance of service determined to have little hope of economic viability. An expeditious but fair hearing process for rail abandonments must be instituted, and a uniform system should be used in evaluating abandonment petitions. The Governors support easing entry requirements to facilitate the reestablishment of discontinued rail service by another rail operator. Continued service on a line put up for abandonment should be required where an adequate subsidy is provided. The Governors support continued federal funding for temporary subsidy of discontinued service and for capital improvements designed to return lines to profitability.

7. The Governors recommend reduced ICC jurisdiction over rail operations in such areas as car service and compensation. The Interstate Commerce Commission (ICC) should retain the right to review car service practices when there are shipper complaints of undue discrimination.

8. The Association supports the concept of competitive enterprise and operation of railroads and supports 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 provided through the regulatory process to avoid mergers that would cause the collapse of critical portions of the national rail system or have major adverse economic impacts.

9. The Association urges that economic assessments be made for legislative proposals and rule making which affect rail regulatory changes. These assessments should identify fully both the costs and benefits of such changes in regulation.

II. Passenger Service

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.

A. Planning

1. 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 restructuring recommendation, that attempt to dictate without state participation the agenda of future rail passenger service, especially in the planning and implementation of routes and frequencies.

2. The Department of Transportation has proposed that the Amtrak system be reduced to the extent that only a relatively few major metropolitan areas are served. The Governors believe that the long-range public interest will not be met by this proposal. The Department of Transportation study "A Re-examination of the Amtrak Route Structure," designed to reduce the Amtrak system, was inadequate as a justification for the elimination of 43 percent

of present rail services. The primary criterion was to stay within a subsidy limit with the cost of operation based on currently used procedures. The Governors believe that there was inadequate consideration of other issues, such as operations and marketing. The Association recommends that any future changes in Amtrak's network be based on (1) exhaustive market-by-market and route-by-route analyses to determine methods by which the financial performance of each train can be improved, (2) a similar analysis of Amtrak's internal operations to make them more efficient and effective, and (3) a review of charges imposed on Amtrak by the owning railroads to ensure that they are not more than compensatory payments.

3. The Governors urge Amtrak to be more cooperative with state and local authorities in planning and implementing rail passenger projects.

B. Finance

1. The widening gap between Amtrak's costs and revenues is of special concern to the Governors, reflecting the greatly increased public concern about all forms of public expenditures. However, this problem must be addressed by cost reduction measures and not through the elimination of necessary 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 Association urges railroad labor to accept modernized work rules which reduce operating costs, and railroad management to accept contract terms which compensate for direct costs only, eliminating overhead, investment, prorated system charges, and similar costs.

2. 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. The funds that Amtrak spends on a 403(b) service are matched by state dollars, allowing Amtrak's resources to be stretched as far as possible. However, as the authorization and appropriation process has developed, 403(b) services have often not received the funding which they merit. Therefore, the Governors urge Congress to provide separate authorizations for 403(b) operating and capital needs to ensure adequate funding for these increasingly important services.

C. Operation

The Association urges Congress to require higher operating standards for rail service, 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 also are 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 states, local transit authorities, and intercity bus companies to integrate intercity rail service and facilities with intercity bus and local transit. The Governors urge Amtrak to work with state, regional, and local travel agencies to promote utilization, as recently proposed by the New England states and Canada's eastern provinces.

2. The northeast corridor project should be the nation's prime demonstration of the success of high-volume, high-speed, truly modern rail passenger service. To accomplish this, running times well under three hours between New York and Boston and between New York and Washington, D.C. are desirable. Delays in the northeast corridor project must be eliminated.

However, development of high-speed rail passenger service should not be restricted to the northeast corridor. There are other corridors which also merit improved service. The Governors recommend that such corridors be identified by the states in the coming years and that funding be provided in subsequent legislative sessions.

D. Regulation

1. ICC regulatory procedures should be adopted that would 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.

2. 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 the development of such a relationship.

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.

E. Safety

The National Governors' Association believes that the problem of accidents at grade crossings, especially those involving passenger trains, must be solved without delay. The fragmented levels of responsibility and funding sources must be streamlined to facilitate a rapid and thorough resolution of the problem. The present program is underfunded by both state and federal agencies, and is subject to delay by state agencies, railroad management, and railroad labor. The Association urges the states to assess their policies toward financing grade crossing safety in order to determine their impact on the economic viability of railroads. 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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F. - 5

WATER TRANSPORTATION

Waterways have served as major transportation facilities since the first settlement of this country. Most of our large cities are located on navigable waterways, and industrial expansion has traditionally followed the waterways of the nation. Coal and other minerals, agricultural products, and petrochemicals are among the many bulk materials transported on the waterways.

Technological advances in vessels and material handling equipment permit direct international shipments between remote inland ports and the ports of the world. The energy efficiency of this mode of transportation dictates a need to include the inland waterways and the intracoastal canal system in the national transportation policy.

A. Planning

1. The National Governors' Association urges the U.S. Department of Transportation to create a marine transportation system in cooperation with 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 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 installations 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 National Governors' Association supports the imposition of user fees on inland waterway freight transporters to help pay the cost of operating and maintaining waterway freight facilities. The Governors also support the use of this user tax revenue for capital improvements to the inland waterway facilities.

C. Operation

1. 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

1. 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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URBAN AND RURAL PUBLIC TRANSPORTATION

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 to allow state and local governments 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 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 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. Governors urge that adequate funding be made available to assist state and local governments in meeting federally imposed standards concerning the accessibility of the elderly and handicapped to transportation systems.

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 and fosters the conservation of significant amounts of energy. Substantial federal funding for public transportation operating and capital assistance is needed for the initiation and continuation of public transportation services as energy conservation becomes an increasingly important national objective. Governors support adequate funding for urban and rural public transportation programs. In addition, a significant portion of any new energy conservation taxes should be used to improve and expand this energy-saving mode of transportation.

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 supports adequate funding for programs under the Surface Transportation Act of 1978 that would assist states to develop equitable state-wide plans to provide adequate transportation services in non-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 affected adversely.

6. Transit operators currently are 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.

8. The National Governors' Association places a high priority on expanding and improving the delivery of rural public transportation. This objective is crucial to overcome the problems of rural isolation which limit access of rural Americans to all public services.

The Governors urge the Administration to expedite implementation without delay and expand the extent of federal rural public transportation programs, including the newly enacted Section 18 programs.

The NGA considers a simple, workable, expeditiously administered waiver procedure to be an indispensable element of the Section 18 program. We strongly encourage the Departments of Labor and Transportation to fully recognize the special circumstances of rural areas in implementing the new waiver and warranty procedures. NGA will closely monitor that implementation effort and will recommend changes in the new procedure when experience suggests that changes appear necessary.

The Governors further urge the quick resolution of any outstanding questions of state legal liability under the Section 18 program so that any remaining impediment to the full rapid implementation of the act can be removed. NGA welcomes the strong role of the White House in addressing rural transportation problems through the series of White House rural development initiatives.

9. The Governors also recognize the problems experienced by the intercity 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.

10. The Governors support adequate funding of sections 21 and 22 of the Surface Transportation Assistance Act of 1978 to provide operating assistance and funds to restore and renovate bus terminals of intercity bus carriers.

Revised July 1979.

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 \$14 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. Efforts should be accelerated 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.

Fuel scarcity will continue to have a dramatic impact on tourism. The various states may be implementing energy conservation and fuel allocation measures. In order to accommodate the interstate traveler, it is desirable that there be uniformity in the measures adopted by the states.

Revised July 1979.

COMMUNICATIONS TECHNOLOGY

The National Governors' Association commends the Congress for undertaking a complete review of the Federal Communications Act of 1934, particularly as it related to telecommunication services, and supports revision of the act to:

1. 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.
2. Provide for the design and management of the nationwide telecommunications network as a unified national resource with emphasis on maintaining quality services to all areas of the country at reasonable rates.
3. Provide that future technological advances in telecommunications be made available to all classes of customers and to all areas of the country whenever possible.
4. Provide for more effective participation by state regulatory commissions in the development of telecommunications policy, particularly as it relates to all matters that affect residential and local exchange services.

Because the Governors are taking a more active role in coordinating federal dollars coming into their states, the need for accurate and timely information on federal legislation is critical. Legis, the computerized congressional information system, would provide helpful information in this regard. The National Governors' Association believes access to Legis is essential to a responsible partnership of federal and state policymakers. The Governors believe that the type of information disseminated by Legis is public information and thus should be easily accessible to interested states, organizations, and private citizens. The National Governors' Association therefore urges Congress to move expeditiously to make the Legis system available to those who wish to use it.

5. Currently, each state except New Jersey and Delaware is serviced by a commercial VHF television franchise located within the state. The lack of adequate television coverage in New Jersey and Delaware has had significant adverse effects on political, cultural and economic activity in each state. Efforts to obtain Federal Communications Commission support for VHF commercial television franchises located in these states have been met by bureaucratic delays and indecision.

The National Governors' Association supports a uniform national policy that the Federal Communications Commission grant each state a franchise for commercial VHF television coverage.

Revised July 1979

Agriculture

G. - 5

ESTATE TAX LIABILITY FOR FAMILY FARMS

The Governors are concerned about the increasing loss of family farms caused by estate tax liabilities that are based upon the speculative value of the land rather than upon its actual earning capacity. Section 2032A of the Internal Revenue Code provides that for estate tax purposes real property used for farming shall be valued according to its actual use rather than its potential value for other uses. In recommending this provision, the House Ways and Means Committee specifically states in its report (94-1380) that it would be "unreasonable to require that the 'speculative value' be included in an estate with respect to land devoted to farming or closely held business."

The Internal Revenue Service, however, is proposing regulations (Sec. 20.2032A-3(a)) that would limit application of Section 2032A to those cases where there is direct and immediate competition for such other uses as residential, commercial, or industrial development. By refusing to recognize speculative pressures that have escalated farmland prices in areas not subject to development for other uses, the proposed regulations would, in effect, bar the application of Section 2032A to the majority of farm estates in this country.

The National Governors' Association urges the Internal Revenue Service to modify this proposed regulation to reflect congressional intent that Section 2032A apply to farmland affected by speculative pressures as well as to land under pressure for immediate development.

Adopted July 1979.

G. - 6

NITRITES STUDY

Governors support the current efforts to investigate the possible links between nitrites and cancer formation in rats. The Governors are concerned, however, that this research not be the sole criterion for a decision on the continued use of nitrites to prevent botulism in cured meat.

Nitrites have an unparalleled ability to block the formation of botulism in cured meat products. Approximately 60 percent of the pork and 10 percent of the beef consumed in the United States (with a value of \$12.5 billion per year) is treated with nitrites. A nitrites ban would cause major disruptions in existing meat production, handling, and consumption patterns.

Research performed at the Massachusetts Institute of Technology indicates that the average nitrite intake from cured meats amounts to only 2 percent of the total amount of nitrites that enter the human digestive system every day. Other sources are human saliva, drinking water, and a number of vegetables.

In light of such research, the Governors urge Congress or the Food and Drug Administration to authorize a study to determine the risk/benefit ratio involved in the proposed ban on nitrites and that nitrites not be banned until it can be shown conclusively that the risk of cancer in humans from the intake of nitrites at the current level from cured meats exceeds the benefit currently derived from the prevention of botulism. Health and safety considerations prompted by the increased threat of botulism should be weighed against the actual health benefits that can be expected from a 2 percent reduction in human nitrite consumption.

We also support the moratorium on the ban of nitrites recommended by the Department of Agriculture which is the subject of legislation pending before Congress.

Adopted July 1979.

Executive Committee

H. - 3

NATIONAL HOLIDAY IN HONOR OF DR. MARTIN LUTHER KING, JR.

Legislation is now pending in both houses of Congress to establish the birthday of Dr. Martin Luther King, Jr., as a national holiday.

The National Governors' Association believes it is appropriate and timely for the nation to recognize the late Dr. Martin Luther King, inasmuch as he gave his life in a nonviolent effort for justice, equality and freedom -- principles that form the foundation of our Constitution.

Dr. King's efforts achieved significant social and legal reforms that improved the lives of millions of Americans, regardless of race, color, or creed and thus made our country even stronger.

The nation's Governors believe that in order to improve human relations in our country and as a symbolic gesture to the rest of the world, legislation should be enacted during this session of Congress designating January 1 as Dr. Martin Luther King, Jr., Day, a national holiday.

Adopted July 1979.

International Trade and Foreign Relations

I. - 2

INDOCHINESE REFUGEE POLICY

Recent reports indicated that Southeast Asian governments will refuse entry to new refugees from Indochina and will begin to forcibly repatriate many of the 276,000 refugees now in their countries. Thousands of refugees have already died attempting to escape to freedom, and such a policy portends more tragedy.

Because of the critical situation in Southeast Asia and in order to prevent the further loss of lives, the National Governors' Association proposes the following policy recommendations regarding the international refugee crisis:

1. We urge Malaysia, Thailand, and other countries of first asylum in Southeast Asia to halt the forced repatriation of refugees and to continue to grant temporary shelter to all refugees reaching their shores.
2. We call upon all countries in the free world to join in a collective effort to alleviate the tragic plight of these refugees. The United States alone cannot solve this problem. Rather the problem must be met by a genuine international effort to share the resettlement burden as equitably as possible. Therefore, we endorse the concept of an international conference to address this issue and recommend that state government officials be part of the U. S. delegation.
3. We commend President Carter for his decision to increase the number of refugees to be admitted into the United States over the next twelve to twenty-four months.
4. The National Governors' Association supports the omnibus refugee legislation pending in Congress that will facilitate refugee resettlement and assistance. However, to maintain a hospitable climate for the additional resettlement of refugees in the United States, we urge Congress to delete the two-year limitation on full reimbursement for cash and medical assistance expenses paid by the states for the refugees. We also urge Congress to appropriate funds to provide direct payments of \$450 to local school districts for each refugee child enrolled to defray costs for special English language programs.

Adopted July 1979.