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COMMUNITY DEVELOPMENT DISTRICT ACT

GOVERNMENT
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HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 12466 and S. 2934

JUNE 9 AND 10, 1966

Serial KK

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COMMUNITY DEVELOPMENT DISTRICT ACT

THURSDAY, JUNE 9, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Jones of Missouri, Stubblefield, Purcell, Olson, Resnick, Stalbaum, Vigorito, Redlin, Bandstra, Greigg, Callan, Dague, Belcher, Teague of California, Quie, Harvey of Indiana, Findley, Dole, Burton of Utah, Walker of Mississippi, and Resident Commissioner Polanco-Abreu.

Also present: Hyde Murray, assistant clerk; John J. Heimbürger, general counsel; Francis LeMay, consultant; Martha Hannah, staff; and Fowler C. West, staff.

The CHAIRMAN. The committee will please be in order.

We have before us for consideration today S. 2934, together with a report received from the Senate, and H.R. 12466, which will be made a part of the record at this point.

(The Senate report on S. 2934, S. Rept. No. 1107 may be found in the files of the committee. H.R. 12466, introduced by Mr. Cooley, and S. 2934 follow:)

[H.R. 12466, 89th Cong., 2d sess.]

A BILL To provide needed additional means for the residents of rural America to achieve equality of opportunity by authorizing the making of grants for comprehensive planning for public services and development in community development districts designated by the Secretary of Agriculture

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Community Development District Act of 1966".

SEC. 2. It is the purpose of this Act (1) to provide the means for more equitable participation by rural residents in coordinated planning activities and decisions; (2) to increase efficiency in the use of resources; (3) to provide full representation of smaller governmental units in the planning activities and decisions which affect their residents, so that existing and future programs can be made more effective in providing in rural America equality of opportunity; (4) to improve the relationships between and the welfare of both urban and rural people; and (5) to facilitate the cooperation among all Federal, State, and local agencies in establishing multicounty community development districts to better coordinate the planning of programs to improve rural life.

SEC. 3. The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may designate as a community development district (hereafter called "district") any area that has been so delineated by the State agency specified by the Governor or legislature of the State, or any other area if such designation is not in conflict with the action of such

State agency, where he finds that the area encompassed within the district includes a county or municipal government having jurisdiction over a commuting center, or two or more centers within convenient daily commuting distance of each other, and the surrounding territory within convenient daily commuting distance of such centers. The district may include such other territory beyond convenient daily commuting distance of such centers within which the residents are dependent upon such centers as their usual source of some or all of the goods and services generally secured by daily commuting. "Convenient daily commuting distance" means such distance and direction as residents normally commute for their day-to-day commercial, vocational, public service, social, and cultural pursuits.

SEC. 4. (a) Upon designation of a district by the Secretary of Agriculture, a community development district planning agency (hereafter called "agency") may be established in the district. The agency shall be established and governed by a board or commission (hereafter called "board") whose members are appointed by and responsible to the participating county or municipal governments having jurisdiction within the district. Representation on the board shall be reasonably related to the populations of the participating governmental jurisdictions, and the eligibility of county or municipal governments to participate shall be so established as to enable all citizens residing within the district to be represented on the board by the appointee of an elected government.

(b) "Participating" governments as used in this Act means those counties and municipalities which have authorized by official action of their governing bodies representation on the board and participation in the functions of the board.

SEC. 5. Section 701 of the Housing Act of 1954, as amended, is amended by adding thereto the following:

"(h) Notwithstanding any other provisions of this section grants may be made by the Secretary of Housing and Urban Development to the planning agency of any community development district designated by the Secretary of Agriculture under the Community Development District Act of 1966 for comprehensive planning as defined in this section and in accordance with purposes of that Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) Not to exceed 75 per centum of the costs of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available.

"(2) Planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district.

"Grants provided under this subsection to the planning agency may be paid in whole or in part to participating governments for the use of the planning agency where this will facilitate the purposes of the Community Development District Act of 1966.

"For purposes of this subsection comprehensive planning may also include the undertaking of coordinated planning for public services and for all other governmental functions."

SEC. 6. The administrator of any Federal assistance program having a requirement of planning as a condition of loan or grant assistance shall before approval of such assistance, give consideration to the plans for the applicable district.

SEC. 7. The Secretary of Agriculture shall require, as a condition of extending planning assistance, that the board agree to give consideration to all other planning requirements under any other Federal program.

SEC. 8. Any agencies of the United States authorized to make grants, loans, or other assistance shall accord due and appropriate consideration to requests for assistance to carry out plans of districts. Upon request of a board, the Secretary of Agriculture may provide technical advice to applicants for such assistance in the development and implementation of plans provided for in this Act.

SEC. 9 (a) The Secretary of Agriculture is authorized to delegate to the heads of other departments and agencies of the Federal Government such of his functions, power, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will, to the maximum exact

extent permitted by other applicable law, assist in carrying out the objective of this Act.

SEC. 10. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[S. 2934, 89th Cong., 2d sess.]

AN ACT To provide needed additional means for the residents of rural America to achieve equality of opportunity by authorizing the making of grants for comprehensive planning for public services and development in community development districts designated by the Secretary of Agriculture

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Community Development District Act of 1966".

SEC. 2. It is the purpose of this Act (1) to provide the means for more equitable participation by rural residents in coordinated planning activities and decisions; (2) to increase efficiency in the use of resources; (3) to provide full representation of smaller governmental units in the planning activities and decisions which affect their residents, so that existing and future programs can be made more effective in providing in rural American equality of opportunity; (4) to improve the relationships between and the welfare of both urban and rural people; (5) to facilitate the cooperation among all Federal, State, and local agencies in establishing community development districts to better coordinate the planning of programs to improve rural life.

SEC. 3. The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may approve as a community development district (hereafter called "district") for the purpose of this Act any area that has been so designated by the State agency specified by the Governor or legislature of the State, or in the absence of such designation any other area: *Provided*, That no district shall be approved under this section unless (1) local units of government participating in such district have requested the Secretary of Agriculture to approve the area as a community development district; (2) the State agency having supervisory responsibility under State law has received forty-five days notice of the intention to approve such district, and has not disapproved such approval; (3) except in the case of a district designated by the State agency specified by the Governor or legislature of the State or in the case of a district in existence on the date of enactment of this Act, the district does not include any area of any county unless the entire area of the county is included. Such district shall encompass as nearly as feasible the area which includes at least one service center and the surrounding territory within convenient commuting distance thereof, and any additional territory from which the residents beyond convenient commuting distance depend on such center as their central source of goods and services. "Convenient commuting distance" means the distance and direction within which residents carry on their day-to-day commercial, vocational, public service, social, and cultural pursuits.

SEC. 4. (a) In order to qualify for approval by the Secretary of Agriculture, a community development district board (hereafter called "board") shall have been organized in the district and empowered to establish and direct a community development district planning agency (hereafter called "planning agency"). Members of the board shall be elected by the governing bodies of the participating governments, and shall be responsible to the respective governing bodies by which they are elected. Representation on the board shall be so established that all citizens residing within the district can be represented on the board through action of a government in which jurisdiction they reside.

(b) "Participating" governments as used in this Act means those counties and municipalities which have authorized by official action of their governing bodies representation on the board and participation in the functions of the board. If such participating governments see fit to include in the charter or bylaws of the district provision for participation by additional public bodies, such additional public bodies shall be participating governments for all purposes of this Act after their governing bodies have by official action authorized representation on the board and participation in the function of the board.

SEC. 5. Section 701 of the Housing Act of 1954, as amended, is amended by adding thereto the following:

"(h) Notwithstanding any other provisions of this section, but within the total amount authorized to be appropriated under subsection (b), grants may

be made by the Secretary of Housing and Urban Development with the concurrence of the State within which the district is located to the planning agency of any community development district when such grants are approved by the Secretary of Agriculture under the Community Development District Act of 1966 for comprehensive planning as defined in this section, but including planning for all needs of the district in accordance with said Community Development District Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) not to exceed 75 per centum of the cost of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available; but in no event shall any grant under this paragraph be based on costs serving as a basis for any other Federal planning grant.

"(2) planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district.

"Grants provided under this subsection to the planning agency may be paid in whole or in part to participating governments or to States for the use of the State, or the planning agency or both where this will facilitate the planning for the district.

"For purposes of this subsection comprehensive planning may also include the undertaking of coordinated planning for public services and for all other local governmental functions."

Sec. 6. The Administrator of any Federal assistance program having a requirement for planning as a condition of loan or grant assistance shall, before approval of such assistance, give consideration to the plans for the applicable district.

Sec. 7. The Secretary of Agriculture shall require, as a condition of extending planning assistance, that the Board agree to give consideration to all other plans prepared under other federally assisted programs affecting the district.

Sec. 8. Any agencies of the United States authorized to make grants, loans, or other assistance shall accord due and appropriate consideration to requests for assistance to carry out plans of districts. Upon request of a board, the Secretary of Agriculture may provide technical advice to applicants for such assistance in the development and implementation of plans provided for in this Act.

Sec. 9. (a) The Secretary of Agriculture is authorized to delegate to the heads of other departments and agencies of the Federal Government such of his functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will, to the maximum extent permitted by other applicable laws, assist in carrying out the objectives of this Act.

Sec. 10. The planning staff employed by the district shall prepare or revise annually a detailed study for the district describing the Federal programs of aid or assistance in economic or social development that the district is eligible for, together with the criteria, standards, or other conditions that the district must meet to avail itself of such Federal programs.

Passed the Senate April 25, 1966.

Attest:

EMERY L. FRAZIER,
Secretary.

The CHAIRMAN. We have the Honorable Orville Freeman, Secretary of Agriculture, with us this morning.

We will have to leave here promptly at about 11 o'clock to go on the floor. I hope that the members will bear that in mind.

H.R. 12466 which is before us is identical with S. 2934.

I understand that S. 2934 has already passed the Senate. Is that not true?

Secretary FREEMAN. That is correct, Mr. Chairman.

The CHAIRMAN. So, Mr. Secretary, we will be glad to hear you.

We are delighted to have you with us.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY JOHN A. BAKER, ASSISTANT SECRETARY, AND ROBERT G. LEWIS, ADMINISTRATOR, RURAL COMMUNITY DEVELOPMENT SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Secretary FREEMAN. Mr. Chairman and members of the committee, my statement this morning will be brief. I will welcome, I can assure you, and I hope that I can respond appropriately to, any questions by the committee.

Thank you for inviting me to testify.

Let me say at the outset: The legislation I am here to support is more than a rural planning bill. It is directed as much at curing the ills of our cities as it is at correcting the handicaps of the countryside. And it contains built-in provisions that promote action rather than empty daydreams and grandiose plans that too often erode away like sandcastles before an incoming tide.

If I had to summarize in a few words what I wanted to say to you today, it would be this:

We have become an urban-oriented Nation, preoccupied with problems of suburban sprawl and inner-city decay, social strife and congestion, rising welfare costs, and juvenile delinquency.

In recent years, we have seen a great growth in public expenditures to meet this constantly rising tide of unsolved urban problems—problems whose roots, in many cases, can be traced back to their beginnings in rural America.

And I would say: Let us treat the illness as well as the symptoms. Let's treat the illness where it starts—in rural America, where ever-widening deficiencies in job opportunities, in education, health, and other public and private services give these problems a start.

Unless we move vigorously to help people in our towns and small cities counteract the problems of rural America, we will keep undercutting whatever gains we make in the city.

Our metropolitan areas will have to begin over and over again curing the ills that many rural people bring with them when they move to the city in search of job opportunities and a better way of life.

But this need not be.

A promising alternative is to make more adequate public and private services—and more jobs—available in our smaller communities and open countryside. Then the people will choose to stay there rather than flee to the big cities.

Community development districts offer a way to explore, and exploit, this alternative.

By the year 1975, there will be 225 million men and women and children living in the United States. Whether we force 225 million Americans to stack up, or enable them to spread out, is a decision our people in business, industry, finance, and every level of government face right now. Unless we shift gears, there will be as many of us jammed into our major cities less than 20 years from now as there were people in the entire Nation just 6 years ago.

If we thoughtlessly allow the trend toward massive concentration of people to continue, we will be overlooking one of our greatest national potentials—space in the countryside.

The human and natural resources in rural America can enrich the total quality of our Nation's social, cultural, and economic life.

The current ills of both city and countryside can be substantially cured by building an environment which adds steadily to opportunity in both, so families may choose places to live, rather than being pushed into them.

It is to help people raise the quality of their environment that the Congress, over the past 2 years, has enacted many new programs—programs that are being used to speed economic and social progress in this country.

The new Poage-Aiken bill, for example, expanded Federal help to smaller communities to assist them in developing water and sewer systems.

We have creative new programs to improve education, to get students back into school, and to help keep them there.

We have programs to promote economic development on a regional basis, and to improve health services.

Rural communities need these new programs, and they need the community development district approach to make the best use of them.

It is important to keep in mind here, I think, that in delineating community development districts we are simply legitimizing an entity that already exists—not in law, but in behavior patterns. We are, in other words, recognizing predominant commuting patterns traced by the residents themselves in their day-to-day commercial, vocational, public service, social, and cultural pursuits.

A community development district board, whose members are elected by the governing bodies of the participating county or municipal governments having jurisdiction within the district, would employ and direct the work of a staff of planning specialists.

These planning experts will work hand in glove with city and county officials, advising them of the assistance available from Federal, State, and private sources, and helping them obtain the aid they need.

Planning grants under this program would be administered to achieve maximum coordination between the various programs and the agencies that administer them.

Before any community development district planning grant was approved a determination would be made that the grant would not duplicate or supplant planning grants available under other programs.

The provision that grants may be paid in whole or in part to participating governments or to the States for the use of the planning agency or the State on behalf of the district, is intended to accommodate the program to some State laws.

We anticipate that up to \$5 million will be requested for planning grants under the proposed bill during the forthcoming fiscal year. The funds appropriated for community development district planning will come under the present section 701 authorization.

Three provisions in this bill are particularly significant.

They include the requirement that the planners spell out how each proposed project will contribute to overall district development, that this planning be coordinated so each community and the Federal Government gets the maximum possible return from its investment dollar, and that the planning capability needed to make use of local resources and State and Federal programs is continuously available.

The bill recognizes that in some rural areas there are no centers of sufficient size to provide economical central services. In such cases, mobile services may be needed to provide adequate and convenient services.

As President Johnson pointed out in proposing this act:

It is difficult, if not impossible for every small hamlet to offer its own complete set of public services. Nor is it economic for the small city to try to achieve metropolitan standards of service, opportunity, and culture, without relation to its rural environs.

By pooling their resources, and through coordinated planning, the small city and its rural neighbors can develop new economic opportunities and a broad range of public and private services that neither could likely achieve on its own.

They can create an environment so inviting, so pleasant, so abundant that it will provide rural youth a genuine opportunity to remain in the countryside, and it will beckon people to return to the open spaces and small towns from our concrete and asphalt cities, and to bring their families with them to new jobs in the new industries that will spring up in rural America as our dynamic national economy grows.

One of the most serious gaps in rural America is the job gap.

I think the time has come when we should, as a matter of common-sense and sound national policy, encourage businessmen and industrialists to locate more of their new plants and new jobs in rural areas, where there is space and a vast storehouse of underutilized resources.

There are many local, State, and Federal programs that businessmen can use to help them build new plants in rural areas, or to expand existing operations.

There are advantages for the business executives too, like a 10-minute drive to the golf course, or a horseback ride with the kids before breakfast.

The community development district bill, by pooling resources, will enable rural groups to make their communities more attractive to industry, thus slowing the migration from rural areas that only complicates the already serious congestion of our cities.

The Community Development District Act can help the people of rural America obtain job opportunities, public and private services, and cultural facilities on a par with those found in urban areas.

Then, with their advantages of easy travel, and closeness to outdoor recreation, our rural communities can successfully hold their people and compete for a fair share of this Nation's economic growth.

When there is true parity of opportunity, when the individual has a real choice of where he will live, in the city or the countryside, we shall be well on the way to curing the ills of both.

May I recap, Mr. Chairman, and conclude by saying this:

First of all, this is a local bill: it is fundamentally a local government bill. It will be operated by local officials. The decisions will be made by local officials. It will strengthen local government.

Secondly, it will bring help to the system and order where there is often confusion today, and it carefully delineates the procedures to prevent overlap and to bring some orderliness and some system to a number of programs which sometimes bump each other in an effort to get going.

Further, it is designed to accomplish efficiency. It will provide a method to accomplish coordination by means of the involvement of

the local governmental officials themselves, and in this way it will make a contribution to overcoming some of the competition and the traditional difficulties that often exist between the local units of government which prevents them from joining together in large enough units to get a job done.

This is a modest bill. It involves a small amount of money, really seed money for planning, and it is not an action program; it is a planning program. It is a coordinating program, so that current action programs, local, State, and Federal actually can be coordinated and made more operatingly effective.

And, finally, I would repeat that this is a bill that gives the small rural community a break—it gives them the opportunity so that they can, by working together, develop and use the tools which will give them an opportunity to compete with some other areas, to hold their people and to bring in new ones, and that, I think, is in the national interest and a constructive contribution to the mounting problems which are the product of the concentration of more and more people in less space.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Secretary, for your very fine statement.

I take it that you want the document entitled "Detailed Explanation of the Community Development District Act" included as a part of your presentation?

Secretary FREEMAN. Yes, if I may. I would appreciate that.

The CHAIRMAN. The document will be made a part of the record at this point.

(The document entitled "Detailed Explanation of the Community Development District Act" follows:)

DETAILED EXPLANATION OF THE COMMUNITY DEVELOPMENT DISTRICT ACT OF 1966
SUBMITTED BY THE HONORABLE ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE

THE NEED AND BENEFITS OF PLANNING

Few rural communities, and few of the small and medium-sized cities in predominantly-rural areas, are able in isolation to marshal sufficient physical, human, and financial resources to achieve a satisfactory level of social and economic development, even with the help of the many new Federal programs enacted by the Congress during the last five years.

The proposed Community Development Districts, to be initiated on a pilot basis, will provide an incentive and an administrative vehicle for coordinated planning on the basis of units of sufficient size and scope to permit more efficient use of local, state and other Federal resources available from existing sources.

The central advantage of the city has been that a large and concentrated population can provide the leadership and technical capability, and can achieve economies of scale in planning and operations, to provide for its people a variety of highly developed public services and facilities. This characteristic likewise affords the wide diversity of interests and talents which so enlivens city life.

The sparseness of population beyond the metropolitan centers makes it impractical for every small hamlet to offer its own complete set of public services adequate to meet the needs of modern society.

Nor is it economic for the small or medium-sized city to attempt to achieve metropolitan standards of service, opportunities, and culture, in isolation from the neighboring rural communities.

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The sparseness of population beyond the metropolitan centers makes it impractical for every small hamlet to offer its own complete set of public services adequate to meet the needs of modern society.

Nor is it economic for the small or medium-sized city to attempt to achieve metropolitan standards of service, opportunities, and culture, in isolation from the neighboring rural communities.

The related interests of all the people who live within the limits of these cities, and in the open country and smaller towns that surround them, need to be taken into account together in comprehensive and coordinated planning for public services, local governmental functions, and economic development of the entire wider community.

Present-day communications and means of travel provide the technical means to extend to people in the outlying rural areas a variety and quality of public services and of economic and cultural opportunities equal to those that now exist in the larger urban centers. Commuting time by car sets the practical limits on choices among job opportunities, on day-to-day access to major health care facilities and advanced schooling, a wide variety of professional services, museums and art galleries, artistic performances, and a wide range of public events. Likewise, such commuting patterns describe the extent of the marketplace for buyers and sellers of consumer goods and services, and the further range of community social life.

Thus, a functional community has evolved by a process of voluntary choices of both city and rural people, and it offers a new potential for solving some of their basic problems. By combining resources and efforts in larger and more functional geographic groupings, rural and smaller urban communities comprising a population base sufficient to support a full range of efficient and high-quality public services can achieve the conditions necessary for economic and social advance.

Well-coordinated and comprehensive planning for such a functional community can help increase the effectiveness and efficiency of the use of public and private resources for economic growth and community development. This approach can stretch limited resources so as to attain both material living standards and a quality of life that would be unattainable through fragmented, sporadic, and inconsistent efforts.

THE DIMENSIONS OF THE COMMUNITY

The guidelines for determining the dimensions of an area within which the local governments ought to carry out integrated urban-rural planning are likely to be already marked by the commuting patterns that have been drawn by rural and city residents together as they drive to work, to shop, to attend college or technical and vocational schools, to visit, and to participate in recreational and cultural facilities. The center is usually within one hour's driving time of most or all residents.

In most such functional communities, the total population will be large enough so that there are enough users of each essential service to justify employing competent full-time resident specialists in a wide variety of medical and educational services, local government services, economic activities, and the like. In some sections, where towns of even 10,000 people are scarce, it would be more practical and more economical to provide major services to people at the outer limits through mobile facilities rather than for them to commute.

No two of these functional communities, of course, are identical. But a "typical" example can be thought of as having a small or medium sized city at the center, together with a circle of primarily-rural counties within a reasonable commuting range around it. Some might contain two or more urban centers. The rural counties will invariably contain several "county seat towns" and smaller settlements. The distinguishing feature is that residents of the district normally

and spontaneously carry on most of their resident-type activities within its limits, and that there is a mutuality of interests among them.

COMMUNITY DEVELOPMENT DISTRICTS

Federal grants-in-aid are now available to small as well as large cities, to assist with comprehensive planning and planning for a wide variety of specialized purposes. The various planning aids are administered by several distinct agencies. Each has special purposes, and some may be quite broad. The territories within which the various plans are to be applied often are not consistent with each other, and frequently fail to encompass all who have legitimate interests involved.

Planning aids available currently have not resulted in effective planning for rural areas, nor have they achieved an adequate regional approach to urban-rural planning. These deficiencies are accentuated by the particular problems of the characteristically small, poorly-staffed, and financially-weak rural local governments. And where regional planning activities do exist, rural people are frequently under-represented, and sometimes totally unrepresented.

A new pattern of planning organization is needed in order to enable rural citizens to participate with their city neighbors, within logically-interrelated functional communities, in planning for their mutual economic, social, and cultural development. It is needed, also, in order to help provide better coordination among the various types of planning activities that are underway in the local communities, particularly those that are financed in whole or in part by Federal funds. This is the objective of the Community Development District Bill proposed by President Johnson in his message to the Congress on January 25, 1966.

The Community Development District Bill would provide for districts to be designated by State¹ government, and approved by the Secretary of Agriculture. A Community Development District Board, whose members are elected by the governing bodies of the participating county or municipal governments having jurisdiction within the district, would employ and direct the work of a staff of planning specialists.

FINANCIAL ASSISTANCE FOR DISTRICT PLANNING

Two kinds of grants would be provided under Section 5 of the bill, which would amend Section 701 of the Housing Act of 1954, as amended, by adding the following:

"(h) Notwithstanding any other provisions of this section, but within the total amount authorized to be appropriated under subsection (b), grants may be made by the Secretary of Housing and Urban Development with the concurrence of the State within which the district is located to the planning agency of any community development district when such grants are approved by the Secretary of Agriculture under the Community Development District Act of 1966 for comprehensive planning as defined in this section, but including planning for all needs of the district in accordance with said Community Development District Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) not to exceed 75 per centum of the cost of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available; but in no event shall any grant under this paragraph be based on costs serving as a basis for any other Federal planning grant.

"(2) planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district. Grants provided under this subsection to the planning agency may be paid in whole or in part to participating governments or to States for the use of the State, or, the planning agency or both where this will facilitate the planning for the district.

"For purposes of this subsection comprehensive planning may also include the undertaking of coordinated planning for public services and for all other local governmental functions."

¹ As used in this Act, the term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, Guam, American Samoa and the Virgin Islands.

The purpose of district planning is to supplement present planning efforts of Federal, state, and local governments. Before approval and certification of any grant under this program, a determination would be made that such grant would not duplicate nor tend to supplant grants or any other planning assistance available.

Planning grants would be administered under this program in such a manner as to achieve a maximum degree of interdepartmental and interprogram coordination.

Grants of "not to exceed 75 percent of the costs of the salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available," would be authorized to assist in the planning activities of community development districts. Under the present authority of Section 701 of the Housing Act of 1954, states, regions, counties and multi-county agencies, cities and small towns may receive grants for comprehensive planning. The proposed bill would specially authorize grant-in-aid assistance also for the full range of planning activities of community development districts. The level of grants to Districts would be up to 75 percent, rather than the standard two-thirds grant level under the Section 701 program, as an incentive to communities to plan comprehensively on a district-wide basis.

Planning incentive grants, in an amount not to exceed 10 percent of the amount of other Federal grants for planning purposes extended within the district, would also furnish incentives to communities to form a district planning agency, and would furnish the means to enable the district planning agency to help coordinate the development plans and programs within the district. It will sometimes be necessary and desirable for participating governments to carry out certain planning activities for local purposes by themselves. In such cases, the district planning board would be entitled to an incentive grant of up to 10 percent to assist it to coordinate the plans of the governmental units within the district.

The provision that grants may be paid in whole or in part to participating governments or to the States for the use of the planning agency or the State on behalf of the district, is intended to accommodate the program to some state laws.

We anticipate that up to \$5,000,000 will be requested for planning grants under the proposed bill during the forthcoming fiscal year. The funds appropriated for Community Development District planning will come under the present Section 701 authorization. This sum of money will be sufficient to establish several pilot community development districts so as to provide operating experience during this first year in a range of varying situations and conditions of geography, economic attributes, population variation, interrelations with other Federal program operations, and other factors.

The balance of the expense of planning activities not covered by Federal grants will need to be supplied by the participating local governments. The local contributions for salary and expenses of the technical planning staff may be in cash or in kind, fairly evaluated, including but not limited to office space, equipment, and services.

DELINEATION AND APPROVAL OF DISTRICTS

The proposed bill would give the prerogative to the respective states to designate the boundaries of districts, in cooperation with local governments. The law would afford a wide latitude for variations among the states so as to conform to varying conditions, legal requirements, and preferences of the people concerned.

The specifications set forth in the bill, in Section 3, are objective. It is important to keep in mind that the problems of delineating the boundaries of districts is *one of determining something that already exists*. That is, what are the actual predominant commuting patterns observed by the people themselves in their day-to-day activities?

We interpret the term "convenient commuting distance" as usually meaning a radius of 30 to 50 miles from the service or commuting center. This is normally an hour's driving time or less. It is actually shorter in travel time from "home" to "down town" than the residences of many who live and work in large cities. The "commuting area" around such a service center includes that territory *from which residents actually do commute to the center*, for their day-to-day commercial, vocational, public service, social, and cultural pursuits. This does not mean that all residents within the commuting area commute every day. But

"commuting area" does mean the territory within which most of those who do commute for jobs and other purposes, actually do prefer to carry out their commuting activity.

The bill recognizes that there is some rural territory that lies beyond convenient commuting distance of any center of sufficient size to provide economical central services. Even in those circumstances, however, it is fairly simple to determine which service center is *most commonly used* by the residents as their central source of goods and services. Such territory will be included in the district that includes the most commonly used trade center, and mobile services that may be needed to provide adequate and convenient services in such territories would be based in the center in the district.

As strictly defined, a commuting area is likely to encompass several counties, and parts of counties. We expect under most conditions that local people and state planning agencies will prefer to have districts comprised of whole counties, and district boundaries to conform to county lines. However, when substantial populations within a single county are associated with different commuting centers, it is likely that the State designating agency may wish to allow the county governing body to be represented on the boards of two (or more) districts within which it has residents. This will not create serious inconvenience or difficulty.

There are many cases throughout the country in which commuting centers furnish services to rural commuters residing in two or more states. In such circumstances, it obviously will be necessary to have the interest of people throughout the commuting area represented in planning activities and planning decisions affecting the district as a whole. We do not foresee insurmountable difficulties for such districts that include parts of two or more states in carrying out a normal community development district planning operation.

Specialists from this Department will be available to consult and advise the appropriate state planning agency designated by the Governor or Legislature as it sets out to delineate boundaries of community development districts. We anticipate that the Department of Housing and Urban Development will do so also. We will encourage full participation of specialists in the land grant universities, some of whom have extensive familiarity and research experience with this concept, in the delineation of districts. We will encourage the states to allow maximum flexibility for revision of district boundaries in the light of operating experience, changing conditions, and the preferences expressed by local people.

In order to assure consistent understanding and interpretation of the intent of this bill, suggested guidelines for district delineation will be furnished to the appropriate state planning agency, and to the Land Grant University and other state specialists and local leaders assisting in this process.

If some states lack the facility or prefer not to delineate community development district boundaries, the Department of Agriculture may approve districts which meet the standards specified in the bill. However, the bill provides positive protection of the prerogative of the State to take the initiative in delineating district boundaries.

An application for approval by the Secretary of Agriculture of a community development district may be submitted in compliance with regulations of the bill by an authorized officer or agency of a government body. This agency must be eligible to receive and to disburse funds for purposes prescribed in the bill. As a general rule, this will be a county governing body which is participating in a district planning board and planning activity, or a board which itself conforms to the standards prescribed in the bill for a community development district board. After approval of the district, the board and planning agency will then be prepared to operate a recognized community development district planning program. Specific procedures and regulations pertaining to the formation, organization and operation of districts will be subject to appropriate state law and regulation.

During fiscal year 1967, a number of pilot community development districts will be selected from among those applications approved by the Secretary of Agriculture as districts meeting the requirements of the Act. Pilot districts will be selected so as to furnish the needed experience under a wide range of geographic, economic, social, and population density conditions.

OPERATIONS OF COMMUNITY DEVELOPMENT DISTRICTS

The Board of a community development district will be required to demonstrate that its structure satisfies the standards specified in the Act, before it will be

eligible for approval or certification by the Secretary for planning grants. The planning activity is to be performed under the direction of a planning board or commission whose members are elected by and responsible to the participating local elected governments within the district.

The actual planning work usually will be performed by the technical planning staff established and directed by the board. Under some circumstances, the CDD board may contract with private firms, Universities, or with state, local or other regional agencies for some of the planning activities. The planning agency would be expected to consult with and utilize the capabilities of the Universities, local development committees, special interest groups, and area Extension Specialists in developing and implementing district plans.

Specific eligibility standards for participation by county or municipal governments will be subject to state rule or law. As a general rule, we anticipate that the participating governmental units will be county or city governing bodies, and that they will elect appropriate representation on the planning board. The regulations establishing the eligibility of county or municipal governments to participate must be established in such a way as to insure that all citizens residing within the district will have a chance to be represented if their elected government chooses to participate.

The plans developed by district planning agencies and approved by district planning boards will not need to have mandatory or binding force upon the governmental units within the district. They may have the force only of recommendations or informal agreements. Therefore, there should not be insurmountable problems in the operation of districts which cross state lines.

In some cases, state legislation may be needed in order to facilitate fully effective participation by counties or other appropriate local governments in community development district planning activities, or in the projects and activities that are called for to carry out district plans.

PROGRAM COORDINATION

The legislation provides several safeguards against the duplication or supplanting of planning assistance available through other Federal programs.

Section 7 provides that the Secretary of Agriculture shall require that the board agree to give consideration to all other plans prepared under other federally-assisted programs affecting the districts as a condition of extending planning assistance under the proposed bill. The Secretary will require that a full inventory and review of all planning activities and all plans developed with Federal assistance within the district be made as part of the district's program development activity each year. In addition, a district plan will include a detailed study for the district describing the Federal programs of aid or assistance in economic or social development for which the district is eligible, together with the criteria, standards, or other conditions that the district must meet to avail itself of such Federal programs.

It is the purpose of the bill to make full and efficient use of existing planning resources and capabilities—not to supplant nor duplicate them—and to link them together and fill whatever gaps that might now exist so that a well-coordinated, comprehensive set of plans for the district will result. For example, Soil Conservation Districts have completed considerable soil and water and natural resource planning work, and have continuing capability for such work, in most areas of the country. Under this bill, district planning boards would utilize the Soil Conservation Districts' studies and look to the Soil Conservation Districts within the District for the further resource planning competence that would be needed.

In addition, appropriate certifications will be required of each district board or planning agency officials to accompany all applications for planning grants of the first type authorized in Section 5 (up to 75 percent of cost). If a district applies for planning aid for purposes for which aid is authorized under other programs, the Secretary will refer the application to such agency to ascertain whether the requested aid is available, and will not certify the aid requested unless he determines that it is not available from that source due to lack of authority or funds.

Section 6 of the proposed bill provides that the administrator of any Federal program having a requirement for planning as a condition of loan or grant assistance shall, before approval of such assistance, give consideration to the plans for the applicable district. This will help provide a means for coordination of federally-supported projects within the district. It will thus help to

insure maximum effectiveness and efficiency in the use of Federal aid, and in the expenditure and development of local resources.

Section 8 of the proposed bill provides that "Any agencies of the United States authorized to make grants, loans or other assistance, shall accord due and appropriate consideration to requests for assistance to carry out plans of districts." In addition, this section authorizes the Secretary of Agriculture, upon request of the board, to "provide technical advice to applicants for such assistance in the development and implementation of plans provided for in the Act." This will help to focus the overall development efforts of the Federal Government upon carrying out the local development plans that are advanced through the efforts of community development district planning activities.

The most important factor insuring efficient coordination of planning and development efforts is the fact that the establishment of community development districts will provide both a structure and a pattern that are logical and uniform for planning and carrying out most federally-assisted development programs, and many local and state programs as well, which involve the mutual interests of rural and urban people within the functional communities that have evolved to bind rural areas and small and medium-sized cities together.

The pattern—the commuting district—logically fits the requirements of many programs which need, within the limits of convenient access by users, to capitalize upon the advantages of sufficient size in order to keep costs of facilities within bounds, and to assure services of the best attainable quality.

Some programs can be planned efficiently for units smaller than a whole community development district. The proposed program will not interfere in such cases. But the community development district may even in such cases provide advantages and economies of scale to its participating local units, by providing planning services to them on a contract basis.

The structure of the community development district planning organization likewise is suited for the participation of local people and local governments in the planning and administration of Federal programs generally. Locally elected general-purpose governments are both the proper and the practical agencies to supervise comprehensive planning that is responsible, realistic, and responsive to the capabilities and needs of the people.

I should like to quote from a recent letter received from Mr. Phillip V. Maher, Administrative Assistant for Urban Affairs in the State Government of Missouri. He expressed a strong concern for the confusion existing at the State and local levels with regard to the lack of coordination among the many Federal development programs. Mr. Maher views the coordination of planning features of the Community Development District Bill as vitally necessary for the successful implementation of these programs at the local level.

Mr. Maher stated as follows:

"Governor Warren E. Hearnes has forwarded to me your letter of February 4 which had attached thereto the President's message and a copy of the bill concerning the Community Development District Program. We believe this program to be not only very helpful, but also vitally necessary."

"One of the major problems with various grant-in-aid programs and the planning activities which are required thereunder is the lack of coordination at the local level. An example of this is that we have been this year asked to draw Economic Development district lines under the Public Works and Economic Development Act of 1965, to assist in the formation of multi-county Economic Opportunity Community Action Programs, to help draw the sub-regional lines under the Ozarks Regional Economic Development Commission, to create multi-county vocational education area programs under the Vocational Education Act of 1963, to implement multicounty junior college district programs, to draw hospital service areas under the Hill-Burton Act, and several other such programs. It, of course, would be greatly helpful if these district lines were coterminous and the planning activities under these various programs were related and coordinated."

The commuting district, provided for in this bill, is consistent with the specific provisions for districts provided for in the Public Works and Economic Development Act and the Appalachian Regional Development Act. Districts established for the administration of each of these three programs are intended to be identical in extent and boundaries. That is, district boundaries initiated under the Community Development District Act would be approved for the administration of the Public Works and Economic Development Act and the Appalachian Regional Development Act as well, if the areas concerned become qualified. By the same token, district boundaries initiated under each of the

other programs would be approved for community development districts if certified eligible for aid under this Act.

It is the intent that assistance under this Act be administered in such a way as not to conflict with or duplicate the planning requirements under other programs, but serve to provide an incentive and vehicle for coordinating these requirements on the basis of a district plan. The goal is to encourage local people to organize district-wide planning agencies that are directly responsible to and representative of the locally elected governments involved, and for the administrators of Federal programs to have available the guidance of such district plans.

Advisory committees comprised of volunteer citizens provide an indispensable element of local participation in planning and carrying out many development programs. This is true of the Rural Areas Development Committees which work closely with the Department of Agriculture on rural development, for example. Some programs require particular attention to the views of special groups whose interests are deeply involved. The approach provided for in this bill in no way diminishes either the need for or usefulness of such citizens' planning groups. On the contrary, it can greatly strengthen their effectiveness and support them in their goals, by providing systematic access both to a professional planning staff's capability and to local decision-makers. Advisory committees, either general, all-purpose citizens' groups or specialized groups centering interests on a single or limited program or problem, can become more effective than ever before, both in advancing their legitimate objectives and in furnishing relevant and useful guidance to program administrators.

CONCERTED HEALTH AND EDUCATIONAL SERVICES IN "PILOT DISTRICTS"

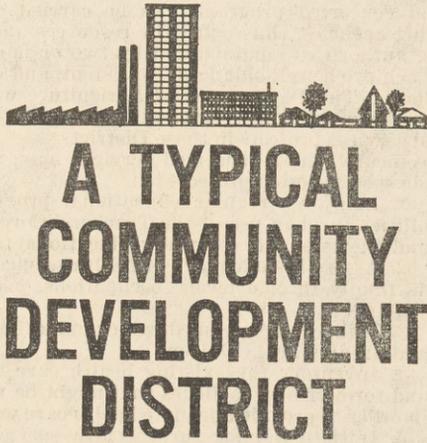
Within the pilot Community Development Districts to be established in Fiscal Year 1967, special concerted services in resource development, health care, and training and education will be initiated so as to afford operating experience in a representative variety of geographic, economic and social conditions. These special concerted programs can be carried out under existing authorities by existing agencies, thus using the resources and experts now available. In some cases, authorities administered by two or more agencies can be coordinated so as to achieve a well-balanced, consistent, and comprehensive approach to specific problems. The Department of Agriculture will provide leadership through the Rural Community Development Service for promoting and coordinating concerted services projects in these Districts.

Specifically, these concerted services may, as authorized under existing law, include special action projects to:

1. Reinforce regular educational program curricula and teaching capabilities through use of the Teachers' Corps, pre-school and remedial courses, and television and other new educational techniques.
2. Assess the adequacy of health services according to such characteristics as family income levels, occupations, and distance from major population centers;
3. Make complete medical examination and other health tests of rural and urban school children;
4. Inventory the existing health care facilities, and determine the extent and form of new facilities that might be needed, particularly in rural areas, in order to provide adequate health care with maximum economy;
5. Initiate a pilot rural health services program to extend services to remote and rural areas and to experiment with new techniques, such as mobile diagnostic equipment, and grants to rural doctors to establish "medical circuits" in rural towns;
6. Carry out comprehensive manpower and employment surveys and testing to evaluate existing and potential labor resources;
7. Provide concerted Manpower Development and Training Program courses, and on-the-job and work experience training designed to reach all unemployed and underemployed persons within the earliest practicable time.

Three pilot concerted services projects are already underway in widely-dispersed areas of the country—one in Sandoval County, New Mexico; another in St. Francis County, Arkansas; and a third in Todd County, Minnesota. These projects coordinate the full resources of the Department of Labor, Health, Education, and Welfare, and Agriculture, on the solution of rural training and manpower development problems.

The experience gained in comprehensive community planning through operation of several pilot Community Development Districts, and through the concerted education and health care projects that are to be carried out within them, will help to point the way to a new era of opportunity in rural life.



A TYPICAL COMMUNITY DEVELOPMENT DISTRICT

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL COMMUNITY DEVELOPMENT SERVICE
FEBRUARY, 1966

The CHAIRMAN. I believe I was in error originally, when I said that the two bills, the Senate bill and the one that I introduced, were identical. Actually, the Senate bill was amended many times before it was passed. I am just wondering if the bill as amended by the Senate is acceptable to you and the administration?

Secretary FREEMAN. Yes, Mr. Chairman, it is. There is only one section of it on which we have some reservation, and that is section 4(b), on page 4, starting at line 1—and, frankly, I do not feel that this is a life-and-death proposition, and I feel that the wisdom of this committee on that would be a fine guide. What it provides is that this district would be administered, in effect, by local counties and municipalities. The boards would be elected by the county officials. They would be elected or selected by the city officials to run the district.

The Senate amendment provided that this participation by local units of government could be broadened and you could bring in the school districts, bring in the water districts, you could bring in the soil conservation districts, bring in any local subdivision. Our feeling, and that of some of the national local government organizations such as the city and county groups, is that that might lead to such a multiplicity and such a big group that it would be very cumbersome and clumsy to operate. It would be better to limit the district leadership to the towns and the cities and the counties within the district.

As I say, I do not feel that it is a life-and-death proposition, but outside of that, Mr. Chairman, that is the only exception that we take to the amendments made by the Senate.

The CHAIRMAN. Would you please comment on how you feel about the community district boards and the composition exclusively of the elected officials of the State and the local governments. It seems to me that if you restrict it to the elected officials, you would not be accused of creating another bureaucracy and another organization—in other words, you would leave it to the people in whom the public has indicated confidence. That is what you prefer?

Secretary FREEMAN. That is what we prefer, and for other reasons, because the responsibility, basically, reposes with the local county and city elected officials, and we want to supplement their leadership and not in any sense to duplicate nor to supplant it.

The CHAIRMAN. How do you feel about the Senate deleting from the bill the second sentence in section 4(b) of S. 2934? That is what you have been talking about.

Secretary FREEMAN. Yes.

The CHAIRMAN. That is at the top of page 4?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Just let me ask you a couple of more questions to clear this up, if I may.

If passed, the appropriation authorized under this bill would mean that you would go before the Appropriations Committee to justify the financing of the program.

At the start, I suppose that you would arrange some sort of a program with guidelines to make it possible for the local governments, one or more county officials, to participate in the program contemplated by this bill.

Right now, down home, I have two counties that are badly in need of sewer facilities. I do not think that either one could initiate and

prosecute the completion of it by itself. If they joined together they could do just what this bill seems to me to contemplate. It would enable them to do something together that they could not do separately.

Secretary FREEMAN. That states it very, very succinctly and very well, Mr. Chairman.

The CHAIRMAN. Thank you.

Are there any questions?

Mr. TEAGUE of California. As always, you are a magnificent salesman, but I am not quite sold yet.

Secretary FREEMAN. That is very consistent, too. [Laughter.]

Mr. TEAGUE of California. As I understand this, and I want to be sure that I do understand it, you are only asking for \$5 million in planning money now?

Secretary FREEMAN. Yes, sir.

Mr. TEAGUE of California. Would it be contemplated that next year you would be asking for hundreds of millions or billions of dollars to implement the plans that are made in the meantime?

Secretary FREEMAN. No. This would be at the maximum a very modest program. And the initial effort here is on a pilot basis. If this were done countrywide, why the sums of money involved would be very modest, indeed. It is a matching grant of 75 percent for planning purposes.

Mr. TEAGUE of California. Then, it is contemplated that the activity of the Federal Government will be confined just to assisting in making plans?

Secretary FREEMAN. Exactly.

Mr. TEAGUE of California. And nothing more than that?

Secretary FREEMAN. And nothing more than that.

Mr. TEAGUE of California. Thank you.

The CHAIRMAN. Well, except that after the plans are made, they could more intelligently take advantage of other programs that are now in operation?

Secretary FREEMAN. This is what I understood the Congressman's question to be—what this program would do. If the planning was completed then it might lead to action through other programs. But so far as this program is concerned, it is exclusively planning.

The CHAIRMAN. It is contemplated that they can participate in this to improve their situation in the communities. I doubt if any member of the committee can answer a question like this. I do know that you did have one man who was very valuable down in my district. He would go around and meet with groups of interested individuals and the officials in Government about these grants. I think you took him off the road and put him into another job in the Department.

Just this week, the county commissioners had a meeting here in Washington with a large program before them, where the Government officials are explaining to these county commissioners just what the plans are, what the programs are that are available. That is very helpful.

This means, as I understand this bill, that you would have a closer relationship between the communities and the Government; is that right?

Secretary FREEMAN. That is correct, and, of course, a closer relationship between the subunits of government who could then join

together and could find out what programs are available, could pool their own resources and could develop an overall plan, so that you would not have some conflicts and the deficiencies and sometimes inequities that exist today.

The CHAIRMAN. Mr. Quie.

Mr. QUIE. How many districts do you envision in the country when this is in operation?

Secretary FREEMAN. I really do not know; I really do not know. This would be a modest beginning until we saw what the local response was. We actually have not sat down and tried to mark out what we would consider that to be, how many of the development districts there actually would be.

What would you estimate?

Mr. LEWIS. The States will have the responsibility for deciding where the district boundaries should be established by the State planning agency.

Mr. QUIE. Who is that?

Mr. LEWIS. The agency designated by the Governor or the legislature of each State. Since they will have the primary responsibility, as the act is written, we feel that it would not be appropriate for us to prejudge what they might decide. The formation of the districts will be worked up by the State planning agencies and the local people.

Mr. QUIE. You have a typical community district set up here or cited.

Secretary FREEMAN. Something like that will be set up.

Mr. QUIE. You will be giving them directions, that is, to the States, to set up the planning?

Secretary FREEMAN. I would not say that the word is "direction," but the districts, I think, exist in fact as a practical manner today. What I envisage is something like this, although we have purposely started with this very generally, because this is a great country of many variations, but it is quite explicit that the State would select the districts.

I think what would happen would be that we would go out, in response to a call by the States, where they think they want us, and would go to the Governor and ask: "Who do you want us to work with?" And you would sit down and take a look and say, "Here is the kind of district they have." You would take a look at your State and see how it evolves, what it breaks down to under this, and then go on from there. Depending upon the circumstance, in a situation we might go then to the mayors and the county commissioners in the areas, and say: "Do you want to have a development district here? Do you want to join together two or three counties and four or five towns, and try to develop an overall plan? If so, why, we will help you. If you do not want to do that, there is no go."

Mr. QUIE. The typical one that you show here for a district is 240,000 people. Are you going to put any lower limits on that, or a radius of 30 or 50 miles?

Secretary FREEMAN. There is not any limit of any kind. The best figure would be the commuting range—what is the area within which the people as a practical matter mix together, in relation to the services they ask for, shopping and commercial and business actions that they take. And this seems to break it down into a pattern somewhere between 30 to 50 miles in radius.

Mr. QUIE. What would you say that the cost of one district would be, and how many districts could you set up with the \$5 million that you are asking for?

Secretary FREEMAN. Again, by rule of thumb, because we are pioneering new ground, we would say that we would need roughly, \$1 a person within a district—that is just a gestimate.

Mr. QUIE. There are a great many opportunities for community action where they could bring more than one county together, six counties, three counties, and so forth. What kind of overlapping would there be with your efforts with the community development districts and Sergeant Shriver's districts, the community action agency, and the like?

Secretary FREEMAN. The bill is quite specific that before any action would be had, if there is any plan going on or any activities by another agency of government or local, that that matter will be thoroughly reviewed, and that there will be no overlap or duplication. Frankly, as a practical matter, I think the community action program has tended to be pretty much restricted to fairly small communities or units except where, in some cases, there would be a special kind of project which, in order to effectuate it, would require encompassing a broader scope. But in relation to the whole concept here of sitting down and thinking of the total problem of this kind of an area, there would definitely be no duplication. There would be, I think, more places around the country that are not being served that need this kind of overall direction.

Mr. QUIE. But based on what the communities want, would the local county commissioners, if you do not set up a community action agency, engage in any similar activity—would your people engage in any similar activity?

Secretary FREEMAN. We could not under this program, because it is quite specific that this moves exclusively through the State government and through the local units of government.

Mr. QUIE. In the hearings before the Appropriations Committee the request was made there:

Would you provide the committee a map showing the extent to which regions, districts, areas, et cetera, have already been established under previous legislative authority, such as the Appalachian Regional Development Act, the Economic Opportunity, Public Works, and Economic Development Act of 1965, et cetera?

And Mr. Lewis said that he would furnish this for the committee's information.

Could you furnish that and could we have it?

Mr. LEWIS. Yes, sir; I believe, as I remember, we did furnish to the Appropriations Committee a map of the United States by counties showing the districts which have been created, primarily the OEO districts. The local development districts in the Appalachian Area Region, and the economic development districts actually had not at that time been designated, but these community development districts would be identical to the local development districts in the Appalachian Region and the economic development districts.

Mr. QUIE. Could you furnish that information to the committee?

Mr. LEWIS. Yes, sir.

Mr. QUIE. Mr. Chairman, I would request that that be made a part of the record.

The CHAIRMAN. Since this is a large map, it will be made a part of the files of the committee.

In a publication dated February 7, they commented on this. They said, in general, that you could use the Federal community development districts and that there would be some new administrative or political units which would look to the Federal Government rather than to the State. And they suggested that it would include several counties and rural communities and that the Federal planners will lay down the boundary lines according to existing patterns, if possible. However, I understood you to say that all of this would start initially at the local level.

Secretary FREEMAN. That is correct, Mr. Chairman. I cannot imagine anybody writing anything further from the truth.

The CHAIRMAN. It states here that all of the governmental units, State agencies, will be requested to cooperate under Federal direction and that Federal money will be held out as a reward for such district-wide cooperation. That is not what you said, is it?

Secretary FREEMAN. No, sir.

The CHAIRMAN. I do not read that in your testimony.

I have not studied the bill as carefully as maybe I should have, but I think you should comment on that. That is the kind of propaganda that is going out on the bill—that you would take over and do it from Washington.

As I understood your statement, you said that it would start at the local level and that you would cooperate with the local officials and that you would further cooperate with the elected local officials.

Secretary FREEMAN. That is correct. As I say, this bill is quite explicit. It is a short, simple bill. And I think that anyone who took the time to read the bill could not possibly write anything like that; that is, if he had read the bill.

The CHAIRMAN. Under the bill, as I understand it from your statement, you would give no direction from Washington to any community as to what they should or should not do?

Secretary FREEMAN. That is correct.

The CHAIRMAN. You would let them make the decision?

Secretary FREEMAN. Basically, what we would do is to cooperate with them under their leadership, to get this started and then to make some resources available so that they could get some expert help to do the overall planning, which planning would be done under their supervision, not under our supervision.

Mr. HARVEY of Indiana. I am happy to have the Secretary comment on that as he has. The representatives of OEO came into my district in Indiana, and they did not get a very cordial reception. It seemed to me that the general impression was, Mr. Chairman, that the State was going to feed the program again from the top end, and it does not work very well. Of course, to be effective, Mr. Secretary, as you have stated, it should start from the grassroots up.

If I may pose one question:

Is it your concept that these districts will be so established for social, educational, economic, or recreational purposes, or all of them? What is to be the prime objective?

Secretary FREEMAN. First of all, the objectives would be set down on terms of the planning by the local people. It would have to come from the grassroots.

Mr. HARVEY of Indiana. Could that include all of those?

Secretary FREEMAN. It could include all of those. I think that any effective job of planning in the area ought to review and consider all of them, because they are all part of the whole community's life and well-being.

Mr. HARVEY of Indiana. Then, in regard to representation on this, would you people make a determination as to who will comprise the district board or would that be determined at the local level?

Secretary FREEMAN. It would be determined by the local elected officials.

Mr. HARVEY of Indiana. I see. The question occurs to me that if you had an area where you have a rather large city with a rural perimeter, would there then by that nature be any way, from your standpoint, to make sure that some of the rural people had adequate representation on the planning commission?

Secretary FREEMAN. No, we would not even have that authority, basically. The only real authority that the Secretary of Agriculture would have would be to concur in the determination with the State officials as to what constituted a proper district. Then, within that, the county officials and the State officials would determine the makeup of the Board. The Federal officials would not be able to direct that. But I think that as a practical matter, in any of these districts which, basically, run not to the big urban areas but the rural areas with a community of maybe some size in it, at least as I have observed the importance of the rural area to that city which it nurtures and feeds, that would pretty well I think solve the problem of representation. I have not seen any cities of 100,000 in population who are arrogant or impervious or in disregard of the interests of the rural communities, because, economically, they are so intimately related as a practical matter, that I do not think that is a problem.

Mr. HARVEY of Indiana. The representation would not exactly have to be on the "one-man, one-vote" basis?

Secretary FREEMAN. No, sir.

Mr. HARVEY of Indiana. Thank you very much.

The CHAIRMAN. Mr. Poage?

Mr. POAGE. I want to go into that, because I think we should know about that. My mind does not work fast enough to understand that.

In the first place, I think it does fly directly in the face of the decision of the Supreme Court in connection with some of its Court-made law. It does violate the "one-man, one-vote" philosophy and does it very flagrantly, and if this is still to be a State agency, I do not think that the Supreme Court could make any exception; if it is indeed to be a Federal agency, they might.

Do you think that they would make an exception to this agency?

Secretary FREEMAN. I do not think that the issue will ever arise, because I do not think that there would be any conflict about it.

On page 3 of the bill, beginning at line 21, it does state this, with your point in mind:

Representation on the board shall be so established that all citizens within the district can be represented on the board through action of a government in which jurisdiction they reside.

This language, I think meets that problem, but the action here is limited to planning. It is a special purpose direction, and I have not

thought about the constitutional problem of one-man, one-vote, but I do not think that it covers it.

The CHAIRMAN. How can it possibly get into that situation?

We have the county commissioners in my county which might be called the board of directors of the municipality of Nash County. You are dealing with them, as I understand it. You go down there and talk with them—you go over their plans and the plans of the adjoining county to see what, if anything, can be done to bring about these districts and these improvements. I do not see how you would have any difficulty on that.

Secretary FREEMAN. No, sir.

The CHAIRMAN. The commissioners would handle it.

Mr. LEWIS. That is right.

Mr. POAGE. I know that, but suppose you adopt the provision that the members of this board shall be the elected officials, then the question arises as to how many people they represent and the Court has surely held that each one shall represent the same number of people that each other one does. If you take Nash County, how many on that panel would be from Nashville and how many from the rest of the county, and how many from the rural areas? You could have Nash County represented, but you could have more people from the rural areas, and yet you could have more people in Rocky Mount. That is what I am talking about. It flies right in the face of the Supreme Court decision that representatives must be elected exactly on the basis of the same number of people voting for each representative, and each representative having the same size constituency. These people could not have that. I think that is perfectly clear on the face that they are not going to be exactly the same size.

Just exactly how many of these agencies are now being financed by the Federal Government, Mr. Secretary?

Secretary FREEMAN. I do not know how many. There are a number of programs.

Mr. POAGE. I know that there are several in my home.

Secretary FREEMAN. The city of Waco could have some planning funds for housing, for example.

Mr. POAGE. It does have some.

Secretary FREEMAN. For housing purposes, from the housing and home financing agency. It might have some planning funds from the Office of Economic Development. And there might be some others, but the essence of this, Mr. Poage, is that Waco is of itself a relatively small unit. The planning that it may make within the confines of Waco would be in no way affected by this except to the extent that if there was a community development district of which Waco was a part then the planning done in Waco would have the help of working with a group which would encompass a broader area and it might make a significant difference in the plans and in the facilities and the programs resulting from it. That is really the essence of it, that the planning would be done on a broad and comprehensive basis in a logical area.

Mr. POAGE. Then, it would seem to me that if we really wanted to leave this in the local hands, that you would limit the determination of areas to the States and say to the States that "You can use any form you want for establishing the area." Most States do use their counties.

I think that county lines have long since lost their usefulness. Most counties are too small in my State and in most other States. They were established in the horse-and-buggy days. You are now suggesting that we enlarge these areas where it would be an area large enough to drive to the central city in an automobile?

Secretary FREEMAN. That states it very well.

Mr. POAGE. A large number of counties in the State of Texas are 30 miles square. They were established years ago on the theory that this was a convenient commuting area. Obviously, 100 miles today is just as convenient, or even more so, than 30 miles was then. The question is: Are you going to compel those people in North Carolina and California, or any other State, to set up a system of local government contrary to their own views, because we think it is more efficient—and I do—or are we going to pay something more for the right of democracy, the right to make your own decisions? You have the right to make bad decisions, if you have the other right to make good decisions. Do we believe in democracy in America or it is only something that we export to foreign nations and impose on foreigners and deny to our own people?

The CHAIRMAN. Will you yield there?

Mr. POAGE. Yes.

The CHAIRMAN. Is there anything in here that would compel any district to do anything?

Secretary FREEMAN. No, sir.

The CHAIRMAN. That is what we are talking about. It does not compel you to do anything, if I understood the Secretary's statement.

Mr. POAGE. They do not get the money, Mr. Chairman, unless they do it like he wants it done.

The CHAIRMAN. That is all right.

Mr. POAGE. And the most effective control that we have today is to cut them off from the public trough. This is what we are doing here. This bill as written is subsidizing somebody to learn more effective means of getting their hands in Uncle Sam's pocket. This bill has one virtue. I may vote for it, Mr. Secretary, because as I see it it has one virtue and only one. We already are doing that for other people. This bill helps rural people to compete with city people in getting Government money. No member of the committee knows all of the agencies, the planning agencies, now working in your own districts. I challenge any member of the committee to name them. There is nobody who can do it. And you are going to establish another one. I may vote for it, but if I do it will be solely on the basis that you are already subsidizing Philadelphia, St. Louis, and Los Angeles to get Government money, and I do not know but what if we are going to subsidize those people to get Government money that we ought to subsidize others to get it, too.

Mr. RESNICK. Will you yield at that point?

Mr. POAGE. Yes.

Mr. RESNICK. I would like to point out to the gentleman that not only are the rural people not getting this Federal planning money as the cities are now getting it but, for example, one of my counties has a city of 15,000 that wants to put in a water plant but HUD will not give them the money, because the county does not have a planning commission. In other words, the rural areas get hurt both ways: We

are not included in the Federal programs in the first place, and we can't get in because we lack planning districts.

Mr. POAGE. I think that you are saying just the same thing that I have said, to the effect that if you are going to make these people more efficient at getting their hand into the Government's till, I just am selfish enough that I want my people to get their hands just as deeply into Uncle Sam's pocket as anybody else does. I am considerably concerned about the number of hands that are getting into that pocket, but I want my hand in there as deeply as anybody else's, and I cannot see anything in this bill—

Mr. BELCHER. You are against any conspiracy you are not in on! [Laughter.]

Mr. POAGE. I have said several times that I hope that if other people are going to get into the public till I want my people to do so too.

The CHAIRMAN. May I interrupt?

Mr. POAGE. Yes.

The CHAIRMAN. You are correct in saying that we do not know about the planning boards in all parts of the country.

Mr. POAGE. Or in my part.

The CHAIRMAN. I will say that we have a county manager and a city manager. They report back to their council or to the board of directors or to the board of county commissioners, but they do not know about all of these Federal programs. And this bill, as I understand it, would supply this information as to what is available; is that right?

Secretary FREEMAN. That is correct.

The CHAIRMAN. The Department will cooperate with them in trying to improve that situation?

Secretary FREEMAN. That is correct.

The CHAIRMAN. We will have to stop here, because the Secretary has to catch a plane. He has some assistants here with him who can carry on. The Secretary cannot miss his plane, because he has an important engagement to keep.

Secretary FREEMAN. I am very much interested in this bill, and if you would allow me, I would take 10 more minutes to squeeze it right in here, and then run real fast.

The CHAIRMAN. All right, we will do that then.

Secretary FREEMAN. I want to stay 10 more minutes. I will respond to as many questions as I can in that time.

The CHAIRMAN. All right.

Mr. Stalbaum?

Mr. STALBAUM. Mr. Secretary, you made reference to other planning groups in section 7 of the bill, particularly under federally assisted programs, but I find nothing in your remarks regarding the tie-in with regional planning programs already in existence. Just by way of illustration, in my district, which has four counties, three of the four counties are in a seven-county regional plan, and I find nothing in here which would indicate that these local plans must comply with any regional plans or anything else. I would like to have your comment on this.

Secretary FREEMAN. I would think—and if it does not, why, we, certainly would not object to clarifying language—that that would

be covered by the provision under section 7 of other federally assisted programs in the district.

Mr. STALBAUM. You would have no objection to clearing the language there if there might be any other authorized planning programs?

Secretary FREEMAN. No.

Mr. STALBAUM. I know that the regional plan is getting Federal funds. It is an established regional plan. It could well be that some of their projects are in areas not involving Federal funds. I would like to have this clear.

Secretary FREEMAN. If it is not covered in this language, we would welcome clarifying language.

Mr. STALBAUM. One other real quick question: In the long summary which you have given us, you make reference—and I want this clear for the record—that the bill provides that the whole county must be in the community development plan or district. In other words, you cannot divide a county in the middle, as I read the top of page 3, unless the entire county is in the area and is included?

Secretary FREEMAN. Unless the State OK's it, it must include only the whole county.

Mr. STALBAUM. If the State wants to split the county, they can?

Secretary FREEMAN. That is right.

Mr. STALBAUM. This assumes that, otherwise—

Secretary FREEMAN. That is correct.

Mr. STALBAUM (continuing). That it is a full county?

Secretary FREEMAN. Right.

Mr. STALBAUM. Am I right in determining from earlier remarks that a county can be in more than one community development district?

Secretary FREEMAN. Yes.

Mr. STALBAUM. Thank you.

The CHAIRMAN. Mr. Findley?

Mr. FINDLEY. How many additional employees, part time or full time, would be required?

Secretary FREEMAN. We really do not know how many it would be. As I say, the extent of the planning activity in a given district will depend upon the local district needs and the restraining influence of the Federal funds will be the matching requirement.

Mr. FINDLEY. Could you give us a rough guess as to how many additional people you would put on the payroll if this bill becomes law?

Secretary FREEMAN. I cannot. You mean that we would put on at the Washington level?

Mr. FINDLEY. Well, anywhere, full time or part time?

Secretary FREEMAN. At the Federal level, why, this was included in the budget request that is now pending. That is already covered. It would not involve any more Federal employees.

Mr. FINDLEY. Mr. Secretary, assuming that a State does undertake this plan, at what point could the Governor or the legislature or the approved agency of the State stop or change the direction of these planning projects?

Secretary FREEMAN. At any point.

Mr. FINDLEY. At any point?

Secretary FREEMAN. It will be completely subject to local control.

Mr. FINDLEY. So, at any point, the Governor or the legislature or the approved agencies of the State could stop this completely or change its direction?

Secretary FREEMAN. That is right.

Mr. FINDLEY. Mr. Secretary, in the Appropriations Subcommittee hearings recently, there was some estimate as to the number of employees of the Department of Agriculture, and one guess was as high as 230,000, including the ASC committeemen and part-time employees. Would you supply for the record the total number of full-time and part-time employees of the Department as of June 30 for each of the past 10 years together with the estimates for June 30, 1966 and 1967?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. The number of employees?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Thank you.

(The information follows:)

U. S. DEPARTMENT OF AGRICULTURE
Employees and other personnel assisting with Department programs as of June 30, fiscal years 1956-65, and estimated 1966 and 1967

| Fiscal year | USDA employees | | | | Total | Agricultural Stabilization and Conservation Service county committees | | | | Cooperative extension service ¹ |
|-------------------|----------------------------|--------|---------------------|--------|---------|---|-------------------------|----------------------|---------------------------|--|
| | (Excluding Forest Service) | | Forest Service | | | Full-time county office employees | Part-time 1-- | | Average annual employment | |
| | Permanent full time | Other | Permanent full time | Other | | | County office employees | County committee-men | | |
| 1956 | 48,195 | 17,187 | 9,480 | 14,536 | 89,368 | (c) | 9,105 | 82,809 | 21,215 | 13,784 |
| 1957 | 51,881 | 17,752 | 10,531 | 15,804 | 95,998 | (c) | 9,143 | 27,709 | 26,688 | 14,115 |
| 1958 | 53,345 | 19,470 | 12,219 | 16,105 | 101,139 | (c) | 9,165 | 27,395 | 28,590 | 13,807 |
| 1959 | 55,013 | 14,033 | 13,359 | 14,815 | 97,220 | (c) | 9,165 | 87,555 | 25,569 | 13,500 |
| 1960 | 54,647 | 12,913 | 14,761 | 16,373 | 98,694 | (c) | 9,195 | 81,612 | 21,208 | 14,548 |
| 1961 | 57,963 | 11,308 | 13,342 | 19,944 | 102,557 | (c) | 9,151 | 80,138 | 22,246 | 13,566 |
| 1962 | 57,028 | 14,835 | 17,476 | 21,172 | 110,511 | 14,577 | 9,153 | 80,001 | 26,078 | 13,722 |
| 1963 | 58,644 | 14,835 | 18,853 | 20,162 | 112,488 | 15,734 | 9,195 | 79,995 | 27,297 | 13,858 |
| 1964 | 58,507 | 11,069 | 18,550 | 20,350 | 108,476 | 15,198 | 9,195 | 79,356 | 24,182 | 14,883 |
| 1965 | 60,331 | 12,438 | 19,666 | 20,852 | 113,017 | 15,329 | 9,186 | 77,415 | 23,836 | 15,104 |
| 1966 ² | 62,825 | 12,021 | 21,550 | 20,379 | 116,775 | 15,349 | 9,186 | 75,693 | 24,462 | 15,100 |
| 1967 ³ | 63,673 | 11,517 | 22,577 | 20,353 | 118,100 | 15,242 | 9,186 | 75,693 | 23,923 | 15,100 |

¹ In addition to regular part-time county office employees and county and community committeemen, informal employees with no regular tour of duty are appointed for temporary periods when needed. They are called and are paid only when they actually work. As of June 30, 1965, there were 38,229 such employees on the rolls. However, historical data are not maintained for this type of employee.

² Includes State directors, assistant directors, management officers, statewide and area specialists, county supervisors, county home economists and 4-H Club agents.

³ Data on number of employees not available.

⁴ Employment at June 30, 1965, was distributed among following areas of service:

| | |
|----------------------------------|---------|
| Crop insurance program..... | 1,336 |
| Domestic food distribution..... | 1,560 |
| Foreign assistance programs..... | 320 |
| Other..... | 5,724 |
| Total..... | 113,017 |

⁵ Estimated.

Mr. STALBAUM. Will you yield?

The CHAIRMAN. I have already recognized Mr. Jones.

Mr. JONES of Missouri. Mr. Secretary, I note that in this bill we are amending a section of the Housing Act of 1964. It seems like it is a little out of the jurisdiction of this committee to get into amending the Housing Act.

Secretary FREEMAN. Well, in this case, this section 701 is a broadly stated planning provision, but it is limited to urban areas. And for administrative convenience and efficiency it seemed logical and appropriate to tie this in with that program. The determination and relation to the funding under that program are made by the Secretary of Agriculture, but the administrative machinery is currently in operation, and it seemed like a tidy and logical way to do it.

Mr. JONES of Missouri. Well, I was think about, in other words, in this section you are depending for your financing, are you not, on the HUD.

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. Then, we go over here—to pursure what Mr. Poage said a minute ago about the jurisdiction of the various governments—to where we refer to governments. I have a country where there is a large city which constitutes about two-thirds of the population of that county. The chamber of commerce in that city has told me that they are opposed to this bill. I do not know why the chamber of commerce would be opposed to it, but in this case they are. They are going to have to furnish some of the money from the city government, some of the money from the Federal Government, to make up this different between the 75 percent and the 100 percent cost of the program; is that correct?

Secretary FREEMAN. If they wish to go forward with it, yes.

Mr. JONES of Missouri. Suppose that the city with two-thirds of the population of the county says: "We do not want to go into it; we are satisfied with the programs we have," and yet the county wants to go into it. Who will make the determination whether that county will be in it or not?

Secretary FREEMAN. Unless the district itself would want to come into the program, why, there would be no program for them. And in this instance there would have to be unanimity or there could be no practical district operation.

Mr. JONES of Missouri. In other words, what you are saying is that if the city did not want to go into the program, it would not operate in that county?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. But we come down here, and we talk about giving this money, in line 16, page 5, and you say—or rather, it is on line 3 where you say—

not to exceed 75 per centum of the cost of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available—

And then down in the paragraph, line 15, you say :

Grants provided under this subsection to the planning agency may be paid in whole or in part to participating governments or to the states for the use of the state or the planning agency, or both, where this would facilitate the planning for the district.

Secretary FREEMAN. The purpose of this, Congressman Jones, is that there are particular laws in some States that would make it impossible to make this payment to this kind of district; and, therefore, if the State wishes the payment, it could be made to the State government who, in turn, would then make it available to that district. It is merely a means of complying with local laws.

Mr. JONES of Missouri. In other words, that grant may be paid in whole or in part, and "that part," where you are referring to that, when you say that in that way, you are referring to the 75 percent?

Secretary FREEMAN. Yes; yes.

Mr. JONES of Missouri. The 75 percent limitation?

Secretary FREEMAN. Yes, that is right.

Mr. JONES of Missouri. Then, we get down to these counties. I have several counties. One has eight townships, and each one of those would have to participate and pay their share of the cost, and if the majority did not want to pay it, then that is out for the whole county?

Secretary FREEMAN. No, I think that this would be, under the law, up to the counties. The organization of the district revolves around the county.

Mr. JONES of Missouri. You do not say that it revolves around the county?

Secretary FREEMAN. Yes, we do. If you will refer to the terms of participating governments in section 4, at the top of page 4, you will note that, and, also, on page 3, that the nucleus of this district is the city government and the county government.

Mr. JONES of Missouri. I know that, but then you just got through telling me that the city could outvote the county and the county could not be in it.

Secretary FREEMAN. That is correct. There would not be any district then; there would not be any district.

The CHAIRMAN. If you will yield?

Mr. JONES of Missouri. Yes.

The CHAIRMAN. Take my own situation. Suppose that Rocky Mount, the biggest town in the county, did not want to go into it, then the rest of the county might cooperate with some other adjoining community and have a district of its own, could it not?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. Wait a minute now. You told me that you could not divide the counties; in other words, that the county would be in or out.

Secretary FREEMAN. The county could be divide if the State government so wished.

Mr. JONES of Missouri. Well, now, I got that wrong, I got the wrong information the other day when I was being briefed on this bill. It was said that we could not divide counties, that we could not take part, that we would have to take all or none; is that right?

Secretary FREEMAN. No, it could be that a county could be divided into different districts if it fell, naturally, in those districts, provided it had the concurrence of the State government.

Mr. JONES of Missouri. There could be a big city in the county which could be surrounded by the county, and everything in the county would be in except the city which would be excluded?

Secretary FREEMAN. I do not think that it would work that way. Again, this is something that we would have to kind of learn on the

job. First of all, these districts are based upon the normal relationship between the various units of government, as I tried to say in a natural commuting service kind of range in area. In my personal judgment, certainly on a pilot basis, if any significant part, like the city, in that area did not want to come aboard, why it would not be a district then, at least, as we studied this program out. Then, as we moved along, it might well be that there would be such a district that would take a part of the county, and this city that did not want to come aboard would just be left to follow their own option. There is no way of answering that "Yes" or "No", black and white. Initially, we would not contemplate a district if any significant unit of government in a given district area did not want to cooperate, because it really would not make much sense to have overall planning in that area if there would be a strong group of people resisting it. This program is based upon local leadership, and we are not going to shove it down anybody's throat.

Mr. JONES of Missouri. But the whole bill provides for the Government to be the directing force in this?

Secretary FREEMAN. No, sir. It, sir; does not.

Mr. JONES of Missouri. You pay the money with no direction?

Secretary FREEMAN. No, sir; the directing force is quite clearly the local board which is composed of the people who are selected by the locally elected county officials. And all the Federal Government does is to make some funds available for purposes of overall planning.

Mr. JONES of Missouri. You will set up how they will have to be approved by you?

Secretary FREEMAN. There will be some standards in relation to the planning, surely, but there will be no domination. Any area that does not—

The CHAIRMAN. Do you not want to approve or disapprove?

Secretary FREEMAN. That is right.

Mr. JONES of Missouri. That is all you need. If you give me that, why, I will not ask for any more power.

The CHAIRMAN. Mr. Belcher.

Mr. BELCHER. I am trying to get this clear in my mind, as to just what we are going to set up, Mr. Secretary.

We are going to set up a community development district composed of certain territories.

What will that district do? Will it have a governing body? If so, who selects the governing body, and what kind of program will it develop? What authority do they have to raise money? Through taxation or how? How is this local board to get its authority to operate?

Secretary FREEMAN. Do you want to answer that?

Mr. BAKER. This does not set up a new formal unit of government. It sets up an instrumentality of the participating governments. It has no power of taxation. It has no power for any action program. The only power as it would have, as established by the participating governments in the county, is for the overall comprehensive planning job. These are for that only. It would be established by the counties and the other participating governments in the district, the elected officials of which would elect either one of their own members or designate a representative of their government to serve on the board of

the district. The board of the district would be the supervisory agency in directing the work of the planning specialists that they would employ if their local money and the Federal grant was involved in that.

Mr. BELCHER. What can this board do? What functioning authority and responsibility is there established in this board?

Mr. BAKER. Overall comprehensive planning.

Mr. BELCHER. What do you mean by that? Highways, schools, et cetera?

Mr. BAKER. Highways—

Mr. BELCHER. Desegregation, or what?

Mr. BAKER. Highways, schools, public facilities, plans for economic development.

Mr. BELCHER. What authority would the three counties have over the Bureau of Public Roads or a State highway commission?

Mr. BAKER. They would have no authority, except that one section of the bill requires that the Administrator of the Federal program which this will apply to must take into account, must examine and review what the board has laid out in its plans for the district.

Mr. BELCHER. The board would have no authority to build a highway, would it?

Mr. BAKER. The board would not have the authority to build the highway, nor the authority to prevent the building of the highway.

Mr. BELCHER. Would it have authority to direct projects which might be very vital to that area?

Mr. BAKER. It would not have the authority to develop, initiate or to carry out a watershed program, for example, no.

Mr. BELCHER. Then, this board is kind of an advisory committee, as I understand it, to tell the county commissioners and the State highway department and the State board of education, and so forth, how to operate their jobs; is that what it is going to do?

Secretary FREEMAN. I do not mean how to operate their jobs, but I mean how to coordinate the overall direction and to synchronize the programs in the light of an overall area. In other words, assume that this district is 50 miles across and you have half a dozen counties in it, as an example. What one county might do or what one town might do might be a good bit different if that town or that county had participated in taking a look at that total district and decided that in the light of a watershed problem—

We are not going to go ahead and develop the watershed on One Mile Creek alone and do XYZ, because when we look at the whole area, we realize that will not be a sensible thing for us to do, or for the overall picture—

So that the participation in the area of all the responsible local government authorities means that you are going to look at it in a larger perspective. I think Mr. Poage put it rather well, that you are going to take off your glasses and not be quite as myopic and look over only the township or the school district or the highway district or the soil conservation district, more than that little area, but look at it in terms of a larger area.

Mr. BELCHER. It looks to me like you are setting up a superboard to supervise the local governing boards or the Federal or State Governments, or school districts, or the mayor, or the city council, to make sure that those fellows function properly.

Secretary FREEMAN. No; you will have no authority to supervise anything. You have no power over anything. All you would have would be the power of reason and persuasion.

In the first place, this district could not even come into existence if you did not have the concurrence of the local governmental units. That is the sine qua non, since, in other words, it would not exist. It comes into existence because they want it, and then presumably they will look at the total overall needs. Presumably, if they look at them and decide that they are going to come back to their own area of responsibility and follow through what they have decided, with a little different hat on, with a little broader view, what ought to be done to get the job done, but there is no power. It is all voluntary.

Mr. BELCHER. I, again, do not understand what we need to set up a Federal agency to go out and supervise a group of county commissioners, mayors, and city councils, or the State highway commission.

The CHAIRMAN. If I may interrupt? The Secretary just told you that this board would have no authority to direct anybody or to appropriate money or to legislate in any way or to force any community to do anything.

Mr. BELCHER. You just tell me then one single function that they can perform.

The CHAIRMAN. Just what he said, to survey the area and to come back and report to the legislative body and the municipalities.

Mr. BELCHER. And they need \$5 million of Federal money to set up this?

The CHAIRMAN. You do not know what is going on in your district, and I do not know what is going on in my district, either; and Mr. Poage does not, either.

Mr. BELCHER. My district has too much supervision from the Federal Government right now.

The CHAIRMAN. It will have no supervision in this, from the Federal Government. You did not hear what the Secretary said.

Mr. BELCHER. I want to know what authority they will have or what they will do.

The CHAIRMAN. He just got through telling you that they have no authority except to come back and say "Here is the recommendation."

Mr. BELCHER. We can right out now and establish such.

The CHAIRMAN. They are not doing it; they will not do it until we do something about it.

Mr. BELCHER. Very well.

Mr. CALLAN. I have one quick question. Where does the 25 percent matching money for the community development district come from?

Secretary FREEMAN. It is a matter of judgment. We thought that this was based on some experience in some other programs, that this was such a sum that the local officials would be motivated to be careful of the expenditure under their direction, but it would still be a proper proportion, so that there would be some action and some inducement for them to want to get into the program.

Mr. CALLAN. In other words, the county or the municipality or someone would have to get the 25 percent?

Secretary FREEMAN. Or appropriate it, or whatever is necessary.

The CHAIRMAN. All right, Mr. Secretary, we will let you go now.

Mr. POLANCO. I have one question: Is it the intention of the Department to extend the benefits of this bill to the Commonwealth of Puerto Rico?

Secretary FREEMAN. Yes.

Mr. POLANCO. Does that intention require any amendment to the bill?

Secretary FREEMAN. No; it is covered.

Mr. POLANCO. Thank you.

Secretary FREEMAN. Thank you very much.

Mr. Baker and Mr. Lewis will remain. I apologize to the committee for having to leave, but I have a commitment of 9 months standing to make a speech at a testimonial for a State commissioner of agriculture.

The CHAIRMAN. Thank you.

Under this, you would have no legislative authority nor appropriating authority, no power of direction to do anything to employ somebody to help in surveying an area and submitting a plan?

Mr. BAKER. That is correct.

The CHAIRMAN. And to approve or disapprove; is that not right?

Mr. BAKER. That is it.

The CHAIRMAN. You would not approve it either locally or suggest that it be done locally, but all you would do would be to help prepare the plan under the direction of the local officials?

Mr. BAKER. The function and the role of the Federal Government under this proposed legislation is limited to the certification upon recommendation by the State and the local folks of the boundaries of the district, of the particular governments to be included in the district. The Secretary would certify the grant that would be available to the district for planning purposes.

The CHAIRMAN. There would be no supervision over the planning as such?

The initial thing would be a request from some county or municipality for assistance in planning; is that right?

Mr. BAKER. That is correct.

The CHAIRMAN. Then you either make the money available or you do not make it available?

Mr. BAKER. That is correct.

Mr. POAGE. If I understood you correctly, you said that the Federal Government would outline the district. That is the way that I read the bill. I think that the bill says that. It says, on page 2, line 10, line 11, and line 12, that "The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may approve as a community development district * * *," and so on.

The CHAIRMAN. He is talking about the area that has been delineated by the State agency or the legislature of the State, and so forth.

Mr. POAGE. In other words, he can designate anything that he wants to, so long as there is not any legislative act on the part of the State; is that not right?

The CHAIRMAN. It says "the area that has been so delineated by the State agency."

Mr. POAGE. Or any area. In other words, the Secretary of Agriculture and the Secretary of the Housing and Urban Development can designate any area that is not prohibited by State law?

Mr. BAKER. The Senate bill has that amended.

Mr. QUIE. The Senate bill is different from the House bill.

Mr. POAGE. How do we get hold of the Senate bill? How do we get that?

The CHAIRMAN. It was sent over here by courtesy of the Speaker of the House.

You have one there, the House bill.

Mr. POAGE. I have this in my hand here. This is the Senate bill. This reads the same, "or in the absence of such designation any other area." It is just any other area.

Mr. QUIE. It does not have the State's approval. It is just any other area.

Mr. BAKER. It provides, Mr. Poage:

No district shall be approved under this section unless (1) local units of government participating in such district have requested the Secretary of Agriculture to approve the area as a community development district; (2) the state agency having supervisory responsibility under state law has received 45 days notice of the intention to approve such district and has not disfavored such proposal.

Mr. POAGE. Who would that State agency be?

Mr. BAKER. It would be determined by the government or by the State legislature under existing law.

Mr. QUIE. Would that eliminate the State from any further participation if they did not do that?

Mr. BAKER. If the local units of government proposed to participate in that district and had requested the Secretary of Agriculture to approve and the State agency has had the 45 days and had not taken any action—

Mr. QUIE. What if there is no State agency?

Mr. BAKER. The Governor could designate any agency.

Mr. QUIE. Suppose that the Governor does not do that?

Mr. BAKER. In this event, we would consult together; we would have to do that.

Mr. QUIE. What I want to know is this, if you can go in if the State agency has not been designated.

Mr. BAKER. The Governor would be the State agency in that case.

Mr. QUIE. How can you go in, when the Governor would be the State agency?

Mr. BAKER. Yes.

Mr. QUIE. He could disapprove of it, and as long as he does not disapprove in 45 days, it goes into effect.

Mr. BAKER. We would expect that ordinarily this would work this way, that the application for the designation of the district would originate with the local governmental unit involved, go to the Governor and his agency, and that they would recommend making the designation.

Mr. POAGE. Will you look at page 3 in line 18 where it says:

Members of the board—

" That is, the governing board—

shall be elected by the governing bodies of the participating government and shall be responsible to the respective governing bodies by which they are elected. Representation on the board shall be so established that all citizens residing within the district can be represented on the board through action of a government in whose jurisdiction they reside.

That latter part would be fulfilled, obviously, because everybody is a citizen of one county or another, so that it is fulfilled, the latter part, automatically.

Mr. BAKER. The latter part is patterned after the PWEDA legislation that enables similar types of districts.

Mr. POAGE. That relates to the municipal agency, does it not? That is what you were referring to, were you not? You do not necessarily live in a municipality but you do live in a county or the equivalent of a county.

Mr. BAKER. These are metropolitan areas. In the metropolitan areas they have similar types of legislation.

Mr. POAGE. Every citizen of the United States either lives in the county or a parish or in an independent city; does he not?

Mr. BAKER. That is correct.

Mr. POAGE. So that this latter part has no meaning, but the first part that "the members of the board shall be elected by the governing body of the participating governments and shall be responsible to the governing bodies by which they are elected," does have meaning. This to me is a tremendously important question. That is what I want you to tell me about.

The CHAIRMAN. It would be the commissioners in the county.

Mr. POAGE. Let us take the chairman's home county, because we are all more or less familiar with it. It has a rather substantial city in it. A part of the city is in his county and a part of it is across in the county of Mr. Fountain's district, but Rocky Mount has a substantial number of citizens in Nash County.

Now, suppose that Rocky Mount does not want this plan? Maybe they do or do not have a local planning board, but suppose they do not want this. The Secretary just leaves them out, but takes the rest of the county. There are bound to be some citizens in the county who would like to serve on this board—or perhaps I should take a county in Texas, because if this were in Texas, there would be a politician in every community who would want to serve on the planning board. Let me follow through on this.

Now, tell me how that man who wants to serve on the planning board, who lives in a little town that has 700 or 800 people in it and is incorporated, gets on the board. What representation does he get, and how does he get on that board?

Mr. BAKER. We have, Mr. Poage, tried to leave this flexible so that in the designation of the district, the local governments involved can set it up in a way best to fit the local situation.

Mr. POAGE. They do not set up anything. I am talking about getting members on the board. This is before anything is set up. I am talking about getting the board members. We are talking about how to get the members on the board.

The CHAIRMAN. They get there by the county commissioners.

Mr. POAGE. No. Take my home county. Waco has more than two-thirds of the total population. Assuming that they do want to go into it, would the county commissioners be allowed to run roughshod over the wishes of the people of Waco?

Mr. BAKER. I am sure that the people of Waco would not allow that to happen.

Mr. POAGE. How will they prevent it?

Mr. BAKER. There must first be—

Mr. POAGE. What could they do under this law that gives them recourse to prevent it?

Mr. BAKER. There must be first this application.

Mr. POAGE. By whom?

Mr. BAKER. From the local group.

Mr. POAGE. A local group. Is that right?

Mr. BAKER. To establish the district; that wishes to establish the district.

Mr. POAGE. Let us assume that the local group is in the city of Waco and that the city of Waco is the local group that files the petition and asks for it, even though the mayor and the city council do not want it and the county commissioners do not want it. Now, then, does the majority of the people of the county prevail or the majority of the people who live in the city?

Mr. BAKER. Mr. Poage, the bill specifies rather objective criteria as to what a development district is, and—

Mr. POAGE. Wait just a minute. I hate to prolong this thing, but you say there is rather objective criteria as to the development district, but if I read the law correctly, it states:

"The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development"—he approves the boundaries of the district. Is that not correct? That is, if such designation is not in conflict with State law. But what is the objective criteria? Is it any area that the Secretary decides, so long as it is not in conflict with State law?

Mr. BAKER. On page 3, it states:

Such district shall encompass as nearly as feasible the area which includes at least one service center and the surrounding territory within convenient commuting distance thereof, and any additional territory from which the residents beyond convenient commuting distance depend on such center as their central source of goods and services.

That meets that qualification there then, and includes additional territory beyond the commuting distance.

Mr. POAGE. All right. Let us assume that that includes Waco—that is the center. That meets that qualification there. And it includes additional territory within the commuting distance. We have been over all of that. As to the boundaries of that district, they are established by whom—the city of Waco cannot establish that boundary?

Mr. BAKER. No; the city of Waco cannot establish this boundary. Whoever makes the original application.

Mr. POAGE. Who makes it?

Mr. BAKER. The city of Waco makes the original application, and if they do they would consult with the State agency.

Mr. POAGE. That is a violent assumption. I am suggesting that the people around there do not want it, but what is to keep the city of Waco from making the application, regardless of the wishes of anybody outside?

Mr. BAKER. The city of Waco could make the application, but the designation must be made by the State agency.

Mr. POAGE. Where is that now?

Mr. BAKER. That is over on page 2.

Mr. POAGE. On page 2. Let me see now.

Mr. BELCHER. If I know anything about Waco, or know anything about Texas, I do not think that Waco, Tex., would want the Secretary of Agriculture to tell them how to plan this.

Mr. POAGE. I doubt it. I am trying to find out the powers, Mr. Secretary. He says that it would be done by a State agency, but if I read it correctly it says—

any area that has so been designated by the state agency specified by the governor or the legislature of the state, or in the absence of such designation"—and I am speaking of in the absence of such designation—"any other area; provided, that no district shall be approved under this section unless (1) local units of government participating in such district have requested the Secretary of Agriculture to approve the area as a community development district.

Clearly, a local government agency would approve it if the city of Waco asked for it.

And "(2) the State agency having supervisory responsibility under State law has received 45 days notice of the intention to approve such district"—and all they have to do is to mail a letter to comply with that. Unless the State agency took an active definite stand against it, then any area that the Secretary will approve is the area; is it not?

Mr. BAKER. After the State agency—

Mr. POAGE. No, no, after the State agency had been notified.

Mr. BAKER. If they have been notified and have not disapproved.

Mr. POAGE. That is right.

Mr. BAKER. That is the language as now written, that is correct.

Mr. POAGE. If the State agency does nothing, the Secretary can designate any area in the United States; can he not?

Mr. BAKER. That is correct.

Mr. POAGE. Well, now, I think that is getting it down correctly. That is quite different from saying that the local agency creates the territory. It is any area that the Secretary designates, unless the State agency disapproves. Is that it?

Mr. BAKER. In an extreme case, that would be correct.

Mr. POAGE. That is what we have to go by, Mr. Baker.

We are talking about what is allowed under this bill, and the bill does allow that. So, I think we have got that clear now.

We come down now to the question of electing the members of the board. That has been troubling me quite a lot. How do we go about obtaining these members? You look at page 3, lines 18, 19, and 20, there is language that tells me how you do it, but it says: "Members of the board shall be elected"—by whom?—"by the governing bodies"—plural—"of the participating governments"—plural—"and shall be responsible to the respective governing bodies"—plural—"by which they are elected."

Now, on what basis are they elected? Who are the electors? In other words, does each incorporated village have the same vote that a city of 100,000 has?

Mr. BAKER. The only requirement is in the next sentence that—

Representation on the board shall be so established that all citizens residing within the district can be represented on the board through action of a government in which jurisdiction they reside.

Mr. POAGE. All that means is that they live within an area that is encompassed by a government which is a part of the area, so that then they are represented. Of course, since we have agreed that every citizen in the United States either lives in a county or a parish or in

an independent city—and I do not think that there are very many citizens of the United States who do not live in one or the other of those—then, every citizen of the United States meets that part of it.

I just want you to tell me this: Whether the village of Hewitt, which is an incorporated town in my district, whether it gets the same vote that the city of Waco does.

The CHAIRMAN. They are both in the county.

Mr. POAGE. Yes, they are both in the county.

Mr. BELCHER. They have both governing bodies.

Mr. POAGE. I want to know about this. What I am asking the Secretary is this: Will they have the same vote?

Mr. QUIE. Could I interject one other point?

Mr. POAGE. Let him just answer my question. If he does, I will be relieved. I know that there are other questions that keep coming up.

Mr. QUIE. You are talking about differing governing bodies.

Mr. POAGE. That is right. Let us assume that both the city of Waco and the village of Hewitt participate. I want to know if they have the same vote?

Mr. BAKER. They could both be represented.

Mr. POAGE. By the same number?

Mr. BAKER. By the county boards.

Mr. POAGE. I am not talking about the county boards.

Mr. BAKER. They could be represented by their own governing body.

Mr. POAGE. Does Hewitt have the right to make the decision as to who is to represent it that Waco has and do they elect the same number of representatives?

Mr. BAKER. The proposed legislation is quiet on that, leaving it to the flexibility—

Mr. POAGE. In other words, you mean that you just sit this up. Well, now, there is some way of knowing whether Hewitt has a right to name a representative on this board. You certainly have nothing but a lawsuit, otherwise.

Mr. BAKER. Mr. Poage, State legislation, in many States, establishes this relationship. Different States are different. This is written so that it fits, so that there will be no restriction.

Mr. POAGE. No, Mr. Secretary, I cannot buy that. This bill does not say that it shall be designated according to State legislation. If you wanted to do that, I would buy that; but you do not say that the State legislation is going to determine the representation. You say right here—I want to find out—and we are not requiring the State legislature to act. You are not placing this a burden upon the State legislature. You are not conferring this power to the State legislature. The State legislature could not, in my judgment, determine the membership on these boards anyhow. They did not create the board. The boards are not creatures of the State; they are not subject to the control of the State. So, I think that you are way off on that, because this says, as to the members of the board, that they shall be elected. It says they shall be elected by the governing bodies. I am asking, Who are these governing bodies?

Mr. BAKER. The board of supervisors, or the board of commissioners, or whatever the designation is in the county.

Mr. POAGE. That is the governing body of the county. This says "the participating governments." Do you mean all of the county?

Mr. BAKER. Of if they prefer to be partially represented by municipalities and partially by counties, that would be the governing body.

Mr. POAGE. If they prefer—Who is "they"?

Mr. BAKER. The local governments which would be involved.

Mr. POAGE. "Local governments," you get right back to the same question I was asking. What local governments make that decision?

Mr. BAKER. The counties and the municipalities.

Mr. CHAIRMAN. He told you that.

Mr. POAGE. No; he did not. He said the counties and the municipalities. He did not say counties to me. I want that in this record, whether it is the county commissioners or whether it is the county and municipalities, as the law reads.

Mr. BAKER. At the top of page 4 of the proposed legislation, it says:

"Participating" governments as used in this act means those countries and municipalities which have authorized by official action of their governing bodies representation on the board and participation in the functions of the board.

Mr. POAGE. That is right. I have assumed all along here that Waco and Hewitt had both done this. Well, assuming that the county did, too. We will assume that all three of them have authorized it, that participation has been authorized by all three of them. What I am asking you is this: Does Hewitt have the same vote that Waco has?

The CHAIRMAN. He has answered that already.

Mr. POAGE. I will be delighted to have an answer.

The CHAIRMAN. Do you understand the question?

Mr. BAKER. Yes.

The CHAIRMAN. The incorporated town would have the same representation that the county commissioners would have? What is the answer to that?

Mr. BAKER. The answer is "Yes," if that is the way they want to set it up.

Mr. POAGE. If that is the way that they want to set it up? How do they get to vote on how they set it up; who makes that decision?

The CHAIRMAN. The board.

Mr. POAGE. The board is not in existence. We have not got it yet. I think it is perfectly clear that there is no criteria in here on this.

Mr. BELCHER. You mentioned your county and you were taking his county for an example. Let us take my county. We have a city of about 50,000 population in it, with about six or eight small towns. If this is correct the governing body of all of these small towns would have an equal vote, knowing those six or eight communities, knowing them as I do, you would get a board that would determine that the best way to develop Enid was to build a 40-foot fence all around it, so that the people could stay in the small communities. I do not understand how they are going to get representation on that board, but I think it is academic, because I have not found out one single thing that this board is going to do except the Secretary says that they can go to the city council and try to sell the city council on how they would get to do this or to do something, and go to the county commissioners and tell them that. The citizens in my community go to the city council and to the commissioners and to the school boards almost daily and tell them how to develop that city. I do not think that a super board

is something that we need to tell the local governments, tell the boys what they have to do in developing their city.

The CHAIRMAN. All right. There is nothing in this bill that says they have to tell them what to do.

Mr. BAKER. No.

Mr. QUIE. On page 6, section 7, it states:

The Secretary of Agriculture shall require, as a condition of extending planning assistance, that the Board agrees to give consideration to all other plans prepared under other federally assisted programs affecting the district.

And section 9 states:

The Secretary of Agriculture is authorized to delegate to the heads of other departments and agencies of the Federal Government such of his functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

I never knew that we had redelegation.

The CHAIRMAN. It does not give him any authority to do anything. It says that he can confer with the others on their plans and programs.

Mr. BAKER. That is right, Mr. Chairman.

The CHAIRMAN. We have four more witnesses here to be heard today, and many more witnesses to be heard tomorrow on the witness list.

Mr. QUIE. How do they get out of the community developmental program once they are in it?

Mr. BAKER. The grant probably would be advanced on an annual basis, and if they wanted not to participate the next year, they would not make an application.

Mr. QUIE. I mean you say if one of the communities does not want in, then the whole county is out, unless there is State action. Suppose that a year later, one of them wants to be out.

Mr. BAKER. They could apply for a change of the boundary of the designated area.

Mr. QUIE. If it has been approved?

Mr. BAKER. The State agency would again make a recommendation—make a redesignation.

Mr. OLSON. Will you yield?

Mr. QUIE. I will yield.

Mr. OLSON. Reading again from page 6, it says: "The Secretary of Agriculture shall require, as a condition of extending planning assistance," nobody can be any worse off than they were in the first instance. I think a case can be made that this is so loosely put together that you will never authorize any district under it. If this is the case, then how can anyone object to it.

Mr. BAKER. In responding to Mr. Olson's comment, could I ask Mr. Lewis to describe the way that these districts have been set up in the State of Georgia?

The CHAIRMAN. Let us go off the record.

(Discussion was had outside the record.)

The CHAIRMAN. I will apologize to the witnesses who are present to be heard this morning. There is nothing else that we can do at the moment, because the House is in session. We will start tomorrow morning at 10 o'clock.

The meeting is adjourned until that time.

(Whereupon, at 12 noon, a recess was taken until 10 a.m., Friday, June 10, 1966.)

COMMUNITY DEVELOPMENT DISTRICT ACT

FRIDAY, JUNE 10, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to adjournment, at 10:05 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Jones, Stubblefield, Purcell, O'Neal, de la Garza, Vigorito, Greigg, Belcher, Teague of California, Quie, Mrs. May, Burton of Utah, and Walker of Mississippi.

Also present: Martha Hannah, staff; Hyde Murray, assistant clerk, John J. Heimburger, general counsel; Francis LeMay, consultant, and Fowler C. West, staff.

Mr. POAGE. The committee will be in order.

We have been advised the chairman will be delayed and asked us to proceed here.

I wanted, before we entered into any testimony, to have Mr. Baker come forward. I have talked with Mr. Baker and I understand the Department is willing to confine to any area that has been so designated by State agencies specified by the Governor, or the legislature. You start there with the definition of the district, is that right?

STATEMENT OF JOHN A. BAKER, ASSISTANT SECRETARY OF AGRICULTURE

Mr. BAKER. That is correct, Mr. Chairman.

Mr. POAGE. Personally, I believe that would solve a great many of the problems and I wanted the record to show the Department feels that can be worked out practically.

I think it meets a great many practicalities of the situation. I think it answers some of the questions some of the Governors have raised.

It happens I have here a letter from the Governor of the State of Texas that I would like to insert in the record. If there is no objection, we will insert it in the record.

(The letter is as follows:)

THE STATE OF TEXAS,
May 30, 1966.

Hon. W. R. POAGE,
*Member of Congress,
House Office Building,
Washington, D.C.*

DEAR BOB: It is my understanding that the House Agricultural Committee will begin hearings shortly on H.R. 12466, the Community Development District Act of 1966.

In recent months the State of Texas has undertaken a statewide planning program, and I have thus become concerned in regard to possible conflict between regional planning areas as defined and provided for in two existing Federal statutes and the proposed Community Development District Act. As you are no doubt aware, the Housing Act of 1954, as amended, provides for grants to assist local units of government, including regional organizations, to make plans for long-range development of the area concerned. The Public Works and Economic Development Act of 1965 provides for economic development districts, which would sponsor district economic planning and development groups. The proposed Community Development Act provides for development districts so that rural residents may have more participation in coordinating planning activities and designs for their areas.

Coordination in the establishment of these regions and districts is essential if the federal, state and local tax dollar is to be utilized in the most effective manner possible. To accomplish such coordination is a logical function and responsibility of the state planning agency in each state concerned. These agencies are exceptionally well equipped to bring to the planning effort the information and facts necessary to coordinate establishment of regions and districts as they are proposed by local interests.

To accomplish this purpose, I would like to suggest that the Community Development District Act of 1966 be amended to follow the wording of the Economic Development Act which states in Section 403(a)(1) that Economic Development Districts will be established "with the concurrence of the states in which such districts will be wholly or partially located."

Additionally, I would like to suggest the following changes:

1. Districts should not cross county lines unless a district of this nature is already in existence. S2934, (companion bill to HR12466) as passed by the Senate, makes this provision and we agree with its wording.

2. We strongly favor the suggestion which has been made by others that locally elected officials should be given the option of serving as the "planning agency" if they so desire. The present bill provides that "members of the board shall be elected by the governing bodies of the participating governments" but makes no provision for these locally elected officials to serve themselves if they so desire.

3. We believe that to be consistent with the existing Section 701 program of the Housing Act that the Federal grant in the proposed program should be 66% rather than 75%, or that the 701 grant should be raised to 75%. Otherwise the Federal government will be discriminating between various types of districts aided through the 701 program and this proposed program.

4. The bill, as passed by the Senate, provides that grants may be made to the state where it will facilitate the purposes of the Act. This is found on page 5, line 15-19 of the Act as passed by the Senate. This is not included in the original bill as introduced but we hope the House Agricultural Committee will concur with the amended Senate bill.

I appreciate the opportunity of presenting these views on this important legislation, and would appreciate any help you might give us in getting these features incorporated into the House version of the bill.

Sincerely,

JOHN CONNALLY, Governor.

Mr. POAGE. His representative is here with us today but I understand if the Department agrees, as it has, that this would be a logical change, the Governor's representative will not even ask to be heard and we will eliminate him and I hope others from the list of witnesses. This is, as we see it, a fundamental and a basic improvement in the legislation.

Mr. BAKER. Mr. Chairman, the change is entirely workable from our standpoint. As you know, various of the different States have different ways of handling these problems within their State. We wanted our legislation to be broad enough and flexible enough to work with and meet the problems of each of the different States in their own ways that they do it. This would enable us to do so.

Mr. POAGE. We thank you very much, Mr. Baker.

Mr. Blodget, that meets with your approval as I understand it?

Mr. BLODGET. Yes, Mr. Chairman.

Mr. POAGE. Then we will just note your presence here, and will not devote any time to your testimony.

I have been furnished here with a list of witnesses. Two lists as a matter of fact. One indicates Mr. Harry Graham would be the first witness and another would indicate that Mr. Lloyd Eckberg would be the first witness.

Mr. O'NEAL. Mr. Eckberg is my constituent, Mr. Chairman.

Mr. POAGE. We would be glad to have you introduce Mr. Eckberg then, Mr. O'Neal.

Mr. O'NEAL. Mr. Eckberg, would you come forward?

Mr. Chairman, if I might, I would like to take just a few brief moments to say this: I know we are all delighted when we have constituents come up and testify and I am particularly proud and happy to have a very fine constituent in Mr. Eckberg. He is executive vice president of the Thomasville-Thomas County Chamber of Commerce. Thomasville is the second largest city in my district and I would like to welcome Mr. Eckberg and say these few things as an introduction to the committee.

Mr. POAGE. Thank you, Mr. O'Neal and we will be glad to hear from you, Mr. Eckberg.

**STATEMENT OF LLOYD E. ECKBERG, EXECUTIVE VICE PRESIDENT,
THOMASVILLE-THOMAS COUNTY CHAMBER OF COMMERCE,
THOMASVILLE, GA.**

Mr. ECKBERG. Thank you, Mr. O'Neal, for that fine introduction.

I appreciate the opportunity to present my testimony to you today on the proposed Community Development District Act of 1966, House bill No. 12466 and the Senate version, 2934.

I represent an organization composed of businessmen, professional people and farmers in one of the largest farm-to-market areas of these United States.

The haste with which this committee has arranged this hearing, Mr. Chairman, is not conducive, I do not believe, to bringing out full and accurate information on the long-range effects of the proposed legislation before us today. I was here yesterday and having spent the day before that working on this presentation, I feel somewhat like the two little girls who were discussing their families. One said to the other, "Why does your grandmother read the Bible so much?"

The other says, "I don't know, but I think she's cramming for her finals."

It is my understanding that today's testimony is to be directed in large measure to the Senate version of the bill which passed that body by a vote of 43 to 21 on April 25.

First let me say the wording in S. 2934 which changed that portion of H.R. 12466 to read "The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may approve as a community development district," is commendable. The Secretary of Agriculture, nor any other Secretary of the Federal Government should have the authority to "designate" as he sees fit.

Mr. POAGE. I think you were in the room and heard the agreement with the Secretary. They are agreeable to removing the language that allows them to designate anything other than an area which has been designated by the State agencies.

Mr. ECKBERG. Yes; that is fine.

The Senate version made some positive strides by insisting that local units of government be given some authority and jurisdiction over whether or not they needed or wanted this type of Federal assistance. However, these changes made by the Senate do not automatically make this bill a good bill. Far too little consideration was given to this bill in the Senate. The hearings were brief and poorly attended indicating that the Secretary of Agriculture was bent on ramrodding this through before effective debate could be mustered.

For instance, little is known about how much this bill will cost the taxpayers by 1970 or 1980. My information taken from the Department of Agriculture and related agencies appropriation bill, 1967, House of Representatives Report No. 1446, dated April 22, 1966, page 13 states:

The Rural Community Development Service, established in February 1965 (to apparently get ready for the subject legislation at hand) was created to function as a small coordinating and expending unit of about 33 people with a budget of \$88,000. It was expanded to \$118,945 in 1964, \$181,872 in 1965, and \$625,000 in 1966. Shortly after it was established, three field offices were created. Last year it was proposed to expand it to 20 field offices. The request of \$3,468,000 for fiscal year 1967 contemplates 40 field offices and a total of 221 man-years in Washington and the field.

Mr. Whitten from the Committee on Appropriations, said his committee did not agree with the tremendous expansion in personnel as proposed. He also indicated his committee was disturbed to learn that 36 employees had been recruited into positions created in various agencies of the Department and assigned to the Rural Community Development Service without the notice or approval of the Congress.

The fact that the Rural Community Development Service had 129 employees in 1965; 687 in 1966 and a 1967 estimate of 3,468 leads me to believe that we have here in the making a new Cabinet-level department which will dwarf any that we now have in terms of manpower and money requirements for future operation.

In lieu of the tremendous drain on the dollar today caused by the landslide of Great Society legislation passed last year, including the Office of Economic Opportunity program and the as yet undetermined cost effects of medicare, and the war in Vietnam, I believe you would be wise to back off and really search your minds to determine the feasibility of this monstrous legislation. This may be impossible to do however, because the Secretary of Agriculture has gone so far in preempting your authority as Congressmen in gearing up for your anticipated rubberstamp approval.

Now, should the dictates of your conscience tell you to follow your own good judgment in defeating this bill, the music Mr. Freeman and the administration will play on your behalf will be unpleasant to say the least. But all of us are humans and as such have the ultimate say-so at the polls in November.

This legislation is unnecessary at this time. Why? Well, unemployment is at a new low. Opportunity exists today as it always has in this country for any person, business firm, or community who wants to work for a living and show progress for effort expended.

The Community Development District Act of 1966 is designed to combat initiative of those communities, individuals, and volunteer organizations who have in the past existed because they had the desire to make something out of themselves.

There are over 10,000 community development organizations in the United States today using volunteer manpower to invent new concepts daily to cope with securing new industry, make new jobs, provide better educational facilities and opportunities.

Supplanting this drive with a Federal umbrella will stifle initiative, incentive, imagination, and the desire to retain a free market economy as we know it for future generations.

I would like to justify my contention that communities large or small do not necessarily have to exist just because the Federal Government wants them to.

Our community, Thomasville, Ga., in the past 5 years has spent about a third of a million dollars in industrial development. None of this aid has come from Federal funds. What prevented other communities from doing the same thing? Maybe they didn't have the desire to industrialize. If this is their wish, why should the Federal Government set up a planning agency to force them into a situation which may divide the citizens and bankrupt their community?

Many communities are too small to industrialize. Situated adjacent to larger cities, they make fine "bedroom" type communities for those persons wishing to work in town and live in the country or rural communities.

The progress of any great nation has depended upon agricultural pursuits and the mobility of industry and labor to locate where it is feasible to operate at a profit.

Government intervention into industrial plant location by offering subsidies under the ARA program of 1961 began to disrupt the normal and logical process of plant site location by attempting to place industry in situations where it just could not operate profitably.

The Community Development District Act will render volunteer organizations and private industry helpless to oppose Federal designations of community districts. Placing local industrial development responsibilities in the hands of Federal bureaucrats will compete directly with business, which should never be tolerated in our society.

Too, H.R. 12466, S. 2934 will duplicate and impair existing Federal programs for community, regional, and district development such as the Public Works and Economic Development Act of 1965, the Appalachian Regional Development Act, the EOA, and Food and Agricultural Act of 1962. Many existing programs, as just mentioned, provide special grants and technical assistance, loans, and so forth, for selected areas of poverty and the like which do not affect the normal processes of business and commerce.

Again let me say communities should be permitted to expand and develop under purely local direction, to their own desired limits of potentiality.

The establishment of new community designated districts will have strong political connotations and overtones and would be so set up and staffed as to be in a position to completely control local community development and direct political campaigns.

In Georgia we have what is known as area planning and development commissions. These commissions were originally designed and

set up to provide local chambers of commerce and other economic development groups with a workable series of tools for economic and industrial development. They were not designed to circumvent existing areas of action and responsibilities by the local groups.

These commissions are financed on a per capita basis by all cities and counties cooperating in a particular "commission program."

However, very early in their life they sensed an opportunity to dip into the Federal pot through OEO in order to increase their staff and further build an empire on Federal funds.

It was not long before I and a number of other people in the area and State began to investigate and question the motives behind their actions. We were assured that this action on their part was no subterfuge against the local participating communities, but when the truth began to be known through our prodding, it was learned that in fact direct orders were emanating from Washington on how their local funds could be used if they were imbibing in Federal support.

We believed then and we believe now separation of local and Federal funds and jurisdiction as far as operational support is concerned.

A strong campaign was waged to show the commissions how they would destroy themselves if they continued their new course of action. We could not understand why they wanted to involve themselves in a purely welfare type of operation. Understandably though, with a \$150,000 budget it was evident they were without something to do.

Finally, they withdrew their support and assistance from the OEO program and since then have told us how much they appreciated our wise counsel and suggestions.

You see gentlemen, when a group, area or otherwise, is responsible for its actions to local grassroots volunteer type of organizations, problems can be handled in most instances to everybody's satisfaction. Today, they are still attempting to jump wires and get into actual industrial solicitation and development, but we cannot and will not tolerate an extension of their originally conceived purpose as constituted by the State of Georgia. Governmental units, even though supported by purely local funds, must always be subordinated to the desires and wishes of those contributing to their support, the citizens. This is why we oppose Federal planning on a local level. We do not believe we have the proper representation, or redress, to right the wrongs inherent in a many-armed octopus.

Gentlemen, I believe the Government has a duty to assist business, industry, farming, cities, and rural communities alike. But, I firmly believe the Community Development District Act of 1966 is one more in a string of costly physiological programs designed primarily as a gimmick for politicians and bureaucrats alike to attract votes for political parties without interest to the national public.

It is time and just that equal responsibility be shared with equal opportunities. The rights of the States and municipalities to do for their citizens that which they can without Federal domination is a question being asked more and more by citizens of our State and Nation as they gradually realize their rights and freedoms are being delegated to a centralized government in return for Federal and State tax supported programs.

If we, the volunteers of America, have fallen down on our job to our country, would it not be wise and considerate for you to suggest to us how we might be able to correct the situation before committing my

children and your children, and my grandchildren and your grandchildren with undue taxes and financial hardship just because the quest for power and political expediency seems to be the thing to do?

Don't sell volunteer America short. It has triumphed loud and strong for 250 years, and the next 250 years can be its finest hour.

Gentlemen of the House Committee on Agriculture, I wish to thank you for your kind attention to my remarks and appearance here today.

Mr. Chairman, I have a few remarks I would like to make in response to some of the remarks that were made yesterday, if I may.

Mr. Freeman yesterday, in the very first paragraph here of his presentation, said:

And it contains built-in provisions that promote action rather than empty day-dreams.

Yet in his first closing remarks he said:

Gentlemen, let me emphasize that this is not an action program, but a planning program.

Mr. Freeman doesn't know whether this is an action program or a planning program. Under your cross-examination yesterday, Mr. Freeman admitted he didn't know how many employees it would take to run this new program; he didn't know what the cost of the program would be; he didn't know the scope of operation as to how many counties would be involved.

He said the program could not cost over \$5 million—just a modest amount—said he could not foresee the need for any money in the future—any more money in the future.

I do not believe there is one man on this committee who believes that to be the truth. What Mr. Freeman is thinking is that next year he will add little or nothing to that amount of \$5 million—say like three zeroes, and just like presto, he will have \$5 billion.

To federalize every community in this Nation with a planning agency, including a staff, will cost an enormous amount of money.

Mr. Quie brought out a very interesting point yesterday. He said, "How do communities get out of this program?"

The fact is that you don't get out.

Mr. Belcher was assured yesterday this program would not be directed from Washington, but rather from the local level. He said he was assured that nobody from the Federal level would give authority or direct anybody or anything. There would absolutely be no direction or domination from the Federal Government. I am just wondering who is trying to fool who, and to what extent.

That is the end of my remarks, Mr. Chairman, and I thank you for the opportunity to present them to your committee here this morning.

The CHAIRMAN. Thank you very much.

Mr. TEAGUE. Mr. Chairman, I want to simply say this: I am trying to maintain an open mind on this proposal. I was very much impressed with Mr. Eckberg's presentation. I want to compliment him on it.

Mr. Chairman, I ask unanimous consent that four pages of excerpts from Report No. 1446 of the Department of Agriculture and Related Agencies Appropriation Bill 1967 to be inserted in the record immediately following Mr. Eckberg's remarks.

The CHAIRMAN. Without objection, it will be inserted in the record.

(The document referred to follows:)

[H. Rept. No. 1446, 89th Cong., 2d sess.]

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1967

RURAL COMMUNITY DEVELOPMENT

This Committee has a long record of support for rural development. It has recognized the benefits to the nation from programs to enable people to stay on the land instead of moving into the already overcrowded towns and cities, or to return to the land, while working in the towns and cities. It has realized that, if the usual conveniences were made available in non-urban areas, more and more people would be attracted to live in such areas. The Committee has recognized too, the dispersion of many activities which makes rural development essential. For many years it has supported adequate funds for rural electrification, rural telephones, housing and development loans, and loans for water recreation, drainage and other special community facilities. It has also supported efforts to encourage industrial development to provide supplemental income in rural areas.

Such rural development efforts, however, should complement established programs which enable our farm producers to feed and clothe our people with the world's lowest food cost of only 18 percent of disposable consumer income. They should not be dependent upon approval of a new organization, without a program of its own, which in the opinion of the Committee, would only retard the successful efforts of the Farmers Home Administration and other action agencies.

The Committee therefore takes note of the budget request of \$3,468,000 for fiscal year 1967 for personnel for the Rural Community Development Service which has no substantive program to offer. This amount is nearly 5½ times as large as the 1966 appropriation for this agency. The major part of the increase is requested for additional personnel to establish field offices in 40 States throughout the country, to work with programs of other departments and agencies.

The Committee is in favor of efforts to meet rural problems and will continue to support them. The Committee believes, however, that such programs have been handled effectively in the past through the regular established agencies of the Department, which have been working successfully with rural people through the years. These old-line agencies have the funds, qualified technicians, and established field offices to meet the needs of rural areas. They can function more effectively if additional layers of supervision are not added between Washington and the rural areas to be served.

For example, the Farmers Home Administration has been in existence for 20 years. Its predecessor agencies, the Farm Security Administration and the Resettlement Administration go back to the mid-1930's. During this period, it has made an outstanding record of service to farmers and rural communities. It makes hundreds of millions of dollars of direct and insured loans and grants each year for nearly every phase of farm and rural community life. Programs and funds expected to be available in fiscal year 1967 are as follows:

| | <i>In millions</i> |
|---|--------------------|
| Loans to acquire, build or improve homes and service buildings on farms | \$390.0 |
| Loans to assist family farmers in reorganizing and improving their farming systems | 300.0 |
| Loans to acquire, enlarge or develop family farms and to provide facilities for land and water use and conservation | 247.0 |
| Loans and grants in areas under 5,500 population for water or waste disposal systems, and recreation, drainage, or other special community facilities | 236.0 |
| Emergency loans to restore farm land and facilities damaged by natural disasters | 68.5 |
| Technical assistance and loans to public agencies in low-income rural areas to restructure their economy | 1.2 |
| Total | 1,242.7 |

Legislation enacted by the Congress in the past four years has greatly broadened the scope of the Farmers Home Administration. Not only have services to family farmers been increased, but a substantial expansion has taken place in the development of services related to rural community development and

rural poverty. This agency might well be designated as the Farmers Home and Rural Development Administration.

The Farmers Home Administration has about 7,000 employees and 1,681 field offices located throughout the country. FHA county office supervisors and home management experts are located in the same rural areas in which additional personnel is proposed for the new Rural Community Development Service. These employees are experienced and trained in rural problems and have been very successful in helping low-income rural families improve their standard of living and utilize the health, education and welfare services available in their communities.

During fiscal year 1965 the following number of various types of loans were handled by this agency:

| | |
|-----------------------------|--------|
| Farm ownership loans..... | 12,186 |
| Soil and water loans..... | 1,275 |
| Operating loans..... | 72,597 |
| Rural housing loans..... | 15,779 |
| Emergency credit loans..... | 22,290 |

Other agencies of the Department of Agriculture, including the Soil Conservation Service, the Extension Service, the Forest Service and the Consumer and marketing Service have extensive field operations which are also giving attention to rural problems. Also, the Departments of Housing and Urban Development; Health, Education and Welfare; Commerce; and Labor have large field organizations also providing financial and technical assistance to rural areas. A more detailed description of the activities of these various agencies and departments in rural areas will be found on pages 55 through 70 of Part 4 of the Committee hearings on the 1967 budget.

The Committee for several years has approved a small force at the Washington level to "coordinate" the various programs for rural areas through the Rural Community Development Service. It has included \$637,000 for the coming year to enable this agency to continue to coordinate and expedite this phase of the Department's work here in Washington. It has provided an additional \$400,000 to the Farmers Home Administration to enable that agency to give additional attention to development of projects needed in rural areas through its existing field offices. Also, it has included money for Appalachia with the understanding that additional needs can be met from the regular programs available to all areas of the country. It has restored the proposed budget reductions for the old-line agencies to meet this and other needs of agriculture throughout the country. These nation-wide programs are essential to keep other areas of the United States from facing the same conditions found in Appalachia and other low-income rural areas.

* * * * *

RURAL COMMUNITY DEVELOPMENT SERVICE

The Rural Community Development Service was established by the Secretary of Agriculture's Memorandum No. 1570 dated February 24, 1965, to provide leadership within the Department of Agriculture in formulating plans and evaluating operations pertaining to development of natural human resources in rural communities. It formulates plans for and evaluates operations performed by operating USDA agencies in conjunction with their regular programs.

This agency was originally created in 1963, with the consent of the Congress, to function as a small coordinating and expending unit of about 33 people with a budget of \$88,000. It was expanded to \$118,945 in 1964, \$181,872 in 1965 and \$625,000 in 1966. Shortly after it was established, 3 field offices were created. Last year it was proposed to expand it to 20 field offices. The request of \$3,468,000 for fiscal year 1967 contemplates 40 field offices and a total of 221 man-years in Washington and the field.

The Committee does not agree with the tremendous expansion in personnel proposed for this agency next year. As outlined earlier in this report, it feels that the existing agencies of the Department which have established programs in operation and which have the technical personnel and loan funds for use throughout rural America, are best equipped to provide needed assistance and guidance to rural areas through their existing field offices.

The Committee agrees that a *small staff* in the Washington office to coordinate and expedite rural programs may be worthwhile. An appropriation of

\$637,000 is included for the Washington office of the Rural Community Development Service in fiscal year 1967. In addition, \$400,000 is provided to the Farmers Home Administration for rural area development work to be handled through its existing field organization.

As indicated earlier in this report, the Committee was surprised and disturbed to learn during the hearings that *36 employees had been recruited into positions created in various agencies of the Department and assigned to the Rural Community Development Service without notice or approval of the Congress.*

Mr. GATHINGS. Mr. Eckberg, you have spoken to the point this morning and I want to commend you for your statement. We need more statements like you have presented to this committee. You have given us enlightenment. You show that the communities themselves have been able to get along fairly well and organize whatever effort is required within a commuting distance of these areas over the Nation, isn't that true?

Mr. ECKBERG. Yes, sir.

Mr. GATHINGS. Don't you think we could spend this \$5 million suggested by the Secretary for some better purpose at this time when we are engaged in all-out war in southeast Asia?

Mr. ECKBERG. I think in lieu of the inflationary tendency and pressures upon our economy today, I do not think any more legislation need be enacted where you don't know the total and final cost of it.

Mr. GATHINGS. Let us look at another angle here now.

The U.S. Senate, a few days ago, passed what is called a Truth in Labeling Act.

In other words, the Government of the United States will be telling the housewife they don't know what they are doing when they buy a can of Calumet Baking Powder or a package of anything that is on the shelf. More direction from Washington. Oversee the housewife in connection with her purchases of groceries. There is no one who knows more about the purchase of groceries than the housewife. In any event, that is the type of thing you see here.

I just wanted to commend you for your statement this morning.

Mr. ECKBERG. Thank you, Mr. Gathings.

Mr. GREIGG. Mr. Eckberg, I was interested in your testimony. When I taught on the college level, I used to refer to a fellow by the name of Frederick Jackson Turner who wrote about "rugged individualism" and I think all of us like to think we have a little "rugged individualism" in our makeup.

You took a very strong position against this measure. I was interested in your comment where you said, "Gentlemen, I believe the Government has a duty to assist business, industry, farming, cities and rural communities alike."

What is that Government assistance that you speak of there?

Mr. ECKBERG. Well, I think there are a lot of programs that the Government has enacted in the past and will enact in the future that would be of great service to business, industry and the rural communities.

I think inasmuch as a lot of my constituents are opposed to REA, for instance, I think the REA has done a great service to this country. I think it is in trouble now because it is getting out of the realm of what it was intended to do in the first place. I think the U.S. Employment Service has done a tremendous and valuable service to this country. However, they are trying to take over the fields of private enterprise now, and they are setting up employment agencies where

you are employed by a firm and all you have to do now is go to the Employment Service and tell them your qualifications and they will go out and hunt you a job. This is not what the Employment Service was originally designed to do and it is getting out of its field now.

I think most Federal programs, most State programs were originally designed to do a good job or they wouldn't have been passed in the first place.

Just as I think maybe some parts of this bill are good right now, but I would hate to see what it would look like 30 years from now.

I think that we in America had an experience in pure and simple communism several years ago—the Jamestown experiment with which most of you are familiar.

I think the reason it didn't work is because too many people started, to paraphrase Mr. Poage yesterday, started dipping down in the till just as far as they could and there just wasn't enough in there for everybody.

Mr. GREIGG. What other Federal programs do you believe fall in these categories that you have listed?

Mr. ECKBERG. Well, I think probably water pollution, the control of streams that flow from—have their origin in one State, flow through one and end up in another.

I think where you have several State responsibilities in various programs, I think the Federal Government has a great service to do.

Mr. GREIGG. What about farming?

Mr. ECKBERG. Of course, I am a free enterprise man and that is a pretty sore subject. I come from an area that has a deep tradition in farming.

The CHAIRMAN. Did you say farming was a sore subject?

Mr. ECKBERG. No, I refer to the Government controlling agriculture production and so forth.

The CHAIRMAN. That is a sore subject?

Mr. ECKBERG. Yes, it is, with me.

The CHAIRMAN. Well, go ahead.

Mr. ECKBERG. It is sore because I do not think that the farmer should be told how much he can plant or how much he can't plant.

The CHAIRMAN. We are not discussing the farm program. We are here to study REA legislation and we would appreciate your not using this witness table as an open forum.

Mr. TEAGUE. He is responding to a question, Mr. Chairman.

Mr. ECKBERG. I am responding to Mr. Greigg's question.

The CHAIRMAN. Let's get off the farm program.

Mr. GREIGG. Bear with me just a minute, Mr. Chairman. I am trying to determine what this gentleman is for and what he is against.

Mr. Eckberg, there is no need to pursue this. It is apparent that you are for certain things that probably are in your area and you are opposed if such assistance goes elsewhere.

Mr. ECKBERG. Not necessarily.

Mr. GREIGG. Not necessarily. All right.

On your page 1 I think in all fairness as far as the record is concerned, you say:

Hearings in the Senate were brief and poorly attended, indicating that the Secretary of Agriculture was intent on ramrodding this through before effective debate could be mustered.

I think probably the chairman of the Senate Committee on Agriculture would take offense of your indicating that the Secretary of Agriculture controls the Agricultural Committee in the Senate. Is this the Agriculture Secretary's responsibility or is that Senate responsibility?

Mr. ECKBERG. This should have been a Senate responsibility. I am not qualified to say just what happened, but I can read that there was some pulling of strings in the background.

Mr. GREIGG. There were some pulling of strings in the background?

Mr. ECKBERG. In the background; yes, sir.

Mr. GREIGG. I see.

Mr. ECKBERG. And I don't think you can deny that that doesn't happen up here or in the State legislature or in the county or at the local level.

Mr. GREIGG. I think perhaps you might some time designate what strings you are talking about.

Mr. ECKBERG. I think you would have to consider each case on its merits.

Mr. GREIGG. This is what this committee does and that is why I take offense at your statement on page 8 of your testimony indicating that the Secretary is preempting the authority of the Congressmen on this committee in making a determination on this piece of legislation. I think that statement is completely without foundation.

Mr. ECKBERG. Well, I don't know whether it is or not in view of the number of people who have been transferred over into the Department—back on page 3, "The number of people transferred over into the RCDS Department"—I don't know what he is getting ready for. He is not getting ready for this piece of legislation.

Mr. BELCHER. I gather from your statement that you are opposed to whatever this bill is supposed to do. Well, if you know what it is supposed to do, you might know what you are opposing, but I don't know what you are up here to oppose. All day yesterday from every witness who sat in that chair there I tried to get information as to what this organization was going to be, who would constitute it, what authority they would have—they weren't going to have any as the witnesses testified—what kind of programs they would try to develop. The fact of the matter is, I wasn't able to find out anything about this bill but I presume that the gentleman is just opposing it on the grounds that this might be another Federal program that would attempt to superimpose itself on the local communities. You are just against these programs from Washington, is that correct?

Mr. ECKBERG. Yes, sir. This is not a legal program. I think you summed it up very well yesterday when you said this is a super-duper lobby. I can't think of any word that sums it up any better than that.

Mr. BELCHER. I never did figure out just who they were going to lobby for. I am like the gentleman from Texas. I might have been for them if I knew exactly who they were going to lobby for, but I never could even figure that one out.

Mr. O'NEAL. Mr. Eckberg, is it a point that you are making that the chamber of commerce and area planning commissions are, by their very nature, competitive with each other?

Mr. ECKBERG. No, sir; they are not competitive if they stick to doing the job for which they were originally intended.

Mr. O'NEAL. I mean, isn't each community trying to get industry for itself and maybe competing with another community to get the same industry?

Mr. ECKBERG. Yes, that is right and the area commission should not place itself in the act of soliciting industry for any one particular community.

Mr. O'NEAL. Yes, but they are competing with other area commissions, aren't they, to get industry for their particular area.

Mr. ECKBERG. I don't know whether you can say they are actually competing or not. They are doing a job—they are supposed to be preparing the tools for individual communities to solicit the industry, to solicit new business and—

Mr. O'NEAL. Is it your point that this bill will eventually mean that the Federal Government will muscle in on the activities of chambers of commerce all across the United States?

Mr. ECKBERG. I think this goes without saying. I firmly believe this. I think it will even destroy our area planning commissions in Georgia.

Mr. O'NEAL. And they will be directed in a way that Washington wants them to go rather than the way the citizens involved want them to go?

Mr. ECKBERG. I believe that 100 percent.

Mr. O'NEAL. Is that your point?

Mr. ECKBERG. Yes.

The CHAIRMAN. In other words, you are afraid it is going to do away with your job in the chamber of commerce, is that it?

Mr. ECKBERG. That is part of it; yes, sir.

The CHAIRMAN. Thank you very much.

Mr. PURCELL. Mr. Chairman, may I at least make a statement to this witness?

The CHAIRMAN. Yes.

Mr. PURCELL. Mr. Eckberg—is that what your name is?

Mr. ECKBERG. Yes.

Mr. PURCELL. Apparently contrary to some of my colleagues, I want the record to show that I don't think I am for this bill, but your testimony today has done more to get me for it than anything else I have seen. I just want you to not go away from here, with some of my dear friends complimenting you, feeling that everybody has been overwhelmed with your ability to express your prejudices.

I would hope if you come up here again you will come with facts and figures and not with just ideas predicated on a preconceived idea of what you don't want done.

Thank you, Mr. Chairman.

The CHAIRMAN. Your office is in Eisenhower Plaza, isn't it?

Mr. ECKBERG. Yes, sir.

The CHAIRMAN. Very well. Goodbye.

I want to call a very distinguished constituent of my own, Henry M. Milgrom, chairman of the board of county commissioners of my home county of Nash. He has done a great public service there.

STATEMENT OF HENRY M. MILGROM, CHAIRMAN, NASH COUNTY BOARD OF COMMISSIONERS, NORTH CAROLINA; ACCOMPANIED BY JOHN T. MORRISEY, SR., GENERAL COUNSEL, NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS, CHAPEL HILL, N.C.; AND C. D. WARD, GENERAL COUNSEL, NATIONAL ASSOCIATION OF COUNTIES, WASHINGTON, D.C.

Mr. MILGROM. I would imagine Mr. Morrisey will have a statement or two to make after I complete my statement.

My name is Henry M. Milgrom and I am the chairman of the Board of County Commissioners of Nash County, North Carolina. I am appearing here today on behalf of the National Association of Counties, in support of H.R. 12466, the "Community Development District Act of 1966."

Mr. Chairman and members of the committee, the concept of inter-governmental cooperation is a basic precept of our association. It is for this reason we so enthusiastically support the legislation you are considering here today, H.R. 12466. In our view, this bill is designed to encourage and facilitate local governments in rural and sparsely populated areas to cooperatively plan together in an effort to achieve economic and social improvements. Such coordinated planning can, among other things:

- (a) Stimulate economic growth;
- (b) Insure that programs will comprise a logical and comprehensive effort to solve the community's interrelated problems at minimum cost;
- (c) Greatly enlarge the effectiveness of public resources.

We fully recognize the need of new governmental arrangements and cooperative activity if we are to meet the present and future needs of local governments. If many of our sparsely populated rural counties are to justify their continued existence as a viable unit of government, they must enter in voluntary cooperative arrangements—arrangements under the direction of and responsibility to the elected local officials—arrangements which maintain both the political and geographical integrity of the local governments.

It is because we are so committed to this concept of cooperative activity that we are equally steeled in our opposition to that which would jeopardize such cooperation and which, as an ancillary action, would further weaken our efforts to strengthen our countries and municipalities.

Candidly speaking, we must state that notwithstanding the merits of cooperative intergovernmental activity, such as planning, it is still a very difficult task to accomplish—not impossible, not unlikely, but difficult. We, therefore, request that this legislation do nothing to complicate these tasks. However, in our opinion, we feel one amendment to the Senate bill will do just that. It must be stated that when we speak of local governments, we mean general purpose units of governments, counties, and municipalities. The amendment we refer to is the second sentence of section 4(b) of the Senate-passed version (S. 2934) which states.

If such participating governments see fit to include in the charter or bylaws of the district, provision for participating by additional public bodies, such addi-

tional public bodies shall be participating governments for all purposes of this Act after their governing bodies have, by official action, authorized representation of the Board and participation in the function of the Board.

The basis of this amendment according to the Senate report is to "Permit soil conservation districts or other public bodies to participate in the election of board members, if participating counties and municipalities approve participation by such other public bodies." Apparently, the reason that the counties and municipalities would desire representation from these "additional public bodies" would be to gain their views and expertise. The bill as introduced by the chairman already makes it very clear that such expertise and views could be provided on the board by the appointment thereto of anyone the counties and municipalities wanted in our view, this amendment creates a number of serious problems and questions without providing any additional flexibility or authority to the local governments.

1. There are approximately 2,700 counties outside our standard metropolitan statistical areas which would, according to understanding, be eligible for inclusion within a community development district. Within these 2,700 counties and their municipalities are 41,500 public bodies, otherwise known as special districts (Census of Governments 1962—Governmental Organization, volume I), all of which would be eligible to participate as equal partners if the towns and counties saw fit. The question is which types of public bodies; the soil conservation districts, fire districts, water districts, sewage districts, recreation districts, drainage districts, hospital authorities, port authorities, housing authorities, and so forth, or would all 41,500 be expected to have representation. Secondly, what criteria could be used to justify one category and exclude another. All such public bodies have their interested supporters and would naturally desire to be equally treated.

2. The second question is where certain counties and municipalities vote to include the public bodies and others vote against it, and we can assure you that many will vote against it. Does the vote have to be unanimous, majority, or what?

3. The third question deals with apportioned representation. While even limiting the board to counties and municipalities may well create problems in determining the apportioned representation on the board, you can imagine what it would be by adding the additional 41,500 public bodies, all of which represent a limited number of people in contrast to the cities and counties which represent them all.

4. Since most public bodies are created for a special purpose, would their authority allow them to financially contribute to the required matching local funds and would one of these public bodies be considered as an equal partner if they were unable to provide their financial share?

The Senate amendment, although basically leaving the final decision as to additional participating governments up to the counties and municipalities, provides the opportunity for the above problems to arise—problems which need not arise by deleting the Senate amendment. We acknowledge that the interest of the special purpose public bodies are vitally important, but we believe they can receive adequate representation through the obligation upon the community development district board to take all planning activities in the district into consideration in district planning operations.

Every successful intergovernmental cooperative planning activity we are familiar with does not include other public bodies on the governing board. For the most, these boards are composed exclusively of elected officials of local government, a requirement we feel would greatly strengthen this legislation. I refer to such groups as the Washington Regional Council of Governments, the Intercounty Supervisors Committee, comprising six counties and cities surrounding Detroit, Mich., the Association of Bay Area Governments, the Southern California Association of Governments, and the Economic Development Districts of Georgia.

COUNTIES SHOULD NOT BE DIVIDED

In the creation of community development districts, we would also urge an amendment to require inclusion of whole counties, except in the case of districts designated pursuant to State law, or districts in existence at the time of enactment of the bill. The reasons for this are varied—the two principal ones being that the objectives of the program involves local governmental responsibilities and functions and we do not feel it is appropriate or desirable for this program to draw new boundary lines and create new political entities. Secondly, many counties are prohibited from allocating funds for any purpose which does not benefit the entire county and would therefore be precluded from contributing matching funds to planning programs encompassing only part of the county.

IMPLEMENTATION

Planning, of course, is only the first step in accomplishing intergovernmental cooperation and action. The critical need is the actual construction of sewage treatment facilities, community mental health centers, recreation areas, libraries, and so forth. We feel these facilities must be sponsored by local government and we feel this can best be accomplished by a community development district planning agency board which is not only appointed by and responsible to the participating units of local government, but one which is composed of the elected local officials themselves—officials who have been invested by all the voters of the participating communities with the authority to make necessary policy decisions to implement any community development district plan. By making the planning board as close as possible to the governing bodies of the participating units of governments, you minimize the separation of the planning agency from the local governments and maximize the rapport, liaison and understanding between the board and the participating local government.

We would further support the idea of incentive grants for facilities built pursuant to a community development plan, comparable to the incentive presently available in the Federal water and air pollution program for areawide facilities.

We appreciate very much the opportunity of participating in these hearings today, and I will be pleased to answer any questions you might have regarding our testimony.

Mr. Chairman, this is the first opportunity I have had in 20 years of local government service to testify before you distinguished gentlemen. If you will forgive me a little personal reference, I have served on a small-town board, I have served as mayor of my town, and for the last 14 years I have served as a county commissioner. During that time I have seen many changes, some good, some bad. I want to assure you gentlemen here today that I am a great believer in all three levels of our government, local, State, and Federal. Somehow or other, I believe that things are coming to life in local government. I see the new men who are coming on and the work they are doing.

Not only are we asking now for the authority but we are ready to shoulder the responsibility. I believe what you gentlemen are doing here can bring this about and help us, not to dictate but to cooperate.

I want again to thank you. Mr. Morrissey, if you have anything to say, please go ahead.

The CHAIRMAN. Thank you very much, Mr. Milgrom, for your well-prepared statement. We are very glad to have your views. Have you something you would like to add, Mr. Morrissey?

**STATEMENT OF JOHN T. MORRISSEY, SR., GENERAL COUNSEL,
NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS**

Mr. MORRISSEY. Mr. Chairman and members of the committee, I would like to speak on behalf of the North Carolina Association of County Commissioners, the organization which represents the 100 counties in North Carolina. Our association has not met in order to act on this bill. We are meeting in our State convention beginning Sunday, and I anticipate that we will take appropriate action in support of this legislation.

I would like to address about 1 minute's remarks to the sense of the Senate amendment dealing with the composition of the district boards. We consider it vital to preserve the geographical and political integrity of the county as a unit. In our State we have recently had a reapportionment of the State legislature, which means that in 1967 for the first time in the history of our State some 20 or more counties will not be represented in that august body by a resident of their county. We think it imperative that the counties work together in their districts in the political nature and in the development of their economies.

The experience of our counties under the 701 program which began in 1957 in our State dictates to us the wisdom of assuring that the members of the district boards are composed of the elective officials who are directly responsible to their citizens for the raising of the money and the implementation of the planning programs under this bill.

Thank you, Mr. Chairman.

The CHAIRMAN. You say your organization will meet Sunday?

Mr. MORRISSEY. In Asheville, beginning on Sunday.

The CHAIRMAN. Will you please advise us about your action. I think we will still be considering this bill next week. I do not think we can report it out very soon.

Mr. MORRISSEY. We shall be delighted to advise you of our action, Mr. Chairman.

(The information referred to above was supplied in the following letter from Mr. Morrissey:)

NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS,
Chapel Hill, June 20, 1966.

Re H.R. 12466, The Community Development District Act of 1966.

Hon. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture, Longworth Office Building, Washington, D.C.

DEAR MR. COOLEY: I am most grateful for the kind and courteous reception of our testimony before your committee on the subject bill on Friday, June 10. You and your staff were most gracious and helpful.

You may recall that my testimony, following that of Henry Milgrom's on behalf of the National Association of Counties, was given in advance of, but in anticipation of, the approval of our North Carolina Association of County Commissioners. The record of the hearing will show that I promised the chairman that our association would act upon H.R. 12466 at the 59th annual convention, concluded June 15 in Asheville.

Enclosed are several copies of the resolution adopted by the county delegates in support of H.R. 12466. I would appreciate it very much if a copy of this letter and a copy of the resolution can be inserted in the record as a supplement to my testimony.

The county officials were told by both Mr. C. D. Ward, general counsel of our National Association of Counties, who spoke at the convention, and by myself, of the leadership you have given this important legislation. Their principal concern was directed toward keeping the responsibility and control vested in the elected officials on the governing boards of the counties and towns. We assured them that this position has your support.

Again, let me thank you for the warm reception, and if Mr. Ward or I can be of service to you in any way, please let us know.

Sincerely yours,

JOHN T. MORRISSEY, Sr., *General Counsel.*

RESOLUTION No. 5

A Resolution of Support of the Community Development District Act of 1966.

Whereas, the Congress of the United States is now considering the proposed Community Development District Act of 1966, H.R. 12466, and

Whereas, The North Carolina Association of County Commissioners does hereby recognize and endorse the purpose of H.R. 12466, as a means of enabling rural counties to better plan and coordinate their services, functions, and orderly development, upon local initiative and under control and direction of elected members of county boards of commissioners and municipal governing bodies: Now, therefore, be it

Resolved, by the North Carolina Association of County Commissioners in convention assembled this 14th day of June, 1966, that H.R. 12466, The Community Development District Act of 1966, is hereby endorsed and supported by the counties of North Carolina, and be it further;

Resolved, That copies of this Resolution be forwarded to the members of the North Carolina Congressional Delegation, and particularly to Representative Harold D. Cooley, Chairman of the House Committee on Agriculture.

Mr. TEAGUE. Mr. Milgrom, do all of the counties of all of the States in the United States belong to this National Association of Counties?

Mr. MILGROM. Mr. Ward?

Mr. WARD. No, sir; 670 belong directly. There are 44 State associations affiliated with our organization, and approximately 2,200 counties with State associations are indirectly associated with us. In your own State of California, I think 39 counties belong.

Mr. TEAGUE. So, you represent roughly half of the counties.

Mr. WARD. Half the counties and perhaps 190 million people who reside in those counties.

Mr. TEAGUE. Have you polled all of the counties which do belong to your organization to ascertain their attitude on this bill?

Mr. WARD. Yes, sir. Not specifically. As most organizations, we have an annual conference and we have various committees dealing with various governmental programs and problems. Over a period of years we have developed an American county platform, which is our official policy statement, a document I have with me. We have a section on regional cooperation which, in our view, would be implemented by this legislation.

Mr. TEAGUE. You have not any specific mandate or poll on this particular legislation before us?

Mr. WARD. I would say we do, sir, on the concept embodied in this specific legislation.

Mr. TEAGUE. Thank you very much.

Mr. QUIE. Mr. Milgrom, you say there are 2,700 counties which will probably participate in this program. What is the population of those counties?

Mr. MILGROM. I can tell you the population of my county of Nash is 62,000 people. The average, Mr. Ward?

Mr. QUIE. I have been wondering what the standard metropolitan statistical areas are and the population of them and how many there are in the remaining counties.

Mr. WARD. The standard metropolitan statistical areas are made up of regions which have 50,000 or more people within them. I think it would be a fair statement to say that these 2,700 counties have a population of less than 50,000 per county.

Mr. QUIE. You still do not have the total population?

Mr. WARD. No, sir. I could obtain that for you.

Mr. QUIE. In your testimony at one point, on page 2, you talk of municipalities; and on page 3, at the end of the paragraph which has No. 3 on it, you speak of cities. What do you mean by the municipality which can participate and vote? Municipality gives the impression of any incorporated entity, and cities means something larger?

Mr. WARD. I think in the testimony when we speak of local governments and municipalities, we would mean the general-purpose units of government. Municipality would be defined as a town or city or township.

Mr. QUIE. So, even if they had a population of 150 or 200, you still would expect their governing body to be a participator in the development district?

Mr. WARD. I would imagine it would vary, Mr. Quie. Of course, in your own State of Minnesota they have recently passed legislation which allows counties and cities for the first time to participate in regional planning such as this. That legislation specifically spells out that boards will be composed exclusively of elective officials, which is exactly the thing we are asking for in this legislation. In each governmental arrangement or each community development district, the composition of the board would have to be worked out, I would suppose, on an ad hoc basis. In some cases it might be appropriate for every township, city, and town to have representation. In some it might not be felt necessary since the citizens of those towns are represented by the county commissioners.

Mr. QUIE. The purposes of the legislation are not to help farmers and farmers' problems through Agricultural Extension or the Farmers Home Administration, or other U.S.D.A. agencies, but it is health, education, and training, for the most part, as the Secretary indicated. Would you include the school boards as a participating governing unit since you are going to go heavily into education and training?

Mr. MILGROM. Yes, sir. They are elected in my county by the people. Some school boards, as you know, are appointed, but the people in my county who serve the schools are elected. We said any elective officials.

Mr. QUIE. In those 41,500 public bodies that you say may be expected to participate, you would not exclude school boards. They should be included, you say?

Mr. MILGROM. As far as I am concerned, if we had a program in my county, certainly the elective officials. For instance, we just had a hospital bond vote. Incidentally, I might tell you gentlemen—I do not want to take up too much of your time—just 40 days ago we had a \$5.5 million bond referendum in my county. You might say everybody is doing that now. But this is the first time in 30 years that my county has asked the people to go in debt. Come August this year, we will be completely out of debt.

The reason I bring up about the hospital, just the other night we appointed members of the board of trustees for this hospital, and I was proud to select the chairman of the board of education to serve on that board.

Mr. QUIE. Since they are working with health problems, do you expect the hospital board to serve?

Mr. MILGROM. Hospital board? I do not know. We might appoint them as advisers.

The CHAIRMAN. I thought you said you were in favor of having only elective officials.

Mr. MILGROM. That is right.

The CHAIRMAN. In other words, you are chairman of the commissioners, and you represent everybody in Nash County in that capacity.

Mrs. MILGROM. That is right; yes sir. If we appoint this advisory committee, all right. They look to the board of elected officials. In other words, I believe when we spend the taxpayers' money, an elective official, a man accountable to the people at the ballot box, should have something to do with it.

Mr. QUIE. Then you would include the school board when they are elected, but not when they are appointed?

Mr. MILGROM. I would say elected.

Mr. QUIE. Just school boards that are elected, but not those appointed?

Mr. MILGROM. That is true.

NATIONAL ASSOCIATION OF COUNTIES,
Washington, D.C., June 13, 1966.

HON. ALBERT H. QUIE,
U.S. House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE QUIE: I believe I may have misunderstood one of your questions and consequently conveyed the wrong impression as to our view on who should be considered a "participating government", in the Community Development District bill.

We strongly feel that only counties and municipalities should be considered participating governments. We feel that representation of school districts, soil

conservation districts and other special districts may serve on the Board if the county and municipalities appoint them to serve, however we do not feel school districts should make the appointment. I would appreciate this letter being placed in the record if you feel my response indicated a different view.

Very truly yours,

HENRY M. MILGROM,

Chairman, Board of Nash County Commissioners, North Carolina.

Mr. QUIE. On page 4 you speak of a number of groups which you use as examples: the Washington Regional Council of Governments, the intercounty supervisors committee, the Association of Bay Area Governments, the Southern California Association of Governments, and the economic development districts of Georgia. Are any of these federally financed like the one we are talking of here, in which 75 percent of the salaries will be paid federally?

Mr. MILGROM. I would like Mr. Ward to answer that.

Mr. WARD. I believe the Washington Regional Council of Governments has recently received a grant from the Federal Government, one of the first ones which has been eligible for assistance from the Government. The Intercounty Supervisors Committee of Michigan have received a 701 planning grant, in my recollection. The ABAG and SCAG in California are listed. Mr. Teague would know about SCAG. I do not know whether they have received Federal money or not.

Mr. QUIE. These are planning grants?

Mr. WARD. Yes.

Mr. QUIE. That would be comparable to the 10 percent that is available in this bill.

Mr. WARD. No. The Regional Council of Governments in Washington, I think, was a two-thirds grant. I am not sure.

Mr. QUIE. Are you in agreement with the size of the development district that the Secretary spoke of, 240,000?

Mr. WARD. I was not here yesterday, sir.

Mr. QUIE. What size district would you anticipate?

Mr. WARD. I think it would vary, depending upon the geography and population density of the counties. It might be possible for one county to constitute a development district. In some rural areas it might be six or seven counties.

Mr. QUIE. Do you think the 30- to 50-mile radius should be the governing basis? Do you think this would make the right size district, or are you talking about something smaller than that?

Mr. WARD. I really would not want to say. I would leave the flexibility up to the local people themselves and to the Governors of the respective States.

Mr. QUIE. It would be important to say what you think it ought to be, because the Secretary of Agriculture is going to determine whether he is going to fund your district or not.

Mr. WARD. At this point, we really had not felt it to be a problem as to the exact size, whether it should be 30 or 50 miles. We could caucus on it and give you our feeling.

Mr. QUIE. You can have my copy of Freeman's typical community development district, and you take it along and show it to the county commissioners in North Carolina on Sunday.

Mr. VIGORITO. Mr. Milgrom, you mentioned the fact that North Carolina was recently reapportioned, and that now some counties are not represented in the State legislature.

Mr. MILGROM. Yes, sir. Mr. John Morrissey made the statement. I think probably he could answer much better.

Mr. VIGORITO. Do you believe every county should have at least one representative in the legislature?

Mr. MORRISSEY. This was the position of the North Carolina Association of County Commissioners, as you may well assume. Since it has become a fact, we no longer have that position.

Mr. VIGORITO. Some countries range upward in size from a few thousand people. In Pennsylvania we have 67 counties. The most sparsely populated one is 18,000, running up all the way to some over a million in population. When you get a ridiculous situation like that, do you not think it would be wise to consolidate some of these small counties?

Mr. MORRISSEY. We are not lamenting the fact of reapportionment. My point was within the context of reapportionment, it becomes more imperative that this measure preserve the integrity of the counties as a geographical and political entity to keep the representation as close to the people as possible, and by confining the participation in the development districts to the elected officials. This may well lead to some expression or desire for merging or consolidation or annexation of counties, but that would be a factor which would remain to be seen after some experience in working together. I hope that answers your question.

Mr. VIGORITO. Yes. Thank you, Mr. Chairman.

Mr. GATHINGS. Mr. Jones.

Mr. JONES. I may be a little off on my dates, but I think it was shortly after World War II that the Government set up a public works planning program, and they went into various communities, down even into some small villages, and this legislation causes me to recall some of the experiences we had with that. Under that program the Federal Government advanced the planning money. To me, that was a heyday for the engineers, architects, and people like that, who would go into small communities and large communities as well. They virtually had a carte blanche authority to plan for the community—waterworks, sewer development, swimming pools, public buildings, and other community facilities which the engineers thought would contribute to the advancement of the community.

The theory of that was fine, but the communities did not realize that they were assuming the obligation of those engineering and architect fees to be collected from the city when and if they decided to go ahead with the plans that were made.

That legislation was passed before I came to Congress. After I came up here, I ran into this situation. These communities would come to me and say, "We had these plans made. The Government paid for them at the time. But those plans were so elaborate they were beyond our bonding capacity to go forward with." In many instances the plans became obsolete before the time came that they felt they could construct a sewage system with treatment plants, a collection system, and things like that. So, the community decided they would go ahead with a plan that would be within their ability to repay. At the time when they went to the Government to get some grants or to get loans, the Government said, "We will give the loan but, remember, you have an obligation to pay for these other plans we paid for

back there several years ago. We admit the plans made at that time are now obsolete and you are not using them, but you are now going forward with a plan which is similar to them."

The plan might not encompass as large an area or maybe they may not be as complete or maybe where they had planned a community building to include the mayor's office, the city council room, the fire department and all the other city officials, the town would say, "We can't afford to do that, but we are going to build a smaller building here as a city hall." But they were still obligated to pay out of the proceeds of their bond issue for the original planning for which the Government advanced the money.

Have you run into that anywhere?

Mr. MILGROM. Yes. I would suppose Mr. Morrissey, the director of the League of Municipalities of North Carolina, can probably answer this much better. I ran into it as mayor of my town; yes, sir.

Mr. JONES. Tell us your experience with that and whether or not you think as we go forward with this bill we should put at least some protection for the communities which might find themselves incurring an obligation which is of no value whatsoever.

Mr. MORRISSEY. I think certainly foresight sometimes stems from hindsight. I know of a specific experience in North Carolina where, under the public works program you have just described, a sanitary district received one of these planning grants, repayment contingent upon construction. The sanitary district was subsequently dissolved, and there came in its place a town. The town built a water system. I do not think they even used the same plans, but they put some of the lines in some of the same places that were shown on the original sanitary district plans, and they had to go into the Federal court, being sued by the Federal Government for repayment of that original grant.

It seems to me that we are far more sophisticated today in our planning, and I do not envision that the type of planning grant under this bill would impose any obligation for repayment. I would hope if such an obligation were to be imposed, it would only be through legislative action and not administrative action, which leads me to say that I agree with you, sir—I think an ounce of prevention right now might save us some headaches later on.

Mr. JONES. I am glad to hear you say that for this reason: In several of these communities we found that due to that, the community was required to pay two engineering fees or two architects' fees, one for the obsolete plans or the plans that were not used, and then one for the plans that were prepared by another engineering firm. So, as you say, I think we must utilize the experience of the past as we try to enact legislation for the future.

They say a burned child fears fire. I have been through this in so many communities where they were called upon to pay for it. Had they realized at the time that they were incurring an obligation like that, they probably would have gone a little slower. But at the time they felt, here is Uncle Sam coming in here, and he will pay for all of these plans. They have some elaborate plans. I know a community in my home county of about 1,500 people, and they had them obligated for many thousands of dollars for planning, and the plans which were made were not feasible in any way. I would have been a utopia for that community if they could have had the fine city build-

ings, the sewer works, the swimming pool, and so on. It would have been fine, but the people who had to vote the bonds said we cannot vote that much money. We do not have it.

I think we should keep in mind that we must go slow and see that we are not putting ourselves in the trap that we got ourselves in at that time. It was over 20 years ago that this happened. Just this year the city of Poplar Bluff, Mo., was being sued because they were going ahead with some sewer extensions. The Government said, "Wait a minute. You are going to pay us. You owe us \$70,000 for these plans which were made back there after World War II."

They went ahead. Finally the Federal Government—my memory is a little foggy on this—either paid a third or a third of it was forgiven. At the same time, several thousands of dollars were lost. The engineers who prepared the original plan were not interested in participating in the other plan at all. Everybody got in the act, and the Government paid for it. I don't know how many millions of dollars the Federal Government paid for plans that were never used. I think anyone with any judgment at all would have known at the time that the plans were prepared that they were too elaborate, that they went too far, obligated the city beyond its ability to pay.

Those are the things that I think some of us want to be careful about when we enact this legislation. In every bill there is a little joker, and you have to try to ferret it out. As the chairman said facetiously a minute ago, we are not going to report this bill out by Sunday because it will take time to go through it, line by line, word by word. When there is ambiguity, when something is not spelled out, we shall have to get down to it. I think that you, as the representative of the National Association of Counties, should be interested to see that the communities and the counties are protected and that we are not caught in the trap we were caught in several years ago.

Thank you, Mr. Chairman.

MR. GATHINGS. Thank you very much, gentlemen, for your presentation.

MR. ABERNETHY. Mr. Chairman, may I present a witness to this committee. I would like to present Mr. William E. Barksdale, manager of the Central Mississippi Development District, Jackson, Miss. Mr. Barksdale has been for a long time associated with the economic development activity of my State. He is well known as a man of great ability and sound judgment. It is my pleasure to present him to the committee, Mr. Chairman.

MR. GATHINGS. We are delighted to have Mr. Barksdale with us this morning. Please proceed, Mr. Barksdale.

STATEMENT OF WILLIAM E. BARKSDALE, MANAGER, CENTRAL MISSISSIPPI DEVELOPMENT DISTRICT, JACKSON, MISS.

MR. BARKSDALE. Mr. Chairman, testimony submitted herewith is designed to inform the members of the House Agriculture Committee as to the program of the Central Mississippi Development District. This program is typical of the five other area and three countywide economic programs being carried on in the State of Mississippi.

The Central Mississippi Development District, organized in September 1961, covers a three-county area having a population of 292,000, of which 29 percent is rural.

The counties have joined themselves together for the basic purpose of—

Seeking and securing additional payrolls to strengthen the economy of the area;

To make research studies on the entire area with particular attention to communities;

To prepare and publish brochures on the area;

To do national advertising in select publications;

To develop industrial parks or districts in each county;

To provide labor-management relations;

To develop in each community a strong and representative committee to work with the Central Mississippi staff in the development of basic and essential information about the community;

To encourage the establishment of district and regional government and private offices;

To coordinate and encourage vocational education programs through the Manpower Training Act and other government sources;

And in general to be the representative of the area in all fields of economic betterment.

The district setup is composed of five representatives from each county appointed by the county board of supervisors, comprising the policy committee. One person from each county is a member of the executive committee which meets monthly. The policy committee meets at least three times each year. The district has a budget of \$50,000, with the following breakdown:

| | | |
|-----------------|-------|----------|
| Hinds County | ----- | \$30,000 |
| City of Jackson | ----- | 5,000 |
| Warren County | ----- | 7,500 |
| Rankin County | ----- | 7,500 |

In order to coordinate the work of the Central Mississippi Development District staff with the chambers of commerce in the three counties, the funds come from the counties through the chambers of commerce to the district. The Central Mississippi Development District staff consists of two men, two secretaries; economic research manager and one secretary. Any necessary consultant work is done by the Mississippi Research and Development Center, which is now under construction and which is a \$10 million project, and also by private consultant firms. A close liaison exists between the district staff and the Mississippi Agricultural and Industrial Board, a State agency charged with the responsibility of economic development for the entire State.

We believe that the Central Mississippi Development District and the entire State of Mississippi have met the requirements of proposed H.R. 12466, and we cite the following:

Section 2 of the bill:

1. We provide the means for equitable participation by rural residents in coordinated planning activities and decisions by committee meetings and representation on the policy committee through their appointment from each supervisor's district;

2. Increase efficiency in the use of resources through special studies; such as a vegetable processing study which later formed the basis for the establishment of such a plant by the Mississippi

Federated Cooperative; a study of the timber resources of the area; and the Hinds County geological and mineral resources study by the Mississippi Geological Survey;

3. The representation of smaller governmental units in the planning activities and decisions has been explained, but we would like to point out that the community is a part of the plan and activities as shown through the upgrading of our vocational education program in our junior and senior colleges and the State department of education.

Basically, when you look at any program that is to be projected, you must look at the results accomplished. We call your attention to the résumé of the 5 years' work done by the Central Mississippi Development District. In the year 1961 when it was organized, there were 275 people added, with an estimated payroll of \$1,125,000. It goes right on down through 1966, April 1, making a total of 6,961 people and an estimated payroll of \$25,178,500.

Gentlemen, those are rural people. They are people who are out in the area working in the communities and community plans. Mr. Abernethy's and Mr. Walker's districts are comparable situations in which the plants are in the rural areas and the people who work there are rural people. Out of this payroll of \$25 million, only about \$11 million was created actually for the city of Jackson, for example. The rest is in the rural areas around in the Central Mississippi District.

Similar to Mr. Abernethy's and Mr. Walker's districts, that is the pattern throughout the State of Mississippi. Industries have come to the rural areas and they are there.

By way of emphasis, if the Agriculture Department and also this committee want really to get into an industrial development program, we would suggest you take a long look at it, because there is nothing any worse than having a Lions Club committee call you from down there saying we want industry. I have had that kind of experience because at one time I was director of the Mississippi Agricultural Industrial Board, and when these folks want an industry they want one, and they will come right up to your back door and front door and ask for it.

If the Department of Agriculture wants to get into industrial development work, they need to be prepared for such.

We have no complaints against the Department of Agriculture because of the Farmers Home Administration work being done in our area. For example, they have provided water systems and sewage systems for some of our communities which made it easy for those communities to attract industry. In our own area we have some plans underway now for the Farmers Home Administration to help us.

Because of the excellent set up through such development districts as now exist with the various State and Federal agencies, it is our opinion that the Community Development District Act of 1966 will be an overlapping agency to those already in existence, not only Central Mississippi Development District, but the State of Mississippi.

Thank you.

Mr. GATHINGS. Thank you so much, Mr. Barksdale.

Mr. ABERNETHY. Mr. Barksdale, I want personally to congratulate you on your statement and thank you for bringing to the attention of the committee the character of the work that you are doing. I am

quite familiar with what you are doing down there. It is of high quality and very beneficial to your area. There are such development groups in my own section of Mississippi. I think we are making fine progress through our own organizations, organizations which are more or less of the kind proposed to be established in this legislation. Thank you very much.

Mr. GATHINGS. Mr. Quie.

Mr. QUIE. I would like to ask you what kind of Federal money you expect to receive. You have a budget of \$25 million.

Mr. BARKSDALE. We have only \$60,000. We are not asking for any.

Mr. QUIE. How much of this will you pick up in this bill?

Mr. BARKSDALE. None. You might have me mixed up with somebody else.

Mr. ABERNETHY. I think the gentleman from Minnesota misunderstood his testimony. What he was pointing out was that they had brought—

Mr. QUIE. The estimated payroll. These are the number of employees you added to the district from industries that were brought in. I could not imagine what in the world you were doing with the Mississippi Development District, with all these people working in there. I get it.

Mr. BARKSDALE. These are now people that have been added through industrial jobs.

Mr. ABERNETHY. I think there is still some confusion. These are not employees of the witness' organization.

Mr. QUIE. I understand now. The witness' organization brought these industries into the district. The other question I have is, who has representation in the city of Jackson? Which county is it in?

Mr. BARKSDALE. Hinds County.

Mr. QUIE. Do both the county commissioners of Hinds County and the City Council of the city of Jackson have representation?

Mr. BARKSDALE. On the policy committee?

Mr. QUIE. Yes.

Mr. BARKSDALE. Yes, sir. The supervisors appoint three and the city of Jackson appoints two.

Mr. QUIE. What about the other counties?

Mr. BARKSDALE. The other counties are appointed by the board of supervisors.

Mr. QUIE. How many do they have?

Mr. BARKSDALE. Five.

Each of one of the counties have five, making a policy committee of 15 people. One for each one of those counties form the executive committee, a three-man executive committee.

Mr. QUIE. Even though Hinds County puts up \$35,000 and the other two counties together put up \$15,000, the counties who put up \$15,000 can outvote Hinds County?

Mr. BARKSDALE. That is right.

Mr. VIGORITO. I have one question, sir. Your data on page 4 covers a little over 5 years. I notice this coincides with the ever-increasing nationwide prosperity since 1960. My question is, how many of these jobs were added due to the 40-percent increase in the gross national product, and how many were added due to the effort of your group? I mean practically every county in the country can say it has had this many jobs added.

Mr. BARKSDALE. I agree with you on that. I think the line that you would define would be hard for me to say. I do know this: I am not trying to justify my position or the Central Mississippi Development District's position. To get industry and to get new payrolls you have to go after them. You have to knock on doors. Perhaps some would have come but some would not have come to the area.

Mr. VIGORITO. Do you know how many new businesses came into this district in this 5-year period?

Mr. BARKSDALE. I can give you examples. I can run down the whole list of examples. I have not run them up but I can tell you for example in a small rural town there were two. That is less than a thousand people coming over, and another area has three new ones. Warren County and Vicksburg has had a remarkable growth. They have had four added. In the city of Jackson the latest plant to come there is the American Can. Then in addition to that, we have had a group of smaller companies to come and locate in Jackson that would have 25 and 30 and outside of the city of Jackson, 35 and 50 employees, that would furnish services to such industries as the St. Regis Paper Co., which is going south of us, and the International Paper Co., which is locating a new plant in Vicksburg. It is the services that come along with the industries that are also taken into consideration in these figures.

Mr. QUIE. Thank you.

Mr. GATHINGS. Mr. O'Neal?

Mr. O'NEAL. If I understand your remarks, Mr. Barksdale, the thrust of your testimony is that you have done very well without the Community District Act and you are just showing what can be done without Federal aid.

Mr. BARKSDALE. That is right, sir.

Mr. GATHINGS. Thank you so much, Mr. Barksdale.

Mr. BARKSDALE. Thank you.

Mr. GATHINGS. Mr. Graham, will you come forward?

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. GRAHAM. I am the legislative representative of the National Grange. This is a concession to domestic relations that I deeply appreciate. I will try to make my presentation brief by, with the permission of the committee, filing the prepared statement.

Mr. GATHINGS. Yes, sir; you may do so and proceed as you see fit. (The statement follows:)

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. Chairman and Members of the Committee, it gives me a great deal of pleasure to appear before this esteemed Committee to testify in favor of S. 2934, which would provide for the creation of community development districts. The Grange appreciates the efforts taken by the Congress to initiate action in an area of vital concern to America's rural population as well as to the Nation as a whole.

Since its inception, almost a hundred years ago, the Grange has endeavored to educate and elevate the American farmer. The Granger Movement and the Granger Laws were early outcomes of this effort. With the realization that the betterment of the rural community is essential to the general welfare of the Nation, the Grange has consistently supported efforts such as the one presently under consideration.

In 1961 and again in 1963, the Grange testified in favor of proposals to create and expand the Area Redevelopment Administration. It was our feeling that this program could provide the means by which the development of the economic potentials of depressed rural areas could begin. Since the creation of the program, the Grange has actively supported its efforts.

The Rural Community Development Service, under the auspices of the Secretary of Agriculture, has also had the unfailing support of the Grange. We see in this a means by which the benefits of Federal, state and local programs can penetrate all levels of American society. We note with favor its recent and continuous successes in dissemination of the information on Medicare, the Labor Department's Manpower Training Program, and the Elementary and Secondary Education Act, to name only a few. As State Directors of this Service have been appointed by the Secretary, we have communicated with the Masters of the corresponding State Granges, in order that local Grange organizations can lend their services in the work of the R.C.D.S.

In the past decade and a half, the Grange, with the cooperation and financial support of the Sears Roebuck Foundation, has had its own community development program, the Community Progress Program. This program has three main objectives:

1. Improvement in the appearance, economy and culture of the community.
2. Service in terms of better schools, health, sanitation, and safety.
3. Development of human and economic resources to their fullest practicable extent.

We view the Community Development District Act as a worthy and worthwhile complement.

In line with our past policies and programs, as outlined above, the Grange heartily endorses the proposed legislation now being considered by this Committee. This bill is the next logical step in the progression of community development and betterment programs of recent years. In addition to supplementing and facilitating the work of the R.C.D.S., this Act provides a means by which the rural population can improve its lot through a coordination of local initiative and federal financial assistance. It also provides for local governmental supervision with professional developmental planning. These features, are all in line with Grange policy and will receive our support.

The Grange also sees in this legislation a welcomed attempt to improve urban-rural relations. Under this bill, an ideal development district would include a small or medium-sized city and the area within "convenient daily commuting distance" around it. By incorporating such a natural community of interaction, as the base of its effort, the enactment of this bill could not help but improve the relations among the individuals and institutions within the community. In addition, the community approach seems a more realistic one than the individual-family oriented programs of the past.

Finally, the Grange feels that this legislation would facilitate cooperation among Federal, state and local agencies in establishing multi-county community development districts to better coordinate the planning of programs to improve rural life. Federal funds are used to finance programs in districts set up by State planning agencies (or the Secretary). The local government appoints, directs, and supervises the work of the professional planning staff. Stifled lines of communication, so often a problem in intergovernmental relations, might thereby be ameliorated.

I know this bill will receive the careful consideration of this Committee. On behalf of the National Grange, I urge favorable action. Be assured that we will continue to support this proposed legislation until it is enacted into law.

Mr. GRAHAM. I want to also thank you, Mr. Chairman, and the members of the committee, for the time which you spent on this kind of legislation and the consideration you have given. I think that any statement that impugns the motives and integrity of these committees and public servants that are involved in this kind of legislation is certainly not consistent with my opinion of the committee, and the service that I developed in 3 years in pretty close contact with the gentlemen. I think you do a good job. I think sometimes we need to say this a little more definitely than we do. I think the one thing I appreciated most in 3 years here is getting to know the members on this and other

committees and the intense respect that I have developed for you gentlemen.

Mr. GATHINGS. I will say this to you, Mr. Graham, we have enjoyed knowing you and appreciate so much the counsel and testimony you have brought to this committee.

Mr. GRAHAM. I will say in terms of this bill that we do not think this is any massive onslaught on the problems of rural areas. We have our problems and they are substantial. To us the figures that we had yesterday, if we were going to divide this \$5 million into communities of some 100,000 or 250,000 apiece and figure it would cost a dollar for the services to each of them, we might have 30 districts that would be engaged in this kind of planning in the next year. This is a long ways from the imposition of the heavy hand of the Federal Government on all the citizens of rural and urban areas together.

Some of this is for an opportunity to use some of the funds already available. We know that some of the opposition to this kind of legislation comes from people that have used funds in great quantities. There are cities that have spent more in planning using Federal funds that we are asking for the whole Nation. I notice that the chambers of commerce have been very much involved in obtaining some of the funds that have been involved in planning for redevelopment and the various things that go on, such as mass transportation. We made these funds freely available to cities and they have used them. But when the rural areas want to use development funds to develop some of the area around there, to make them into something besides satellite bedrooms, which the first witness says he would be satisfied they would be, to develop business in these areas, to keep people profitably employed out of the center of the city, then we get into a great deal of objection. They recognize this takes a tax base away from cities. We recognize it puts a tax base in some rural areas that desperately need it. All of this program is not involved just in industrial planning. There are many other things that are involved in the needs of our rural people besides the planning for new industries. I will tell you that the National Grange has been engaged for the last 17 years in community development programs in cooperation with the Sears-Roebuck Foundation. We spent \$1,750,000 of Sears-Roebuck money. We have spent about \$17½ million of our own money in these programs in various parts of the 38 States where we work.

We know a bit about community development at this point. We know some of the problems that we run into and we know some of the needs we have. The needs are basically these: When you try to get people in rural areas to plan in terms of larger units than a small village or hamlet, that immediately they run into the roadblock of having no resources to which they can turn in terms of planning personnel or aid. These resources are available to the cities. They should be made available to the country. We do not have as many people living in the country. Obviously, we do not have the need of the cities. But we do have some needs and reasonable needs and reasonable needs should be answered. We are having to develop new concepts of the community since the day a community could be delineated by going out to the end of the farm lane and deciding which way the wagon tracks turned. This is the original concept of outlining a community.

Now it is much broader and larger. The question is asked how big they are and how much territory they should cover. It depends on where you are. A community that is 30 miles across in Rhode Island would take in about a third of the State. A community 30 miles across in Wyoming would have one hamlet in it. Geographical designations are inadequate. The same is true of population designations. It depends somewhat on the density of the population of the area you are talking about.

The question has been raised as to the authority of the Secretary of Agriculture. I resent the implications that this distinguished public servant is trying to dictate to all of rural life. I do not think he has done any more dictating to rural life than another head of department of Government did not long ago in terms of beef-hide export quota. This is one we did not appreciate. I do not think any responsible official of Government can put \$5 million available for the use of some community in the country without having somebody that can say you are not doing it in the way it ought to be done in terms of getting the maximum use of your money. Government cannot simply work that way. I do not think Government can say you have to do it in certain ways, but they can say you cannot spend our money in a wasteful procedure. Somebody ought to be able to determine what is a wasteful procedure. The Congress, I think, can write in some guidelines on that and some have to be left as a matter of judgment. This is true of all Secretaries of all departments of the Government. They have to make decisions of this kind. The Secretary of Agriculture is no exception to this. The thing I want to say in closing these remarks is, obviously, we are going to get a lot of objection to this kind of proposal and there will be a lot of smokescreen raised as to what is going on and what is not going on. I am delighted that the first witness came here today and gave us a sample of what we are to expect in the U.S. Chamber of Commerce or some of their affiliates. We have this same kind of problem every time we have tried to do anything in agriculture in rural areas ever since I have been here.

It has never been quite so blatantly presented as this morning and I was delighted that the distinguished Congressman from Texas analyzed it the way I did. I think perhaps that is all I want to say except to make myself available for questions and get out of the way.

Mr. GATHINGS. Thank you very much. Are there any questions?

Mr. TEAGUE. I do not have any questions. I would like to make this statement. In my area the farmers as well as the city people belong to the chambers of commerce.

Mr. GRAHAM. This is true in some areas. Most of them do not.

Mr. GATHINGS. I wish you a most enjoyable and relaxing vacation.

Mr. QUIE. I have some questions.

Mr. Graham, I see in your statement that the Rural Community Development people help with the Elementary and Secondary School Act. How do they do that on the local level, if they want to help a school set up an Elementary and Secondary Education Act?

Mr. GRAHAM. It has been so long since I wrote that testimony I probably ought to read it myself. I think what we meant was that the people are working in rural development, not necessarily the development people of the Department of Agriculture, because these acts were passed before this expansion of the Department into this area was even

considered. I am not giving them credit for doing something that they were not even in existence when it happened.

Mr. QUIE. You say you note with favor the recent and continuous success in dissemination of information on medicare, the Labor Department manpower training program and the Elementary and Secondary School Act.

You were speaking of the Rural Community Development Service. Do I understand that is the outfit that is going to run these districts.

Mr. GRAHAM. As you know, there have been some rural development services that have been instituted in some States. I do not know how many, 37 or something like that. From the information we have, they have been working in these rural areas in the dissemination of the information that was named here. If you want to pin me down to the specifics, I would appreciate it and I will try to get them.

Mr. QUIE. I would like to know because title I of the Elementary and Secondary School Act has had to have the approval of the State department of education and the commissioner of education. He gets all that information and presents it to the schools.

Mr. O'NEAL. If the gentleman will yield, if I understand what he said here he just passed out prints of information. That is all he claims to have done.

Mr. QUIE. I would like to know who on the local level these people were. The county Grange has been interested through the years in cooperative extension. What part are they going to play in all of this? Are they going to be cut out of the community development district idea or will these extension people who we have been so dependent on so many years to provide information in the rural areas going to play a dominant role.

Mr. GRAHAM. Mr. Quie, I think this has not yet been settled either by the House bill or the Senate amendment or even the suggestion of the witnesses from North Carolina. I recognize that there is a need. You can probably confine this to elected officials or to those who are made directly responsible to elected officials. I can see how we need this just in terms of good government. I can see also that there should be some kind of advisory committee of highly skilled and well-informed people that are in these rural areas to bring their knowledge into play. Whether they represent Federal agencies or whether they represent school boards that have been appointed or whether they represent voluntary planning groups or whatever they represent, if there is skill and knowledge available it should be used.

I do not think we have enough of it that we can waste it. This is the point I am making. I think this is something that still has to have some pretty careful consideration on the part of the committee.

NATIONAL GRANGE,
Washington, D.C., June 17, 1966.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During my testimony on June 10, Congressman Quie questioned me about the place that the present Rural Community Development Program had in connection with Medicare and the other services mentioned in my testimony.

As further evidence of the part played in the enrollment for Medicare, I am enclosing a copy of the section of the hearings before the Subcommittee on Ap-

propriations of the House of Representatives, Part IV, pages 48-50. This is taken from the publication, "Department of Agriculture Appropriations for 1967." I would greatly appreciate your including this in the record as an answer to Congressman Quie's good question and as a further explanation of what we had said in the testimony.

Respectfully yours,

HARRY L. GRAHAM.

RURAL OUTREACH FOR MEDICARE

The problems of reaching aged rural residents for enrollment in medicare provided an opportunity for applying the "outreach" function nationwide for a specific objective to be met in a very limited time. We are now in the midst of that effort. It is a good example of how USDA employees can be mobilized and, through plans developed by RCDS in consultation with other Federal agencies, give important help to rural people that otherwise they would have to do without. The problem was stated as follows in Assistant Secretary Baker's instruction to USDA agencies:

"Beginning July 1, 1966, nearly all Americans 65 and over will become eligible for hospital insurance and voluntary medical insurance. The Social Security Administration in carrying out an extensive program to inform persons 65 and over of the opportunities and procedures under these new programs. The extension services are helping in this effort in rural areas.

"However, many rural persons of advanced age may not be reached effectively enough for them to fully understand the program and be able to exercise their choices unless they are given special personal assistance.

"Some will be enrolled automatically in the hospital insurance because they are social security or railroad retirement beneficiaries. However, every qualifying person needs to fully understand the benefits available, and must reach a decision and take specific action to enroll for the optional medical insurance. Those who are not covered automatically for hospital insurance will need to contact a Social Security representative to apply for that, also. Arrangements will need to be made for a Social Security representative to call at the home to fill out the application for some, and others may have to be taken to local Social Security offices."

The importance of getting enrolled before the March 31 deadline is that doing so will qualify the aged enrollee for medicare services beginning July 1, 1966. The earliest next chance to start getting services for those who miss the first enrollment would be July 1, 1968, 2 full years later.

The Social Security Administration was able to make direct mailings to some 17 million of the 19 million persons eligible for medicare and to reach about another million through local welfare agencies. But around 3 percent of the total or some 600,000 people cannot be reached through these means. And some of those who do get the mailed medicare information and the medical insurance enrollment cards may be unable to read and understand them because of advanced age, failing eyesight, or lack of education.

When our effort started, about half of the estimated 19 million eligibles had mailed in enrollment cards and about 10 percent of these had indicated "No" on medical insurance. Problems of understanding were revealed by comments on the cards such as "I have my own doctor," and by the large number of people who changed from a "No" answer to "Yes" when their application was followed up with a personal visit.

Commissioner of Social Security, Robert M. Ball, in a letter to Assistant Secretary John A. Baker just after the start of this effort, stated, in part, as follows:

"I want you to know how much we appreciate the massive campaign you initiated on the part of the Department of Agriculture in helping us enroll rural residents in the medical insurance part of the medicare program. Such generous, unselfish cooperation is most welcome and I know it will make a major contribution toward the successful launching of the program next July.

"The most significant tribute to your Department, however, will be the unexpressed yet heartfelt thanks of the many thousands of rural residents who, through your efforts, will obtain the full measure of protection that it theirs under the law now."

The nature of our activity has been this. At the turn of the year, all USDA agencies instructed their State and county representatives to work with social security officers to carry out a campaign to reach all eligible rural persons with

the needed explanations of the medicare program and help with enrollment. The action that has taken place is illustrated by the following résumé for Mississippi.

The various agencies in Mississippi have sent out information and appeals to help eligible persons who might otherwise be missed, as follows:

Agricultural Stabilization and Conservation Service to 140,000 farm operators.
Farmers Home Administration to 16,000 borrowers.

Soil Conservation Service to 15,000 cooperators.

Vocational education to 1,200 teachers.

State forestry department to 1,400 employees.

The Forest Service is putting up 100 posters in its neighborhoods. The Extension Service is broadcasting an informational program from 68 radio stations; activating the RAD committees to organize local volunteer action; publishing articles in county agent publications. Interoffice communications were sent to 82 county ASCS managers; 78 county FHA supervisors; and 81 SCS unit conservationists, urging them to help organize a local campaign by coordinating councils, civic clubs, and other organizations. Fine cooperation with the Jackson social security office was reported.

Another typical report is from Crawford County, Ark. Two representatives of the district social security office presented the medicare program in detail, and the problems in finding some of the eligible persons, to other State and National Government representatives in the county. Among those present were representatives of the Extension Service, Farmers Home Administration, Soil Conservation Service, Agricultural Stabilization and Conservation Service, vocational agriculture, and the county welfare and health offices, mayors of two towns, and superintendents of the schools in the county.

The county papers and radio station are announcing the times, dates, and places of these meetings 1 week in advance. The school superintendents are making facilities available upon request for holding the meetings any time during the day. And individual letters have been sent to approximately 1,900 rural families on ASCS mailing lists urging them to help their neighbors and relatives, who are 65 or over, to get to the meetings when they are held in their community.

As a result of action planned at that meeting, three community meetings have been held and five more are scheduled, to cover the entire county. Social security men are at all meetings and eligible people can enroll on the spot.

Mr. QUIE. I wish the Grange would come in here and give some specific and detailed testimony on how this legislation ought to be drafted. As you listened yesterday you know there must be some holes in it otherwise it would not have all the criticism from the members of the committee that it received. I find that the Grange always comes in and supports whatever the Department of Agriculture asks for. I have been wondering if you checked with them before you made your testimony or if they check with you before they send the bills up.

Mr. GRAHAM. Once in a while they check with us before they send the bills up. I am not assuming that we are the only ones they check with, Mr. Quie. I think the record will show that we have not supported them in everything that they brought up here. I am sure you will remember one very virogonous session we had here last year on eggs in which we took real strong exceptions about the Department position. May I say also that we can give you some help in this field in terms of our counsel. We did not ever imply that we believed that every item of this bill was perfect. We are not implying that you do not know enough to write the bill. In between there must be some ground in which we can work. We are not prepared to dot the "I's" and cross the "t's" on this. As you hear this legislation and the criticism that you brought out yesterday, you pointed out some of the problems that need to be satisfied in terms of your committee members and in terms of good legislation. We think this is a proper function

of a committee. However, if you want us to make specific recommendations, we are perfectly free to do that and perfectly happy to. In general I think that the committee and the counsel do a cracking good job and we do not want to impose our suggestions on you. We prefer rather to support a thrust of the bill and make some suggestions as to directions it would take. Sometimes the committees have asked us to supply some drafting assistance and we have two men that are perfectly competent to do that. This is a request that I think should come from the committee, although we are perfectly glad to make some suggestion.

Mr. QUIE. That is all.

Mr. GATHINGS. Mr. Walker.

Mr. WALKER. Mr. Graham, I notice in kicking one and complimenting another one a while ago there is something that the Secretary of Agriculture said a few days ago in his testimony. He said he would operate on the power of reasoned persuasion on these committees. We have seen some of this reasoned persuasion operate. In my estimation, we have seen it through the Job Corps, the poverty program, and now in medicare. In my estimation what I am really afraid of is that there is going to be just another bureaucratic operation as was mentioned before. The Secretary further stated that he has the power to veto. We know what his power of veto can do. This includes hiring as well.

These districts do not get their help and money unless they do like the Secretary says. That is what disturbs me about this situation, about laying everything in the Secretary's hands and let him operate as he sees fit. I think we are taking the rights away from the States and the counties when we organize these organizations like this.

Mr. GRAHAM. May I say I do not think any Secretary can operate completely outside of the will of everybody. I do not care whether it is the Secretary of Agriculture or anybody else. Somebody has to have some authority to decide whether or not Federal money is being spent usefully or not and this is what I am defending. This is simply a matter of good government. Whether it is this Secretary or any other Secretary I do not think you can appropriate funds and turn them loose without exercising some oversight. I do not think that is good government, either.

Mr. TEAGUE. Mr. Graham, I for one would have no objection at all if you should request this committee to defer further action until you get back from your vacation and can work out these suggested needed changes in the bill as it now stands.

Mr. GRAHAM. Mr. Teague, I have a suspicion you are probably going to do that from the list of witnesses that are yet to appear.

Mr. TEAGUE. I hope so.

Mr. GATHINGS. Thank you so much, Mr. Graham.

I would like to reiterate that I do trust you have a very fine vacation.

Mr. GRAHAM. Thank you, sir.

Mr. GATHINGS. Maybe we can wind up or come back at 2:30. What is the will of the committee?

Mr. TEAGUE. We have lots of witnesses. I can be back this afternoon.

Mr. GATHINGS. Mr. Thornhill, suppose you come forward.

STATEMENT OF EDWARD THORNHILL III, GREENSBORO CHAMBER
OF COMMERCE, GREENSBORO, N.C.

Mr. THORNHILL. I have been waiting 2 days and I hate to go back without some brief statement.

Mr. GATHINGS. We would be glad to hear from you.

Mr. THORNHILL. I have a printed statement which I won't bother to read in the interest of brevity.

(The statement follows:)

STATEMENT OF EDWARD THORNHILL III, GREENSBORO CHAMBER OF COMMERCE

Mr. Chairman, members of the Committee, I am Edward Thornhill III of Greensboro, North Carolina.

I am grateful for the opportunity to appear before this Committee representing the Greensboro Chamber of Commerce. As chairman of its Congressional Action Committee, I attempt to stay apprised of the various proposed legislation before Congress and I am certainly cognizant of the sincere efforts of the Government, both the Legislative and Executive branches, to assist local governments and associations in their attempt to deal with present-day problems in all areas of our society. And no one would argue with the statement that all have problems.

However, we, in Greensboro at least, feel that the various federal agencies, state agencies, and local governmental bodies, both municipal and county, working with interested civic groups such as the Chamber of Commerce, have been doing an adequate job in recognizing and working out means of solving problems of relevance to urban and rural citizens of the community.

As I understand the proposed legislation, planning boards would be created by the Secretary of Agriculture or someone to whom he has delegated his authority, for the purpose of providing "means for more equitable participation by rural residents in coordinated planning activities and decisions * * * so that existing and future programs can be made more effective in providing in rural America equality of opportunity." I submit most respectfully that the equality of opportunity already exists in most, if not all communities. My work takes me into the rural areas of four counties and I fail to see how the creation of another agency within the Department would be of any benefit to the rural residents with whom I have been in contact. It occurs to me that at the present time, with inflation glowing on the economic horizon and business and industry as well as labor being asked to hold back on expenditures and wage increases, that all citizens would be better served, both city dwellers and rural residents, if the federal government would refuse to begin programs which are not necessary and which would merely duplicate already existing services.

Allow me to refer to a couple of specific examples of how we in Greensboro and surrounding environs are cooperating for the betterment of all citizens, urban and rural.

In 1963 our legislature passed enabling legislation to allow counties to establish water and sewer districts. By use of this authority, we in Guilford County have been able to extend such services into rural areas and thereby attract industry and serve the citizens. The increased tax value from the new industry provides monies for these and further services.

As another example of local initiative, there has been formed a Piedmont Triad Committee as a vehicle for cooperation between the two counties of Forsyth and Guilford and the cities, towns and communities of these counties. This committee makes use of existing governments and chambers of commerce and is active in planning and coordinating matters affecting all citizens of the area. Extension of toll-free telephone service, improvement of recreational facilities, establishment of a tri-city symphony and aid to educational institutions are some of the matters which have been the concern of this group. Highway development and a joint advertising program to promote the whole area are other matters in which the committee has been useful.

Mr. THORNHILL. I am a little mystified. The representative from the Department of Agriculture stated they do not know how many employees they want, they do not know how many districts are en-

visioned under this proposed legislation. Yet they are asking this committee to recommend the expenditure of \$5 million to start with.

As I said, the representatives of the Department of Agriculture testified they do not know how many employees they are talking about, they do not know how many districts are envisioned and yet they are asking this committee to recommend to Congress that they spend \$5 million for this legislation. It looks to me what they are doing is asking for an experiment and at this particular time I do not think that we can afford a \$5 million experiment—if they would hold it to \$5 million. In my statement I have given examples, and I might add I am not paid by the chamber of commerce so if we do away with the chamber of commerce, I would still have a livelihood, but in Greensboro at least and in the rural counties which I do get into through my job, we have worked very well in cooperation with the rural people both municipal and country governments as well as the chambers of commerce and other civic organizations which are interested in not only getting industry but in improving school systems. We have extended water and sewer lines into the county.

We have a committee which has been formed between two counties and three city governments working with civic organizations to improve the rural citizens' atmosphere through creation of recreation facilities, free telephone toll service between the three cities. I would assume that cooperatively we can improve the school district systems among the three communities. All of these things improve the rural citizen and he certainly has, as far as I can tell, equal opportunity to take advantage of all the Federal Government's assistance.

I would only say I think the Department of Agriculture does a good job. Although I do not look like it, I am raising 17 acres of tobacco this year. With their help, I think I can do a good job. I also raise beef cattle and have other interests not personally, but through my job. Through this job I run into the Department of Agriculture and its many facets out in the rural areas.

I do not think that the rural citizens in our area are ignorant of the Federal Government's programs which are designed to help them. I think they understand what they are or how they can take advantage of them if they thing they are required. I have nothing further to say, sir, and I appreciate the opportunity to appear.

Mr. GATHINGS. Are there any questions?

Mr. TEAGUE. I have just one. As I gather, then, Mr. Thornhill, you see no need for Federal legislation of this type?

Mr. THORNHILL. Not at this particular time; no, sir.

Mr. TEAGUE. Thank you.

Mr. GATHINGS. Are there further questions?

Mr. PURCELL. Mr. Thornhill, I think I am in agreement with you. In North Carolina there seems to be a lot of interest and I guess some pro, although mostly con.

You have done a good job in getting industry and getting your State far down the road on productivity both farming and rural development of various kinds? I have a spread out dry area and I do not know whether they need rain or some of your advice to do better.

Mr. THORNHILL. I think we all need rain.

Mr. PURCELL. How close together are your communities on an average?

Mr. THORNHILL. It would depend on which section of the State you are talking about, Mr. Purcell. For example, in the east, with which Mr. Cooley is far more familiar than I, or in the west, the communities will be smaller and farther apart.

Mr. PURCELL. What is your area? My grandfather came to North Carolina, but I have never been there but once.

Mr. THORNHILL. I hope you come visit us. I am in what is called the Piedmont area which runs roughly Raleigh-Durham, through Greensboro, south to Charlotte. It is the heavily populated industrial area. I am from Greensboro. As I said, my work takes me into four counties, Caswell, which is primarily agriculture, Guilford, Alamance, and Randolph Counties. Guilford and Alamance are industrial to a great extent. Randolph County would be agriculture. The Triad Committee which I referred to in my statement is made up of the three municipalities of Winston Salem, High Point and Greensboro all of which are relatively large cities, as well as Forsyth and Guilford County, which are populous counties. We have had real good cooperation from the State Government, the Conservation and Development Board, the Agricultural Extension Service from North Carolina State University, working with the chambers of commerce in cities and we have farmers in the chambers of commerce in North Carolina also. I just think—and I may be bragging for North Carolina—I think we do a pretty good job of cooperating among rural and urban centers. While we appreciate the help of the Federal Government that it is offering, I would think that we would be better off without direction. If we need the help we think we know where we can get it. I am not sure that I have answered your question.

Mr. PURCELL. Do you know what Federal programs are available to the rural people in North Carolina?

Mr. THORNHILL. I am aware of a good many of them. May I explain I am a trust officer and I settle estates and handle trusts and so forth. In this capacity as I say, I raise tobacco, wheat, corn, cattle. I deal with all kinds of businesses. I had a hosiery mill in Caswell County as well as a farming operation where we were dealing with the Small Business Administration. I deal with the ASCS Office all the time. We get involved with the Social Security Administration certainly, with the Veterans' Administration.

Mr. PURCELL. These dealings that you have in your job, you are talking about your job as a trust officer in a bank?

Mr. THORNHILL. That is true.

Mr. PURCELL. Then you had occasion to get acquainted with and to study the various programs and their usefulness or lack of usefulness. Do you feel that the farmers or people living in your part of the State have the same understanding of the Federal programs available to North Carolina that you have?

Mr. THORNHILL. Based on my experience and obviously it has not been very long, the rural citizens generally tend to be better acquainted with their Federal representatives, with their county government and with the programs that these individuals represent than the city dwellers. I grew up in New York City. I know there are a lot of people up there that do not even know who represents them in Congress. I do not think you find this among the rural communities.

These people know who represents them and they are in contact with them.

I think they understand through county agents, the ASCS Office and other Department of Agriculture facilities what programs are available to them. I haven't found in my experience any great wealth of ignorance on the part of the rural people.

Mr. PURCELL. I am not talking about the wealth of ignorance. I do not understand them myself and do not have the least idea what is available in North Carolina, Texas or anyplace else. I just wondered if you did. At any rate, you are up here in your capacity as a representative of the chamber of commerce.

Mr. THORNHILL. That is correct.

Mr. PURCELL. For whatever it is worth, I just do not like to have people to be derogatory of this committee or the people who hire out to do work for the Government.

Mr. THORNHILL. May I just say in answer to a question raised yesterday why the chamber of commerce is opposing this bill. I would respectfully submit that the chamber is opposed to it because it does not think it is good legislation.

Mr. PURCELL. Thank you very much.

Mr. TEAGUE. If the gentleman would yield briefly, Mr. Purcell, I am in the same boat you are. I do not know all these problems or all the programs, I should say. But I have found that my staff does not seem to have any difficulty in digging out the answers. We get inquiries regularly. I am sure all of us do. They seem to find the necessary answers as to what programs are available to the people seeking assistance.

Mr. GATHINGS. Thank you very much for your statement.

We are delighted to have had you before our committee, Mr. Thornhill.

Mr. THORNHILL. Thank you very much, Mr. Chairman.

Mr. GATHINGS. Mr. Bill Smith.

Mr. SMITH. Mr. Chairman, would you like me to proceed or did you suggest a recess until 2:30?

Mr. GATHINGS. If the committee members can come back at 2:30, we will recess until then.

The committee will stand in recess until 2:30.

(Whereupon, at 12:05 p.m., the committee was recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

Mr. POAGE (presiding). The committee will please come to order. We have our colleague, Representative Roy A. Taylor of North Carolina, with us today. He has a witness he wants to present to the committee and we will be glad to have you present your constituent, Mr. Taylor.

Mr. TAYLOR. I would like to present to the committee Mr. Jack Belt. He represents the legislative affairs committee of the Asheville Chamber of Commerce. He is former administrative assistant to Senator Byrd of West Virginia, and is former president of the Asheville Junior Chamber of Commerce. He is professionally a TV news announcer and one of our leading citizens.

STATEMENT OF JACK BELT, REPRESENTING LEGISLATIVE AFFAIRS COMMITTEE OF THE ASHEVILLE CHAMBER OF COMMERCE

Mr. BELT. Thank you, Congressman Taylor, and Mr. Chairman.

First of all, let me say it is a real pleasure to be here and a sincere privilege to be able to testify before this distinguished committee on House bill 12466.

As a representative of the Chamber of Commerce of Asheville, N.C., we speak against the proposed legislation. I might say that in deference to Mr. Graham from the National Grange, whose testimony I heard previously, I will try my best not to blow any smokescreen up.

There are two general reasons for the opposition from our group in Asheville, N.C.:

First, we feel that the Community Development District Act of 1966 is still another what could be determined giant step toward the ever-increasing Federal control of what should be considered local affairs.

Secondly, it is against every basic constitutional concept which has made this country what it is today, the most industrially strong nation in the history of mankind.

The Community Development District Act wrenches control from State and local agencies on decisions which have been their basic obligation since the beginning of our history.

When President Johnson sent his special message to Congress on this bill, it was labeled as the rural poverty program. In our investigation of this bill, we cannot find one reference to poverty. The President urged passage of this bill in order to pool what he termed all the resources of rural Americans through a common planning effort as a first step in alleviating the problems of rural poverty.

It is evident there are other laws which are designed to work on the problems of poverty at this time. We refer to the Appalachian Regional Development Act which is in full working order in our area in western North Carolina, as is the Economic Opportunity Act which is designed to provide grants and technical assistance for community action and resource development in poverty areas. We feel that the Community Development District Act duplicates other Federal programs including those which I have mentioned.

Other acts involved which may tend to be overlapped by this bill are the Public Works and Economic Development Act of 1965 which with cursory examination is almost an exact duplicate. Also the Food and Agriculture Act of 1962 which is designed as a rural renewal proposition.

The most perplexing problem we find as a chamber of commerce in Asheville, N.C., is that the bill would provide an agency supported by our tax dollars which would serve as competition to the existing industrial agency in our chamber of commerce. In other words, we as taxpayers, would be providing competition to ourselves.

The very nerve of our industrial giant has always been stimulated by individual initiative and free enterprise. We feel that the Community Development District Act would serve as a hypodermic filled with novocaine. On the surface, it would look like a shot in the arm, but in the long range there would be a deadening effect to the present American way for individual creativity.

The existing agencies that we have in western North Carolina now at work—Federal, State, and private—have been doing an exception-

ally competent job in western North Carolina according to the executive vice president of our chamber of commerce, Mr. Richard Degenhardt. In a recent letter referring to H.R. 12466, Mr. Degenhardt went on to say that "these same agencies would be negated in a large part by the creation of this new Federal appetite which would in all probability become insatiable."

It is our opinion that the bill would place far too much control with the Secretary of Agriculture. Although your colleagues in the upper House saw fit to transfer from the Secretary of Agriculture to the State or local area primary responsibility in determining what will constitute a community development district, there still remains that fact that these districts must be approved by the Secretary of Agriculture. The bill would also cause hardships with other existing Federal and State agencies of this nature inasmuch as each and every individual plan of each and every individual separate agency would have to be submitted and coordinated to make the mother agency effective. This in turn would develop into the proverbial "redtape" situation which is so evident in such cases.

Another important reason for opposing this bill would be the cost. In our observations we have yet to see any specific figure mentioned other than it would cost approximately \$1 per resident of the participating district which is to carry out the Federal Government's share of the cost during the first year of planning. The act then simply authorizes the appropriation of such efforts as may seem necessary. Secretary Freeman has used the figure \$5 million. We assume this would be just for the establishment of several pilot programs.

Each and every one of you are thoroughly aware of very section of this bill, but if you will please just for a few moments, let us go deeper into the significance of a bill such as this.

We cannot regard our present Federal Government as a demon, but rather as perhaps an overly fond protectorate of its people. Bills such as the Community Development District Act can be termed as maternalistic but, in turn, can be immeasurably injurious to growth. This "Papa knows best" attitude of government has in the past few years in our opinion, blunted the long tried and true outlooks of America—that of doing it ourselves. Instead of letting "Joe" do it, which is our privilege to say, we are letting "Uncle Sam" do it, which is almost required at this time. We of the Chamber of Commerce of Asheville, N.C., are the government. I am, as an individual, the government and as the government we feel we should do it ourselves—without the help outlined in this bill—which again reroutes authority, prerogatives and decisions which have always been ours. In our country we have always had liberty and enterprise. The bill is against the tradition and above that sound logic.

Recently I, as an individual, was reading a well known Washington publication—not allowed to be quoted—and became appalled at the predictions of what the Federal Government expects to do in the next few years. If these predictions come true, we have truly become socialistic and I pray to God that the prognosticator was having a bad day and needed something to write about and thus penned his own impressions.

The best source in community development is the people. If the people are properly motivated by enlightened leadership this, in itself,

will serve the purpose which this piece of legislation proposes to do. That leadership must come from within or from the local level.

We in western North Carolina feel that we offer this type of leadership—that we need not the motherly hands of the Federal Government in this area. The Community Development Act is a beautiful example of proliferation of bureaucracy. It is the establishment of a Federal agency to coordinate efforts of already established Federal agencies. America—if you don't mind I would like to wave the flag for a few moments—is great because individual men were able to produce, because of the incentive to create, because individual men were given reward for the work they offered. The pivotal point of this Nation's history is balanced because individual men demonstrated their genius. It is that genius such as by dedicated public servants like yourselves, which has enabled good government to survive. But accelerated, carnivorous, syphoning, vacuuming growth is sometimes deadly like cancer. We need to continuously reaffirm our faith in the individual.

In the past, industrial development, although admittedly weak in some areas because of lack of enlightened local leadership, has been outstanding in this country. Gentlemen, look around you. Mechanically, culturally, socially, religiously, agriculturally, industrially, we are the giant. We need not the help of the goose who laid the golden egg.

There is a challenge for all of us but I think perhaps mostly to you men in the leadership position, our representatives in our Government.

We oppose this bill as emphatically as we would the march of foreign soldiers on our shores. This completes my testimony sir, unless there are questions.

Mr. POAGE. Thank you very much, Mr. Belt. We have been glad to have you with us and you, Mr. Taylor.

Mr. TAYLOR. Thank you.

Mr. POAGE. We always welcome our colleagues and their constituents.

It has been suggested that I repeat to the group here the information which came to us this morning. I presume what is meant was that I should point out that after some discussion with representatives of the Department of Agriculture that the chairman and I were this morning able to arrive at some language which we felt might meet with at least more approval than some we have heretofore discussed and I would merely point out that by and large what we have done in this review is to come to an agreement that the designation of districts should be left entirely to States with no possibility of establishing a district other than one which had been designated by the State agencies specified by the Governor, or the legislature of the State and that the organization of the board and the selection of the members of the board should be under State law or, in the absence of State law, under a plan approved by the Governor.

Toward the end of the bill, where it provides that the Secretary of Agriculture shall require the condition of extending planning assistance, that the board give consideration to all other plans prepared under other federally assisted programs affecting the district, we would add that he may not require approval of such plans, and that we would strike out the provision of the bill that authorizes the Secre-

tary of Agriculture to delegate and to redelegate the authority granted him by this bill.

I am not trying to suggest that this would be something that would bind anybody or that everybody would agree to, but I did want all of those who were going to testify to recognize that the Department of Agriculture has agreed that they would materially circumscribe their requests of the committee along the line that I have pointed out.

Mr. TEAGUE. Let me first commend Mr. Belt for his statement and say without, again, having a closed mind, as far as I am concerned, I would be inclined to doubt that this bill can be amended in any way to be satisfactory to me. I think we are involved in this with the principle of another Federal program which, to me, isn't needed.

Mr. Belt, perhaps some of my colleagues were a little sensitive about the criticism of the Congress and the Secretary of Agriculture, as you might have heard. You have been very complimentary. This is a friendly suggestion. I don't mind but perhaps it is well more of our colleagues aren't here. We don't consider the people on the other side of the Capitol as being the "upper" body. We refer to them as the "other body."

The next time you come before the House don't refer to them as the "upper body."

Mr. BELT. I accept that suggestion.

Mr. BURTON. I think that phrase has come into usage because every appropriation measure we send them they "up."

Mr. POAGE. I have not been informed of any special commitments that have been made so I will start here with the numbers as they are now listed on this witness list.

The next number I have listed here is Dr. Blue Carstenson the Community Development National Farmers Union. Doctor, we will be delighted to hear from you, sir.

STATEMENT OF BLUE CARSTENSON, ASSISTANT LEGISLATIVE DIRECTOR, NATIONAL FARMERS UNION

Mr. CARSTENSON. Thank you, Mr. Chairman and members of the committee. I am very pleased to be here on behalf of the Farmers Union. I commend the chairman of the committee and the others who have been working on this legislation in behalf of rural America.

We feel, I think, after discussion, that your changes you have worked out with the Department of Agriculture and terms of the determination of the size and composition of the district and the committee, they are very good. We think that is a good solution to the program.

We have spent much time and energy, as has the Grange, in working in local community development and in helping local communities in moving ahead in planning and organization and have spent a lot of time in also helping local communities and local governmental bodies in trying to get grants from the Federal Government.

We have had real great concern that local government was deteriorating and we are happy that there has been much more light in rural local government in the last few years.

We think that this bill will in fact aid democracy and we believe without it we are going to have our rural communities not being able to develop as rapidly as our metropolitan areas.

I don't think there is any question that the metropolitan planning groups and councils that have been created over the past few years have aided democracy.

I have worked for the University of Michigan, going out into rural counties and setting up multicounty conferences. I know that this is very difficult work and I know that it is something that desperately needs doing and I feel very strongly that this will help democracy and local control in rural communities and to help our communities take advantage of the various Federal programs.

I can't feel quite as the previous speaker, that all of the Federal programs in the past were of no avail and that local communities and individual citizens were able to do this without the Federal Government or else I would be advocating that the Congress adjourn at this point except for defense committees.

I have one suggestion, though, that I think will help rid the Congressmen of some future headaches which I foresee. It is something that in the original bill that was introduced by Congressman Cooley, was correct, but in the Senate amendments—and I understand that this particular amendment was done in a hurry, and without real thought and I hope you will give some serious thought to the provision in title V, section 1(h), which has to do with the budget for these local districts, the grants that are provided.

The way that the bill originally was is that the local community group would submit a budget directly. In the amendments it says that the Governor must concur.

I feel, having worked in State and local government, and in multicounty operations, that this really would give excessive control down the line to the Governors in a way that might not be foreseen. For example, while we have some problems in OEO right now, in camp programs, jockeying back and forth, I think this would be even more intensified in this particular plan of Governors' approval. I can see some difficulties, say, in California, where I worked in San Joaquin County working for the city and the county and for the private agencies. I can see difficulties depending on who wins the next gubernatorial election.

What happens when you have a multicounty district where the local elected officials are primarily Democrats or Republicans and the Governor is of a different party and you are getting down toward the heat of an election campaign and it comes up time for budget? It is going to end up in the lap of the Congressman and, depending on who wins the election, it will be either up to you, Mr. Teague, or Congressman Hagen, to referee problems of difference.

I can see times when local government officials will have to disagree with the Governor. If you give control on planning matters, on matters concerned with incentive, you give complete control of budget, not just consultation, but complete control, veto power, and you are going to hamper your locally elected officials, your local community development district officials.

We do urge that you take a very careful look and look down the road and see the difficulties that may come, such as who will referee when a local community industrial district budget is submitted and the Governor disapproves. Who is going to, in the final analysis, have to jump in and try to referee it?

We think it will probably end up in the Congressman's office. Some consultation—but we would rather have this in the hands of the local community officials for their control.

In general, we support all the rest of the provisions in the bill. We feel it is much needed and we think that we see so many of the programs in which the big urban areas are getting very healthy Federal grants because they have the planning done, because they know where they are going, and the rural areas are not moving as fast because they aren't as well organized around these problems and they aren't as well geared for planning at the area level.

MR. POAGE. Thank you very much, Mr. Carstenson.

MR. O'NEAL. Just purely out of curiosity, I notice in your written statement that you filed you use a word I don't recall ever seeing before. That is "grantsmanship."

MR. CARSTENSON. Yes.

MR. O'NEAL. Could you tell us something of the origin of the word or how long this has been in our lexicon?

MR. CARSTENSON. It has been kicking around for at least 4 or 5 years, talking about a local community, of whether they have the ability—actually it came out of the social welfare field, I believe, Congressman—

MR. O'NEAL. You didn't invent it yourself?

MR. CARSTENSON. No. It has to do with those local agencies who have the ability to wrangle grants and originally it was out of the foundations and now with all the variety of Federal programs, it is also now applying to the ability for local—

MR. O'NEAL. Has it become established in any of the Webster dictionaries?

MR. CARSTENSON. I don't know, but it is used very heavily.

(The complete prepared statement of Mr. Carstenson follows:)

STATEMENT OF BLUE CARSTENSON, ASSISTANT LEGISLATIVE DIRECTOR, NATIONAL FARMERS UNION

I am very pleased to testify for Farmers Union on H.R. 12466 and S. 2934, Rural Community Development District bills.

We commend Senator Ellender and Congressman Cooley for their leadership in behalf of the program authorized by these bills.

Farmers Union supports this legislation as it is essential to the progress and development of rural areas. We have been going down-hill in our rural areas for too many years. We have not received our fair share of Federal service, and have not had adequate plans simply because we have not been well organized for community development.

The cities and the universities have had the grantsmanship to make it possible for them to get Federal grants. Farmers Union is deeply concerned with local control and local direction of programs. The establishment of community development district is essential if we are to maintain local control and local development of our many community services. With these districts we can help recapture economic vitality in many of our rural areas.

We recommend one minor change in the bill passed by the Senate. Our suggestion would, we believe, protect county, township, village and city governments from excessive state control.

In order to do this we recommend that Title V, Section 1(h) amendment, starting on page 4, be left as is in the Cooley Bill, H.R. 12466. The States will have their say on how districts are set up, but if local government officials have to come for approval to the Governor for every small planning grant which they might receive, it could mean excessive state control including patronage control by the Governor, especially where the local, county, and city government are of different political parties from the Governor. A Governor's approval might well

be impossible politically and hence block the program. It is one thing to have the governor veto where nonofficial bodies and organizations are receiving grants. But it is a horse of a different color when you ask county commissioners and local mayors to come to the governor when they want to join together as official governmental agencies for joint planning grants. We are afraid that the wrong kind of politics would enter in and that we would result in a diminution of the power of local government.

With the retention of the language in H.R. 12466, we feel that the Senate passed Bill would constitute great landmark progress to the rebuilding of rural areas.

Mr. POAGE. The next witness will be Mr. Harold F. Wise, chairman of the National Legislative Committee, accompanied by David Hartley, staff member.

STATEMENT OF HAROLD F. WISE, CHAIRMAN, NATIONAL LEGISLATIVE COMMITTEE, ACCOMPANIED BY DAVID HARTLEY, STAFF MEMBER, AMERICAN INSTITUTE OF PLANNERS

Mr. WISE. Mr. Chairman and gentlemen of the committee, I am Harold F. Wise, chairman of the National Legislative Committee of the American Institute of Planners. I have with me Mr. David Hartley of the institute's staff.

I speak not only as legislative chairman, but as a practicing planner and a good deal of my work at this point is involved with States that are in the process of trying to solve their own problems and do a job of development within their States, and I am consultant there on State planning to the States of Texas, Georgia, Kentucky, Iowa, and Kansas at the present time.

I think this is a good bill. We want to go on record heartily in favor of it. I think that its basic purpose is to strengthen local government and to assist them in making local decisions. We do not see this as a bill that is going to extend Federal control over community affairs. In the work in which I am engaged, I find that we have very healthy, articulate local groups of people and they are people who can make up their own minds. I think this bill will provide assistance to local groups of people to do the kind of a job that they are committed to do.

Our institute, the American Institute of Planners, is the Nation's professional society for comprehensive planning.

Its 4,300 members constitute the professional staffs in county, city, regional, and State planning agencies across the country. Other members of the institute in private practice serve as consultants to State, local, and Federal agencies on problems of development and growth. We will be involved in implementing this act if it is passed, and therefore have some knowledge and expertise which can be of benefit to your committee in its deliberations on this legislation.

The American Institute of Planners warmly endorses the goals and national objectives expressed in this legislation—to encourage residents of rural areas and small towns to participate more fully in comprehensive planning activities and development decisions. A region-wide approach to coordinated planning is more valid and effective than that done for each small area alone. S. 2934 is correct in its insistence upon cooperation between small towns and rural residents because it is only through this cooperation that a truly democratic and, incidentally, workable plan for development will evolve.

I am sure that this will involve the cooperation of all existing agencies, including the many, many wonderful local chambers of commerce throughout these areas.

Furthermore, the U.S. Department of Agriculture has tremendous resources which can be of benefit to local planning and development decisions, and we welcome their assistance in strengthening planning activities.

However, it is most important that this new assistance works to strengthen rather than weaken planning and development activities—by adding new tools rather than creating an entirely new superstructure on planning as it is already practiced in many of our States.

It is for this reason that we offer amendments which we feel will work more directly toward achieving the goals stated in the preamble of the legislation and in President Johnson's message on rural poverty on January 25.

We will group our suggestions into four categories. I think the policy announced this morning takes care adequately of our first suggestion. I think the Governors, dealing as they have to with a myriad number of Federal programs and separate State programs, are completely competent and able to designate what the districts ought to be within their own States.

Now, our second suggestion concerns the activities contemplated under this legislation. We commend the framers of this legislation for attempting to develop a mechanism for assisting rural areas in a manner similar to that which is enjoyed by metropolitan areas under present Federal law. Specifically, the concept of a metropolitan council of elected officials has great relevance for rural areas as well, and we heartily endorse broadening section 701 planning assistance for this purpose. However, S. 2934, as written, introduces an entirely new term called "coordinated planning" for public services, which in our opinion will cause great difficulties in harmonizing these new community development districts with other planning regions. It is true that section 701 of the Housing Act of 1954, as originally enacted, referred primarily to planning with the primary emphasis on land use and physical facilities. However, section 701(g) broadened the types of activities that could be assisted under section 701 in metropolitan areas to include governmental services, but with language to make it as consistent as possible with the other parts of section 701. Specifically, 701(g) provides that grants may be made to organizations composed of elected public officials which the Secretary of the Department of Housing and Urban Development finds to be representative of the political jurisdiction within a metropolitan area or urban region for the purpose of "assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in other activities as the Secretary finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions." To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments.

We feel this language is much preferable to that contained in section 5 of S. 2934, which says "for purposes of this subsection, comprehensive planning may also include the undertaking of coordinated planning for public services and for all other local governmental functions." This new term "coordinated planning," is too vague and undefined. It will be difficult, in our opinion, for USDA and HUD to promulgate regulations that will relate "coordinated planning" to the existing planning and development activities that are now being undertaken in rural areas and by States across the country with the assistance of other Federal programs. We strongly suggest that, since this act would amend section 701, it be made consistent with other parts of 701 and that the language in section 701(g) referring to metropolitan areas be extended to rural areas.

Mr. Chairman, I had the privilege of working on one of the first studies to be financed under section 701(g), that for the Metropolitan Washington Council of Governments. I think you would be amazed at the range and depth of facilities and services that are proposed in this study, including, for example, the financing of governmental activities and the whole range of health and welfare activities, in addition to highways and other physical needs. We think it is perfectly proper for the Federal Government to be assisting rural areas to prepare similar studies and programs for action, but it is imperative that this be developed within the framework of existing comprehensive planning, so that all Federal and local people are talking the same language and so that there is consistency and coordination of all activities.

Our third set of suggestions refer to financing. The members of our organization are probably more familiar with the use of section 701 funds than any other single group of people. We have seen the section 701 program grow from a very small program in 1954 to one that has now committed over \$100 million of Federal funds and has assisted over 5,000 communities. Every State is represented. This program, in our opinion, has been a tremendous boon to local government. Many millions of local and Federal dollars have been saved as a result of section 701 and we feel it is one of the programs that has paid off the most in terms of a cost/benefit analysis of investment of Federal funds. We applaud extension and intensification of section 701 for use in assisting rural areas and small towns to use this program. However, S. 2934, as written, increases section 701 funds from two-thirds to three-fourths for community development districts under this legislation. This, we must oppose, because in our opinion it would cause undue difficulties in administering the program on the local level and in harmonizing community development districts with other planning and development activities within the States.

One of the strongest arguments against three-quarter grants is that this would encourage window shopping amongst Federal grants on the part of local officials. We have already seen an example of this window shopping in funds for outdoor recreation assistance. Until last year, the Housing and Home Finance Agency financed open-space projects at 30 percent Federal contribution, while the Bureau of Outdoor Recreation was financing facilities at 50 percent Federal contribution. As a result of the protests of our organization and others, an Executive order was issued coordinating the two programs, and

HUD open-space and beautification grants were increased to 50 percent by the Congress.

We can see the same sort of problem on the local level if regional planning in one part of a State were assisted by a two-thirds Federal grant and another at three-quarters. Three-quarters 701 grants are made now, to be sure, to redevelopment areas designated by the Secretary of Commerce because of extreme hardship due to high unemployment or low income. This justifies the extra Federal participation. But there is no such requirement of hardship in the designation of community development districts under S. 2934. These districts could be designated anywhere—even in areas of affluence that could well pay their own way for planning. We feel that raising the Federal participation in planning for community development districts to 75 percent would disrupt the effective planning and development assistance programs already underway in most States by discriminating between various types of districts aided through this program.

Furthermore, we feel that the provision for 10 percent added grants for coordinating planning already underway in these areas is superfluous and indeed wasteful. No other regional planning activities financed by 701 have this provision, not even the metropolitan councils of government which are analogous to the community development district boards.

If community development districts are created in areas where planning is already underway, coordination of existing plans and enlisting the support of cities and counties should be an integral part of the comprehensive planning and development program that is undertaken by the community development district board and should not be financed as a separate item. We oppose this 10 percent added grant because it would cause considerable damage to the planning and development programs underway or about to be established in most of our States.

We endorse the principle of incentives to area-wide cooperation, but we feel this should be applied as bonus payments for federally aided public works projects that are consistent with area-wide planning. This is the vehicle employed in the urban development bill now being discussed by the Housing Subcommittees of the Congress for metropolitan areas, and we feel the principle could well be established for rural areas as well.

Parenthetically, we wish to go on record that total appropriations for the urban planning assistance program (701) should be increased if assistance to community development districts is to be funded through this medium. The administration's budget calls for \$35 million for 701 grants in fiscal 1967, and administration estimates that \$5 million will be used for assistance to community development districts under S. 2934 in that year. This new program should not be undertaken, even under a pilot program, if additional funds are not added. Otherwise, the existing planning program will be severely crippled. It should be pointed out that several other programs contemplated by the administration and this Congress are expected to be financed through section 701. We estimate all these programs taken together would total at least \$50 million for fiscal 1967. Community development districts, if authorized, should be funded either with discretionary funds or through a supplemental.

Our fourth set of suggestions refer to the composition of the community development district board, which would be created under section 4 of S. 2934. Section 4(b) of S. 2934 as passed by the Senate includes a section authorizing participation by "additional public bodies," in addition to municipalities and counties. We assume that this section is meant to include soil conservation districts, sewer and water special districts, rural electric cooperatives, and other quasi-public bodies which are often found in rural areas. While it is true that such organizations often play a decisive role in planning and development decisions, evidence has shown that such special districts diffuse basic, general purpose governmental responsibility. Where officials of these bodies are not elected by all the citizens in the area, there is no direct accountability for their decisions. Conflict inevitably arises with the decisions of the elected officials, such as county commissioners and mayors. Our organization, along with the Advisory Commission on Intergovernmental Relations, the National Association of Counties, the National Municipal League, and the U.S. Conference of Mayors, has put considerable study into this problem and we are solidly in favor of restricting the activities of special districts and encouraging elected officials of local general governments to become more responsive and to undertake more functions in providing services to the residents of their areas.

We therefore feel that public bodies that are not elected directly by all the residents of the area should act in an advisory role to the community development district boards under this legislation.

Mr. Chairman, we have appreciated this opportunity of presenting the views of the planning profession on this important legislation. The problems of rural poverty and regional coordination and cooperation require a full commitment from the American people.

We feel the suggestions we have made will assist this committee, and the Senate conferees, in improving this legislation.

We will be happy to work with your committee staff on specific amendments.

Mr. POAGE. Thank you very much, Mr. Wise.

Mr. TEAGUE. In my two counties in California, the county government is run by boards of supervisors. These people are not elected at large. They are elected to represent the portion of the county in which they live. What would you say as to whether they should be part of a local board inasmuch as they are not elected at large, such as water districts and soil conservation districts? Would it not apply equally as well to supervisors elected by district?

Mr. WISE. No, sir, because the county board of supervisors of Ventura County are responsible to the general government of that county. They are not engaged in special services as the irrigation district is or as a street lighting district.

Mr. TEAGUE. I think that is a good answer. I wanted to be sure I understood your statement.

Mr. POAGE. Thank you very much.

The next witness listed is the Honorable John H. Moss, mayor of Kings Mountain, N.C.

We shall be glad to hear from Mayor Moss.

STATEMENT OF HON. JOHN H. MOSS, MAYOR OF KINGS MOUNTAIN,
N.C.; ACCOMPANIED BY JOE HENDRICK, MANAGER OF CLEVELAND
COUNTY; AND J. KINNEY O'ROURKE, GENERAL COUNSEL,
NATIONAL LEAGUE OF CITIES

Mayor Moss. Mr. Chairman, we are delighted to be here. I have with me Mr. Joe Hendrick, county manager of Cleveland County, and Mr. J. Kinney O'Rourke, general counsel of the National League of Cities.

Mr. Chairman and distinguished members of the House Committee on Agriculture:

I am Mayor John H. Moss of Kings Mountain, N.C. I appear before you today on behalf of the National League of Cities, formerly the American Municipal Association, an organization of over 13,500 cities and towns in all parts of the United States, 10,000 of which are under 5,000 population.

Kings Mountain is a municipality of approximately 8,000 population located in Cleveland County, which is at the eastern edge of the mountainous region of the State. Cleveland County has a population of 66,000, and there are 8 general purpose units of government in the county, 7 of which are municipalities. The largest municipality and county seat of Cleveland County is the city of Shelby, with a population of 16,500. The other 5 municipalities are under 1,000 population.

I am accompanied here today by Mr. Joe Hendrick, manager of Cleveland County, and Mr. J. Kinney O'Rourke, general counsel of the National League of Cities. They will be happy to assist me in answering any questions you have about our testimony this morning.

We appear here today to offer the support of the National League of Cities for S. 2934, known as the Community Development District Act of 1966. This act will amend section 701 of the Housing Act of 1954, as amended, to permit the Secretary of Agriculture to make grants to community development districts in rural areas for the purpose of undertaking coordinated planning for public services and governmental functions.

The National League of Cities has long supported the 701 planning program, first created by Congress to encourage comprehensive planning activity at the local level, particularly in cities under 50,000 population and in metropolitan areas. Small municipalities in rural areas across the country have been enthusiastic in their support for the 701 planning program as it has been administered by the Housing and Home Finance Agency and its successor Department of Housing and Urban Development. The cities of Shelby and Kings Mountain have used 701 funds for the development of their comprehensive plans, and Cleveland County has submitted an application for 701 planning grant which is now being processed by the State of North Carolina's Department of Conservation and Development.

In fact, the demand for 701 funds has led to active efforts on the part of NLC and its municipal membership to expand the authority and financing for the 701 planning program. The most recent example in this direction was its support for amendments to section 701 of the 1954 Housing Act which would permit planning grants to metropolitan regional councils of government. As you know, these

amendments to that section were adopted by Congress as a part of the Housing and Urban Development Act of 1965.

The legislation before you today has, it appears to us, the goal of expanding this program of providing grants to metropolitan regional councils of governments to include similar organizations in rural areas. This is a highly desirable goal, and the National League of Cities fully supports it.

The reason for this support is quite simple. Municipalities like the one I am privileged to serve as mayor and counties like the one Mr. Hendrick serves are being called upon to provide more and better quality local governmental services. But municipalities like Kings Mountain and counties like Cleveland, standing alone, do not have the technical or financial resources to meet these demands. We cannot succeed in our individual efforts to plan for our growth and development; our cities and counties must collectively mobilize their technical and financial resources if they are to meet their individual responsibility for sound growth and development.

In Cleveland County we have already embarked upon a program in response to this need. Cleveland County and the two largest cities therein formed the Cleveland Association of Governmental Officials (CAGO) in 1963. It was originally composed of all members of the elected governing bodies of Cleveland County, the city of Kings Mountain, the city of Shelby, the three school systems in the county, and the full-time administrators employed by each member unit. Since CAGO was formed the other five cities have joined.

CAGO is incorporated as a nonprofit corporation at the present time, but it does have authority on behalf of its membership to work for the development of countywide solutions to governmental problems. At the present time, for example, CAGO is studying methods of financing and developing a countywide water and sewer system. Our problem in CAGO relates, of course, to our ability to finance the intensive study and planning which is necessary before any proposal for such a large-scale utility operation as the one we are contemplating can be implemented. This legislation, assuming it is enacted and CAGO qualifies as a community development district, offers us the possibility of Federal assistance with this and other areawide planning activities in Cleveland County. While CAGO's operation presently encompasses only one county, we have no objection to including Cleveland County in a larger region which would be organized in keeping with the objectives of S. 2934. Nor would we have any objection to having other counties, even in South Carolina—we are on the border between the two States—join as a part of CAGO's organization.

I am advised that similar activities are being undertaken in all parts of the United States. For example, the State of Georgia, in cooperation with its cities and counties, has established 16 regional development districts which have embarked upon the type of programs this legislation contemplates. Similarly, the State of Missouri just passed legislation which would permit the formation of regional development districts of the same variety. In other States where the legislature has not acted, municipalities and county officials are getting together and talking about the formation of areawide organizations that will commence work on programs which will promote sound and orderly rural development.

Thus, I believe it can be said that city and county officials throughout the country in rural areas are looking to the Congress to expand the 701 planning program to permit the financing of rural regional councils of governments or, if you prefer, community development districts.

We must comment, however, on our concern about the division of the Federal Government interest in the solution of local government's problems between the new Department of Housing and Urban Development and the Department of Agriculture.

The smaller municipalities of the Nation, particularly those located outside of metropolitan areas, have long deserved a greater interest and involvement in their problems on the part of the Federal Government. In fact, they have advocated, through their State associations and through the National League of Cities, that the Housing and Home Finance Agency and its successor Department of Housing and Urban Development establish a small-towns division or agency. This agency would serve, if nothing else, as a focal point for Federal efforts to solve the problems confronting smaller communities. This suggestion appears to have been rejected by the administration in favor of having the Department of Agriculture serve not only as the focal point for Federal efforts to solve these important problems, but also as the administrative agency for programs designed to fulfill these efforts.

We will not quarrel with this decision, but we do want to do all we can to insure that any program administered by the Department of Agriculture which draws its resources, such as this one will, from a program which has long been administered by another agency of the Federal Government, will be administered soundly and effectively. We believe that the 701 planning program has been soundly administered, and the Federal Government has, through this program, made a wise investment in the future growth and development of local areas, many of them rural in character.

But we want future Federal investment in this program to continue to be as wise as it has been in the past. We especially want every Federal dollar going into local and regional programs to purchase the same equality in planning, despite the fact that one such Federal dollar may be spent by the Department of Agriculture and another such Federal dollar may be spent by the Department of Housing and Urban Development.

To insure that this desirable goal will be achieved, the National League of Cities suggested several amendments to S. 2934 in its testimony before the Senate Committee on Agriculture and Forestry. We were pleased that the Senate committee took our suggestions to heart and accepted many of them. As a matter of fact, we now believe that S. 2934 will provide the type of authority for Federal assistance to what we call rural regional councils of government, such as CAGO, in a manner which will meet our desire for effective and sound administration.

More specifically, we like the following features of S. 2934:

- (1) It provides for the utilization of existing regional planning and development units, such as those in Georgia I have already referred to, while, at the same time, it permits local officials to form such units if the State has failed to act;

(2) It does not limit the method of organizing these units by the inclusion of language which would require an established pattern of representation on the board of directors or the like; and

(3) It utilizes the general purpose units of local government, cities and counties, as the basic membership of the district, but permits these units to seek the views of other important interests in the area, such as school systems, soil conservation districts, and private groups.

On this last point, I would like to add that utilization of general purpose units of government is absolutely essential to the success of regional planning and development programs. These general purpose units are the only agencies at the local level possessing the powers and authority which is necessary to implement plans which have been developed for the area. They possess the power to tax to raise revenue and the power to provide the full range of local services which are necessary for sound and orderly growth and development. They are the only truly visible units of local government—the people know who is mayor and who their county commissioners and city councilmen are. They have identified with these officials and the units of local government they serve, and the people know who must and is able to account to them for the quality and quantity of local government services.

Other special units of local government, while they fulfill an important role, do not possess this full range of local government authority and, frankly, they are not as visible to the electorate. Therefore, this committee will make the right decision if it places general purpose units of local government—cities and counties—in the position of being the basis for the formation of community development districts.

In conclusion, we would like to reemphasize the importance of insuring that this program will be operated in keeping with the traditions which have been established for the 701 planning program. The Community Development District Act of 1966 will give a great boost to rural community development programs. Therefore, S. 2934 deserves your full and complete support.

Mr. POAGE. Thank you very much, Mr. Moss.

The CHAIRMAN. I want to say that we are delighted to have had you here. Your Congressman, Basil Whitener, intended to be present and has asked me to express his regret that he is not able to attend the hearing. As you know, your district is ably and well represented in the House of Representatives by Mr. Whitener.

Mayor Moss. Thank you very much, Chairman Cooley. I have high respect for Congressman Whitener. He has done a wonderful job for our district. We appreciate his devoted service to our district.

We are very privileged to be here before your committee this afternoon.

Mr. POAGE. Thank you very much, gentlemen.

Without objection, we will include in the record divers statements which have been handed to me by the clerk.

(The statements follow:)

POSITION STATEMENT OF THE STATE OF GEORGIA

The State of Georgia is interested in and strongly supports the purposes of the proposed "Community Development District Act of 1966," as outlined in President Johnson's message transmitting "The Rural Poverty Program" to

Congress. The proposed legislation (S. 2934 and H.R. 12466) would be administered by the Department of Agriculture. Under the provisions of this legislation, Community Development Districts would include small governmental units which would cooperate for the purpose of comprehensive development planning. To implement this Act, the Department of Housing and Urban Development is authorized to make planning grants available to these districts upon their designation by the Secretary of Agriculture.

While Georgia endorses the purposes of this proposed legislation, we share with other states a growing concern that new federal legislation does not adequately recognize and utilize the full resources and capabilities of state government. We are particularly concerned when state governments have demonstrated that they are aware of specific problems within their state and when they have established appropriate machinery and resources to solve these problems, that new federal programs are not taking advantage of the states demonstrated responsibilities. This situation is true of such new federal programs as the Public Works and Economic Development Act of 1965, the planning grant provisions of the 1965 amendment to the Consolidated Farmers Home Administration Act and the Economic Opportunity Act of 1964. One notable exception to this trend was the Appalachian Regional Development Act which gave primary responsibility to state government. Georgia and other states feel that this responsibility should be assigned to state governments, when appropriate, in all new federal grants-in-aid programs. The "Community Development District Act of 1966" can re-establish this trend.

The purposes, activities and organization envisioned for the community development districts under this proposed Act are the same as Georgia's program of Area Planning and Development. Georgia's program of multi-county Area Planning and Development Commissions has evolved through the mutual cooperation of local and state governments. As a result, strong relationships have emerged among local governments, area commissions and the State of Georgia in the planning for comprehensive development.

The State of Georgia believes that the proposed "Community Development District Act" can, and must, preserve and promote these strong relationships. To illustrate how an actual program similar to the proposed Act presently functions, presented hereafter is a brief description of Georgia's Area Planning and Development Program and an indication of the strong relationships that have emerged.

Specific recommended amendments to the proposed "Community Development District Act of 1966" are presented at the conclusion of this statement which if incorporated into the Act would insure the continuation of these relationships and the fulfillment of the basic objectives of the Act.

AREA PLANNING AND DEVELOPMENT IN GEORGIA

During the 1950s, local and state officials along with various organizations and institutions within Georgia began to recognize the need for rural communities to combine their resources and efforts in seeking solutions to mutual problems and in taking advantages of area opportunities. By joining together, rural communities and local governments could provide a central planning staff which would be available not only to provide technical planning assistance to individual communities, but also to institute a coordinated economic development program and to attack specific area-wide problems and opportunities, such as water resources planning and mineral development. Many discussions and meetings were held, devoted to the question of what properly constitutes a multi-county planning region. Studies were undertaken and many criteria were considered. As Georgia gained experience and as area planning and development moved from theory to fact, it became obvious that the overriding criteria was the ability and the willingness of member communities to cooperate together. The initiative came from the local communities themselves and as a result of this initiative and cooperation a nucleus of area leadership developed in each of these commissions.

Since 1959, 16 Area Planning and Development Commissions (APDCs) have been organized which were officially and legally constituted under terms of municipal and county ordinances and resolutions, and of the General Planning Enabling Act of 1957 as amended. The Atlanta Metropolitan Planning Commission, originating in 1947, actively participates in this program even though it was established under special legislation.

The 17 area commissions now service 144 of the 159 counties of Georgia, representing over 96% of the State's population. The member communities pro-

vide financial support on an established formula basis toward the administration of their programs. Upon meeting certain criteria established by the State of Georgia, each Commission can obtain additional matching funds (a minimum of \$15,000 and a maximum of \$40,000) from the State. By the end of this fiscal year (1965-66), the State will have contributed almost \$1,000,000 toward the support of these Commissions. An additional half million dollars has been committed for the fiscal year 1966-67.

Each Commission has established permanent offices and has engaged competent full-time, professional staff to administer its program. In order to qualify for State aid, a Commission must have a minimum of five counties actively participating in its program. Many have more than the required minimum, with the largest serving 14 member counties.

The programs of the area commissions cover a broad range—from regional planning and economic development activities, to local planning assistance for their individual member communities. Under contract with the State, they are charged with gathering and analyzing data pertaining to the physical, social and economic potentialities of their regions and with undertaking specific programs of area planning, research, resource development, technical planning assistance, and public information.

The Area Planning and Development Commissions in Georgia have served as the basis for administering the programs of the Office of Economic Opportunity. With Georgia's Appalachia, the five APDCs, which are affected, have worked closely with the Governor's representative on the Appalachian Regional Commission in developing programs which would achieve the maximum benefit to the region as a whole and to its individual communities. Under the Economic Development Administration, the Governor requested that the eleven area commissions which qualify under the terms of the Act, be designated as economic development districts.

Comprehensive community and area planning activities with Georgia are coordinated by and provided with technical assistance through the Planning Division of the State Department of Industry and Trade. This official state planning agency is responsible for administering "701" local planning assistance within Georgia. This state agency provides, in addition to the financial contributions cited earlier, technical assistance and program advice and coordination to the area commissions. The Planning Division provides technical planning assistance for the Governor's representative on the Appalachian Regional Commission. The Planning Division is responsible for preparing the state-wide outdoor recreational plan under the terms of the Land and Water Conservation Fund Act. Also in preparation by this agency at the request of the Governor, is a comprehensive, state-wide planning program. As a result of the coordination and technical assistance responsibilities of the state planning agency, close relationships among state agencies, area commissions and local governments have been established and strengthened, and the multitude of planning activities within the state have been coordinated.

RECOMMENDATIONS

The role of state government is comprehensive planning and development activities is vital and *must be maintained and encouraged*. The following recommended amendments to the proposed "Community Development District Act of 1966" are requested to insure the continued role of state government.

1. Section 3, first sentence, should be amended to read as follows:

"SEC. 3. The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may designate as a community development district (hereafter called 'district') any area that has been so designated by the State agency specified by the Governor or legislature of the State, where he finds that the area encompassed within the district includes a county or municipal government having jurisdiction over a commuting center, or two or more centers within convenient daily commuting distance of each other, and the surrounding territory within convenient daily commuting distance of such centers."

2. Section 5(a) should be amended to read as follows: (New wording is italic for emphasis.)

SEC. 5(a). Section 701 of the Housing Act of 1954, as amended, is amended by adding thereto the following:

"(h) Notwithstanding any other provisions of this section grants may be made by the Secretary of Housing and Urban Development, *with the concurrence of the State within which the district is located*, to the planning

agency of any community development district designated by the Secretary of Agriculture, under the Community Development District Act of 1966 for comprehensive planning as defined in this section and in accordance with purposes of that Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) Not to exceed 75 per centum of the costs of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available.

"(2) Planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district.

"Grants provided under this sub-section may be paid in whole or in part to participating governments *or to states* for the use of *the states and/or* the planning agency where this will facilitate the purpose of the Community Development District Act of 1966.

"For purposes of this sub-section comprehensive planning may also include the undertaking of coordinated planning for public services and for all other governmental functions."

STATEMENT OF POSITION OF THE STATE OF MICHIGAN

The State of Michigan is critically interested in legislation which would establish a system of community development districts throughout the nation to be partially funded by federal grants. The legislation referred to has passed the Senate in the form of Bill S. 2934 cited as the Community Development District Act of 1966. Identical legislation is now before the House Agriculture Committee in the form of Bill HR 12466 known by the same citation.

The State of Michigan supports the goals and objectives expressed in the above legislation in the belief that such legislation can encourage and permit residents of rural areas and small communities to participate more fully in comprehensive planning activities and development decisions. The State of Michigan, while endorsing this legislation in principle, shares with other states a growing concern that new federal legislation does not adequately recognize and provide for the utilizing of the full resources and capabilities of state government. The State of Michigan is deeply concerned with the need of giving greater attention to the problems of our rural citizens. However, the creation of rural community development districts, in accordance with the provisions set forth in the above legislation, may lead to administrative problems which would weaken the state's capacity to solve these problems.

While the objectives and goals of the rural community development district legislation are laudable, the State of Michigan, through state enabling legislation, already provides rural communities with the framework to accomplish these objectives and goals. The Regional Planning Commission Act of 1945, as amended, authorizes regional planning commissions to be created by two or more legislative bodies of our local governmental units desiring to create a regional planning commission. This Act also provides that the boundaries of the area which are to define the limit of jurisdiction of the regional planning commission shall be established by the resolutions of the participating legislative bodies. The boundaries of this area need not be coincidental with the boundaries of any single governmental subdivision or group of subdivisions which are to be included in the area, but may include all or certain portions of the governmental subdivisions involved. The Act also authorizes regional planning commissions to accept aid, gifts or grants from public or private individuals or agencies for carrying out their responsibilities. Clearly, any group of citizens, urban or rural, or both, may initiate action which can result in the legal establishment of the above referred regional planning commission or community development district. The federal legislation unquestionably duplicates what has been available to local governmental units for twenty-one years in the state of Michigan. It should also be pointed out that all of the activities provided for in the federal legislation can now be done under the comprehensive planning programs administered by the state of Michigan and financed as part of the Urban Planning Assistance Program, Section 701, of the National Housing Act. The state of Michigan has encouraged comprehensive planning in both urban and rural areas. Many small communities have already developed comprehensive plans through

the 701 Program. Further, some of the state's major rural counties have developed comprehensive plans with the direct involvement of local citizens serving on county planning commissions. The Michigan record, along with the records of other states, would seem to indicate that the federal legislation in question underestimates the extent of existing comprehensive planning that is being done and can be done with direct state participation. The proposal to make federal grants available directly to community development districts could effectively remove the state of Michigan from directly participating in the planning processes of those regions and local communities. The state also guaranteed its key coordinating role in the original federal legislation establishing urban planning assistance in 1954. Many states began or strengthened their state planning agencies based upon this function. The state's continuing support and participation in this function is necessary and proper since the state is the only level of government which can meaningfully encourage and coordinate comprehensive planning. In Michigan, the State Resources Planning Program is defining regional areas. Further, many Michigan areas have already locally established county and regional planning commissions. Additionally, the Public Works and Economic Development Act of 1965 provides for economic development districts which would sponsor district economic development planning groups. Legislation is currently pending in the Senate of the state of Michigan which would facilitate the establishment of economic development districts. The federal legislation relative to rural community development districts would establish still another set of local coordinative groups with many of the same responsibilities of existing agencies. The occurrence of such duplication could dilute the total effort to accomplish comprehensive planning.

The state of Michigan feels strongly, as do many other states, that basic planning responsibilities—especially those pertaining to comprehensive planning—should be assigned to state governments when appropriate in all new federal grants-in-aid programs. The state of Michigan strongly feels that all new federal legislation should provide avenues for the direct participation of state governments in comprehensive planning programs at the regional and local levels. The Community Development District Act of 1966 provides the federal government with an opportunity to firmly establish this trend. The state of Michigan believes that the Community Development District Act can, and must, preserve and promote strong inter-relationships between all levels of government in solving the problems of urban and rural areas. The state of Michigan feels that the following recommendations should be included in the Community Development District Act of 1966 in order to ensure the continuation of strong relations on the part of every level of government in order to fulfill the basic objectives of the Act.

RECOMMENDATIONS

The role of state government in comprehensive development and planning activities is *vital and must be maintained and encouraged* to assure that community development districts are consistent with, or not incompatible with, planning regions or districts established on the local level with state participation. The state of Michigan favors amending Section 3 of S. 2934 to read:

"Section 3. The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may designate as a community development district (hereafter called "district") any area, *with the concurrence of the states in which such districts will be wholly or partially located*, where he finds that the area encompassed within the district including county or municipal government having jurisdiction of a commuting center, or two or more centers within convenient daily commuting distance of each other, and the surrounding territory within convenient daily commuting distance of such centers."

The above language would make the legislation consistent with that providing for designation of economic development districts of the Public Works and Economic Development Act enacted by Congress in 1965. This language would enable state government to directly participate in the delineation of community development districts which are compatible with and supportive of state planning and development districts.

Section 5A of S. 2934 should also be amended to read as follows:

"Section 5A, Section 701 of the Housing Act of 1954, as amended, is amended by adding thereto the following:

"(H) Notwithstanding any other provisions of this section grants may be made by the Secretary of Housing and Urban Development, *with the concu-*

rence of the State within which the district is located, to the planning agency of any community development district designated by the Secretary of Agriculture, under the Community Development District Act of 1966 for comprehensive planning as defined in this section and in accordance with purposes of that Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) Not to exceed 75 per centum of the costs of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available.

"(2) Planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district.

"Grants provided under this sub-section may be paid in whole or in part to participating governments or to states for the use of the states and/or the planning agency where this will facilitate the purpose of the Community Development District Act of 1966.

"For purposes of this sub-section comprehensive planning may also include the undertaking of coordinated planning for public services and for all other governmental functions."

The state of Michigan also feels that there is no reason for substituting "Coordinated planning activities" in Section 2 of the legislation in place of the more generally accepted term, "comprehensive planning activities." The purpose of coordinate federal approaches to local development is not served by substituting new terminology that is different from planning requirements in other federal grant programs.

The state of Michigan also recommends that Section 4a of S. 2934 be amended to provide for the direct participation of local elected officials in community development decision-making. This Section should be amended to read as follows:

"SEC. 4(a). Upon designation of a district by the Secretary of Agriculture, a community development district planning agency (hereafter called "agency") may be established in the district. The agency shall be established and governed by a board or commission (hereafter called "board") whose members are composed of, or appointed by and responsible to, the participating county or municipal governments having jurisdiction within the district * * *"

The state of Michigan would like to go on record as endorsing the above cited federal legislation in principle. The state of Michigan feels that if the above recommendations are included as amended, that the legislation to be provided will be both workable and extremely beneficial to the rural communities that it is designed to serve. The state of Michigan further feels that the above recommendations can serve as guidelines for future federal legislation which specifically encourages the direct participation of state governments in federal programs which are beneficial to regions and local political subdivisions within any given state. It is only in this fashion that a meaningful partnership between all levels of government can be assured and sustained.

STATEMENT OF SAMUEL J. CHAPMAN, DIRECTOR, MONTANA PLANNING BOARD

To Whom It May Concern,

The Montana State Planning Board has been advised that hearings on H.R. 12466 have been scheduled to begin in the immediate future.

We have also been advised that a companion bill, namely S. 2934, has been approved and sent to the House of Representatives. This bill is the proposed Community Development District Act of 1966. The State Planning Board has studied this bill and we wish to submit to you our support and urge passage of same. The State Planning Board is the official State agency charged with the development of Montana's resources for the development of its people and as such, we are involved with the coordination of all programming within our State which has to do with the development of these resources.

Agriculture is Montana's leading industry and we are most interested in its development. This bill fills a gap in research for increasing the use of this facet of our resources. More complete utilization of our resources is uppermost in our

minds and this applies to a great extent to the agricultural sector of economic development.

Our department has noted that all forecasts indicate a continuing decline in the number of farms and farm workers for the next 20 years. This decline is not forecast to materially effect the production of products raised or produced but is causing problems created by out-migration from rural areas.

This out-migration is creating a desperate awareness of the need for fighting for survival of small towns and communities. This has in some cases reached frantic crash programs—ill conceived and ill prepared—which in the long run have not solved the problem but added to the woes of the community.

There have been studies made of conditions creating the problems on a local basis. These studies have cost the community money but there has been no solution. Mainly this is due to the failure to take into consideration the wide overall picture on a district basis. Money has been expended in studies to determine if it is feasible to establish a plant in a depressed area which is close to a rural area without regard to the fact that the plant would be feasible in the rural area which has the resources and the capability to support the plant. The communities are asking for help and some have raised the money to get some, but it has not been on a sustained basis nor has it been combined with those studies made by the State and other Federal agencies.

This office in its coordination efforts has been trying to get district-wide studies relating the district to the economic factors which have a great or indirect effect on the district. The State relationship to economic factors must be also correlated to the national picture and the entire picture brought into focus to make economic determinations effecting the district.

As an example, we note that industry is moving to the small rural towns to locate facilities. This movement to this point has been rather slow but it is increasing. This increase in the importance for industrial development is of vital importance to the rural and farming communities. It will have the tendency to reduce out-migration by bringing in new people, it will balance the economy of the community and give new hope to the people of the area, but will not materially affect the large metropolitan areas in that most of the industry will locate within commuting distance but outside the problem areas.

We support this bill as it seems to be the one bill which fills the gap and gives to the rural community the opportunity to inventory and evaluate their natural resources in property, raw materials and manpower with relation to depressed and urban areas. It will tend to bring into focus the entire picture which is presently clouded by lack of knowledge of those things we have to work with which can be utilized in the rural aspect of economic development. Once this area is cleared we will have better planning and more complete utilization of the entire spectrum of the capabilities at our command.

CHAMBER OF COMMERCE,
Winter Haven, Fla., June 7, 1966.

Congressman JAMES A. HALEY,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN HALEY: At a meeting of the Board of Governors of the Winter Haven Chamber of Commerce held Thursday, June 2, 1966, this Chamber of Commerce went on record as vigorously opposing the passage of H.R. 12466 and its companion bill S. 2934—The Community Development District Act of 1966.

It was our feeling that, despite insistence of the sponsors of the bills, Congressman Harold D. Cooley (D) of North Carolina and Senator Ellender (D) of Louisiana, that the measure is now merely a subsidy for local planners, the long range implications remain. Because of the apparent purpose of the proposal is to use Federal funds to promote industrial development in selected communities, its enactment, undoubtedly will have far reaching effects not only on present Federal-State-local relations, but on the industrial and civic development programs of many local organizations such as Chambers of Commerce.

It was felt also that the power to grant or withhold Federal Funds, which would be placed in the hands of the Federal employee in charge of each district, would take authority to determine the type of development it chooses away from city, county and even state officials.

May we request that you place the letter expressing our feelings in the hands of the Honorable Harold D. Cooley, Chairman of the House Agricultural Committee, as a record of our stand on the subject.

Thank you for your kindness.

Cordially,

E. L. DAVIS,
Executive Vice President.

KINGDOM OF CALLAWAY CHAMBER OF COMMERCE,
Fulton, Mo., June 7, 1966.

Representative HAROLD COOLEY,
Chairman, House Agriculture Committee,
Washington, D.C.

DEAR REPRESENTATIVE COOLEY: I have been asked to appear as a witness against S. 2934 and H.R. 12466, the community development bill. I am unable to do so on such short notice and would like this letter to go on record in opposition to these measures at the hearing scheduled for June 9-10. A small chamber such as ours cannot afford to send representatives (witnesses) to testify as frequently as would be necessary, therefore we must depend upon making our voices heard by letter, or words from others.

Fulton is a proud, traditional community which is on the threshold of a new growth, a revitalization of community spirit, and a awareness that tradition is fine but that we must reach out to the future with new ideas and new concepts. We have not accepted government help very much in the past. Our community wants to be independent, grow according to our own concept of what we want here. To have a federal government program come in and standardize any of our city, county, state programs would be most unfair to the volunteer leadership, and all of those now working very hard, to find the answers to local problems.

There is hardly an individual in this community, and county, that is not involved in some way to improving the working and business conditions. I think this is true of most small communities these days. Pride comes with volunteer work. When a government project comes in, pride goes out the window. People seem to "wash their hands" of a project that is headed by a federal program, no matter how well-meaning it may be.

Our city government is actively working to make Fulton, the county seat of Callaway County, a better, more progressive town. Citizens are meeting, zoning is being studiously worked on for best use of land, and an awakened community deserves a right to progress without government intervention.

Personally, I feel that H.R. 12466 is one bill that is threatening the entire American Free Enterprise system by bringing in federal control on the local level. As a Chamber of Commerce Executive, all that I am working for on the local level would be eliminated and all community effort would become in effect a federal program. Volunteer work would go down the "drain". This has been a free country, with volunteer work active to bring about a continued economy within the state and community. This is not to say that all government programs are wrong, and there are some things a community cannot do for itself, but to make legislation possible for the government to come in and develop any community is against the American principle of freedom.

In Missouri we feel that there is a healthy climate for business. We have an active State Chamber of Commerce, and support it. We also have a fine state government. Therefore, I would like to stress that the business community of Missouri, state and local, does not need H.R. 12466 or S. 2934, and I doubt that any other community that has been appraised of either bill, would give support.

This has been discussed with our Legislative Chairman, Mr. William Backer, and I have been authorized to speak for the committee. We regret our inability to send a witness, however, we hope this letter speaks for us on June 9 or 10th, whichever the case may be.

Cordially,

CARMEN RAND
Mrs. Carmen Rand, Manager.

Mr. POAGE. I would like to suggest to all future witnesses that the committee would welcome the insertion in the record of your statement

and a summary, if you care to make it, orally. We think that might make it a little more possible for all of you to be heard. There are still 11 witnesses, and possibly an hour of time that members can be here.

I shall call next Mr. Matt Triggs, of the American Farm Bureau Federation, as the next witness.

STATEMENT OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. TRIGGS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, for the reasons you mentioned, I will file my statement, if that is acceptable.

Mr. POAGE. Without objection, that will be done.

(The statement follows:)

STATEMENT OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION

We welcome the opportunity to present our views relative to S. 2934.

In our testimony to the Senate Agriculture Committee we suggested that the implications of the proposals in the bill are more far-reaching than may appear on the surface; that this is an issue which has not been given careful and adequate study by many State planning agencies or by many local units of government and private groups; and that it would appear to be wise to delay Congressional action on this legislation until next year to permit such study and consideration.

We for one would welcome the opportunity to refer this matter to our State and County units for consideration and policy development this fall.

We note that the Senate has revised the bill in a number of respects and in so doing has eliminated a number of features that we considered objectionable in the original bill. These revisions include the following:

1. The Secretary may approve a district so designated by the State planning agency.
2. The State planning agency must be given notice and an opportunity to disapprove any district before approval by the Secretary.
3. The participating local units of government must request approval of the district before it is approved by the Secretary.
4. That, except as the State planning agency determines otherwise, or in the case of a district in existence on the date of enactment, a district shall not include any area of a county unless the entire area of the County is included.
5. That the district board must be established and empowered by the participating units of government to undertake a planning function before the District is approved by the Secretary.
6. That planning grants to districts approved under the Act are to be with the concurrence of the State planning agency.

Basic to consideration of this proposal is the fact that State planning agencies have been created in every state. Although the responsibility delegated to such agencies varies, in general the State planning agencies are charged with the following responsibilities:

- Formulate plans for the State's economic development.
- Promote community and area planning.
- Coordinate community and area planning.
- Approve area planning districts.
- Provide technical assistance to local planning agencies.
- Receive and expend federal grants for planning, including allocation to local planning agencies.
- Serve as an intermediary between federal agencies and local planning districts.

The witness for the Department of Housing and Urban Development, in his statement to the Senate Committee, said:

"Planning assistance under the Section 701 programs (of the Housing Act of 1954) can be given to small towns and cities, to counties of any size and to groups

of counties, to states and interstate areas, metropolitan areas and other types of regions. 701 grants have assisted planning in all 50 states . . . Half of the grants made through fiscal 1965 (\$43 million) have gone to 4500 small communities and counties."

In addition, of course, there is in almost every rural county, a county RAD Committee, consisting of local citizens and representatives of local governments, which has been given a responsibility for developing a comprehensive plan for the county. Such planning is generally considered as prerequisite for eligibility for the county to get grants-in-aid and loans to businesses for a variety of purposes.

What then is the purpose of the bill under consideration? What can be done under this bill which is not already being done under section 701 of the Housing Act of 1954?

It would appear to us that if there is need for an expansion of community development and planning activity this should be accomplished through an expansion of the activities of the State planning agencies as already established and in practice in the various states. Why set up another federal agency to split into two segments the activity now being handled by HUD and State Planning Agencies under the authority of the Housing Act of 1954?

In the 1967 budget for the Department of Agriculture appeared an item of \$3,468,000 for personnel for the Rural Community Development Service of the Department of Agriculture. It was proposed to set up 40 field offices of this Service. The House Appropriations Committee and the House reduced this to \$637,000, the same amount as for the previous year.

The Appropriation's Committee report said the Committee "is in favor of efforts to meet rural problems and will continue to support them. The Committee believes, however, that such programs have been handled effectively in the past through the regular established agencies of the Department, which have been working successfully with rural people through the years. These old-line agencies have the funds, qualified technicians, and established field offices to meet the needs of rural areas. They can function more effectively if additional layers of supervision are not added between Washington and the rural areas to be served."

To this might be added that the service to districts contemplated by the bill, and the related budget item, would duplicate and create a conflict of activity with the present service to districts provided by State planning agencies.

We want to express our concern with respect to the provision of Section 3 of the bill that "Such district *shall* (underlining ours) encompass as nearly as feasible the area which includes at least one service center and the surrounding territory within convenient commuting distance thereof, and any additional territory from which the residents beyond convenient commuting distance depend on such center as their central source of goods and services."

This appears to be a federal standard which must be met by a district to be eligible for planning grants—and that even though all the other conditions specified in the bill were met a proposed district which did not meet this standard would or could be disapproved by the Secretary.

We would like to raise by examples some of the problems involved in this proposed language.

The whole area of Georgia has been divided into multi-county planning districts. Seventeen regional planning commissions have been approved and all except 15 of the State's 159 counties are participating in the activities of such commissions. The Georgia Area Planning Commissions are financed by local, State and Federal (701 funds) and are serviced by the Georgia Department of Industry and Trade, through which agency state and federal technical assistance is provided.

Now if some of these Georgia planning commissions do not, in the opinion of the Secretary, meet the above quoted federal standard, then presumably the district is not eligible to receive planning grants authorized under the bill.

This is a common problem. Other states such as Ohio, New York, Connecticut, Wisconsin, Tennessee, Kentucky (and certainly this is a very incomplete list) have taken action to divide up the state into multi-county districts covering most or all of the area in the State.

In many other States the practice has been followed that development planning should be on a county basis. Many county planning agencies undertake a planning function similar to that proposed for districts in the bill. For example, our Ohio Farm Bureau reports that 63 of the 88 counties in Ohio have

established a county planning agency. The fact that multi-county districts have not been created is no indication that effective community planning is not underway in the respective counties of such states.

But if, in the opinion of the Secretary, the county that has decided to engage in community planning and development on a county basis, did not meet the above quoted federal standard, apparently the Secretary would or could decide the county was not an eligible district under the bill.

We suggest that the whole question of the relationship of federal agencies to area planning is one that needs to be studied. The Office of Economic Opportunity and the Economic Development Administration are also vigorously promoting the creation of planning groups. There apparently is a need for clarification and coordination. If community planning is to be effective, it is important to avoid proliferation and overlapping of districts. The situation would be further confused and uncoordinated by the enactment of S. 2934.

We suggest that it would be advisable to request the Advisory Commission on Intergovernmental Relations to prepare a report and submit recommendations relating to federal-state relations in the area of community planning and development before the enactment of duplicatory and conflicting legislation.

Thank you for the opportunity of expressing these views.

Mr. TRIGGS. I shall make only a few comments.

On the first page of our statement we note the Senate amendments which we consider generally improvements of the bill.

On the second page we point out that basic to consideration of this proposal is the fact that State planning agencies have been created in every State. Although the responsibility of such agencies vary, in general they have the authority set forth in our statement, which includes the coordination of community and area planning.

Down at the bottom of the page we note that the witness for the Department of Housing and Urban Development in his statement to the Senate committee said that planning can be provided under section 701 for counties of any size and to groups of counties. In fact, as he states half of the grants made through fiscal year 1965 have gone to 4,500 small communities and counties.

At the top of page 3 we ask what, then, is the purpose of the bill under consideration? What can be done under this bill which is not already being done under section 701 of the Housing Act?

It would appear to us that as a matter of sound government, if there is need for expansion of community development and planning activities, this ought to be accomplished through an expansion of the activities of the State planning agencies already established in this area, rather than to set up another Federal agency to split into two segments the activity now being handled by HUD and State planning agencies.

Turning to page 4, we are concerned with respect to the provision of section 3 providing Federal criteria for districts. "Such districts shall encompass as nearly as feasible the area which includes one service center and the surrounding territory within convenient commuting distance," and so forth. This appears to us to be a Federal standard which must be met by a district to be eligible for planning grants, and that even though all the other conditions specified in the bill were met, a proposed district which did not meet this standard would or could be disapproved by the Secretary.

We give some examples of what seems to be some of the problems raised by this language where you have multicounty districts. Suppose some of these multicounty districts do not, in the opinion of the Secretary, meet the Federal standard. Then it might be that a district would not be eligible to receive planning grants under the bill. It

seems to us they all ought to be equally eligible, and the determination of the State that these are the planning districts should be governing.

We also point out that in many States, planning is on a county basis.

I cannot tell for sure from reading the language of this bill whether a county which under State law has determined to perform community development planning on a countywide basis is eligible for grants under this bill or whether the Secretary might, looking at the Federal standard that is proposed, decide otherwise. This is a point of clarification which I think is needed.

We do finally suggest, Mr. Chairman, that there is crucial need for restudy of this whole question of community planning to avoid proliferation and overlapping of districts which we feel would be further confused and uncoordinated by the enactment of this bill.

Oddly enough, the Advisory Commission on Intergovernmental Relations, which is the agency set up to present studies and recommendations in this area, has not made any studies of this particular proposal, and I think it would be most helpful—and there is no time urgency involved—to ask this Commission to prepare a report and submit recommendations relating to the whole area of Federal-State participation in regional and community planning.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Triggs.

The next witness before the committee will be Mr. Oliver Terriberry, executive director of the Georgia Mountains Planning and Development Commission, Gainesville, Ga.

**STATEMENT OF OLIVER TERRIBERRY, EXECUTIVE DIRECTOR,
GEORGIA MOUNTAINS PLANNING AND DEVELOPMENT COMMISSION,
GAINESVILLE, GA.**

MR. TERRIBERRY. Thank you, Mr. Chairman.

I have filed with the clerk a copy of my statement, and for that reason, due to the time element, I will not go through my statement, but will leave it for the record.

(The statement follows:)

**STATEMENT OF OLIVER TERRIBERRY, EXECUTIVE DIRECTOR, GEORGIA MOUNTAINS
PLANNING AND DEVELOPMENT COMMISSION, GAINESVILLE, GA.**

Mr. Chairman, Members of the Committee, it is not my intent to outline the provisions of the Community Development District Act of 1966, but, rather, to relate the provisions in this act to the program that now exists in the State of Georgia and how, in the opinion of the Board of Directors of the Georgia Mountains Planning and Development Commission, this act will provide the means by which Georgia's program and any others like it can expand beyond the immediate need of attacking brush-fire problems into the realm of truly long-range planning concepts.

I see no need to re-emphasize any of the statistical data already given supporting the need for this act. Statistics are too impersonal and I feel that the interest of the Committee is whether or not the concept expressed in this act will be meaningful to the social and economic growth of predominately rural districts.

With your permission, I would like to outline briefly the program that has been developed in the State of Georgia for attacking this situation. But, let me first emphasize that the residents and the governing officials of the State of Georgia are not so presumptuous as to imply that we have a total answer; but, rather, at the present, we seem to have one that can work, simply because we are making it work.

The Legislature of the State of Georgia, in recognition of the need to provide some means for the rural areas to be competitive with the highly organized urban regions of the state, did in 1957, enact what is commonly referred to as the Georgia General Planning and Zoning Enabling Act of 1957. This is No. 358—House Bill No. 400 and has as its general provisions:

"An Act to authorize the governing authorities of the several municipalities and counties of the State to establish separate or joint planning commissions; to provide for the preparation and amendment of overall plans for the orderly growth and development of said municipalities and counties; to provide for the regulation of the subdivision of land; to provide for the regulation of structures in map streets, public building sites, and public open spaces; to repeal conflicting laws and for other purposes".

To stimulate implementation of this new law, the State established criteria that when met, the State would provide financial assistance for the development of multi-county area planning commissions. These criteria are as follows:

"To be eligible to receive state matching grant funds from the Georgia Department of Industry and Trade, a multi-county planning and development organization must submit to the Department, satisfactory evidence that said multi-county organization:

"1. Includes within its jurisdiction at least five counties;

"2. Is properly and completely organized under the provisions of the General Planning and Zoning Enabling Act of 1957 as amended, or similar special legislation, and that the area organization is a functioning body carrying on long-range programs with office facilities and at least a qualified full-time Director approved by the Department of Industry and Trade on the payroll of the area organization.

"3. Has, in fact, secured local funds to be expended in the area program in an amount of not less than \$15,000 per year.

"4. Will expend state funds only for comprehensive planning and research activities such as operation of the area office in preparation of population, economy, land use, transportation, recreation, agriculture, industry, natural resource and similar studies approved by the Department of Industry and Trade.

"5. Agrees to furnish the Department with an Annual Report setting forth in detail how the state funds were expended and what results were obtained. If any research report or other published documents are developed, either partly or wholly through the use of state funds, five copies of each report shall be furnished to the Department.

"When the above criteria have been met and provided State funds are available, the Department of Industry and Trade may participate financially in an amount equal to 100% of local funds. However, in no case shall the Department funds exceed \$40,000 per year for any one area organization."

Thus, in 1957, the State of Georgia created the legal vehicle whereby multi-communities can ban together and pool their resources for mutual benefit. The 1957 legislation further provided that the county seat community must enact a city ordinance and the county governing body must enact a county resolution legally creating their membership in the multicounty area planning commission.

Within the State of Georgia there are 159 counties, and since the passing of the General Planning and Enabling Act of 1957, there have been created, seventeen multicounty area planning and development commissions. They currently incorporate all but 15 of Georgia Counties. These commissions range in size from 5 counties to the size of the Georgia Mountains Commission, which consists of 14 counties in the northeast quadrant of the state, with headquarters in the City of Gainesville. Each of these 17 area planning and development commissions has developed around a central influential community and extend, essentially, to the trade or service area that the central community dominates. In effect, the legislation and the evolution of area planning and development commissions in Georgia has been paralleled closely by the provision and intent of the Community Development District Act of 1966.

The creation of multicommunity planning and development commissions in Georgia began as an experiment in 1957 and came to fruition with the development of the first area commission in Northwest Georgia, known as the Coosa Valley Area Planning and Development Commission in 1961. As stated earlier, since that time some 16 additional area planning and development commissions have evolved, some as late as just a year ago.

It was not the intent nor the purpose of the State Legislature to commit a large block of funds on a continuous basis to the support of this program but,

rather, the original legislation called for assistance funding over a short period of time to get this program on the ground.

The Georgia Mountains Planning and Development Commission's 14 member counties have a total population of 176,980, based on the 1960 Census of Population, and a population density of approximately 50 people per square mile. Local funds to support this program are derived from a per capita assessment of .25c, based on the 1960 Census of Population, creating a total budget of local and state funds for the fiscal year 1966-1967 of \$88,245.00. Our projected salaries for this fiscal year 1966-67 is \$55,000, exclusive of Social Security, Retirement and fringe benefits. Our projected operating expenses are \$31,825.00; including rent, travel, expendable materials, machinery repair and maintenance, purchase of new equipment and all costs involved with the operation of an office involving 10 full-time employees. This leaves a contingency fund of \$1,420.00 and means an average pay of \$5,500.00 per employee. Currently, the top salary being paid by the commission is \$12,000 to the Executive Director. Second ranking pay is \$9,000 to the Planning Director who has completed his course work toward a doctor's degree in geography, followed by an \$8,700 salary to an Assistant Planner who also has completed his doctoral course work in geography.

In effect, what is happening is that these multi-area planning and development commissions are becoming training ground for fledgling planners and because of our limited funding ability and the total lack of retirement and fringe programs, our ability to hold competent personnel for more than a couple of years is practically non-existent. The effect this has on the program is devastating. Long-range planning is a minimum involvement of three to five years duration and because of the highly technical aspects, the loss of key personnel on a single project, in effect means that this project must be suspended and then started all over again when a replacement is found. In other words, we are finding ourselves in the position of being non-competitive with highly affluent urban areas for salaries to retain competent personnel and this results in a wheel-spinning situation.

The Georgia Mountains Planning and Development Commission is continuously drawn between two needs:

One, finding solutions to immediate problems; and,

Two, developing techniques of long-range planning to prevent recurrence of existing problems and to anticipate and prepare for new ones.

As we are now structured, both financially and otherwise, it is, in effect, impossible for us to attack both problems simultaneously and we have had to make a decision.

Because rural planning and development is a relatively new concept, the commission has chosen to attack the brush-fire needs first, on the premise that if through the technique of education and orientation our communities can be aided in finding solutions to immediate needs, then the need for long-range planning becomes self-evident. The question now, however, is how do we take that second step? This will require additional qualified personnel. If we are going to add qualified personnel we must be able to offer salaries, fringe benefits and incentives sufficient to attract and hold them.

Currently, the commission has applications before the Economic Development Administration for funding assistance to develop an area-wide Overall Economic Development Program and the Farmers Home Administration to do comprehensive planning for water and sewer projects within our district. These programs help, but they do not answer the long-range problems simply because the development of long-range comprehensive planning involves land use, future land use, transportation, major thoroughfare, regulatory controls, environmental health, etc., analysis. Currently, the nearest thing to meeting these interrelated needs is found under the Housing and Urban Development Act, Section 701. The problem, however, is that for rural districts, the existing provisions of Section 701 are not sufficiently adaptable to the needs of rural communities. However, if the provisions of the Community Development District Act of 1966 can be added, as paragraph "h" to Section 701 of the Housing and Urban Development Act, rural communities then can become competitive with their urban counter-parts in meeting these critical needs.

At best, the fighting of brush-fires is only temporary and makes no provisions for preventive and corrective measures in the future. Only through long-range comprehensive planning can this be done. It has been pointed out that rural America offers the only significant area left to house and accommodate the population growth in this country. We, in the rural areas, look to our urban counterpart in an attempt to learn lessons on what not to do, and on what not to allow

to happen. If comprehensive planning had been initiated 50 years or so ago, the vast expenditures now utilized for urban renewal might have been prevented. Further, some knowledge might have been developed on transportation needs and provisions could have been made for at least right-of-way acquisitions to assure the populus of good access and usability.

The experiment in Georgia is proving the worth of regional community planning but the task ahead is becoming increasingly difficult and complex. We are finding ourselves in the position of running faster and faster just to stay in one place. The most immediate need that I have, as Executive Director of the Georgia Mountains Planning and Development Commission, is to double my staff. I need to divide my Planning Commission into two major components; one, that of solving immediate problems; and, two, have a staff available to do the long-range programming that we now cannot possibly handle without letting immediate needs go by. In other words, to get on top of the problems that we are facing in Northeast Georgia in the mountains region, we need twice the money we now have available to us to establish a coordinated long-range comprehensive planning program and still serve our local communities in finding answers to immediate problems.

A .25¢ per capita assessment from our member counties may not sound like much money. You may ask, why not increase this to .50¢ or \$1.00. Why? simple; the local budgets cannot stand an increase. True, in gross dollars, in comparison with State and Federal budgets, the amount we collect is small, but you must realize that this money must, by law, come from the counties' general revenue source and that our communities are prohibited from levying even a quarter-mill tax for this program.

The tax base in rural areas is primarily tied to farm land and farming operation which normally is evaluated far below that of comparable urban and industrial property. Therefore, the ability of rural counties to increase their financial commitment does not exist. In fact, in many cases in the Georgia Mountains Region, the existing commitment is a hardship and means a curtailment, postponement, and in some instances, even the elimination of some needed project or service. From the standpoint of a county commissioner, this can be a real tough decision. Obviously, an immediately visible project or service will give an elected officer something to point to at election time, but the concept of planning can and does transcend an incumbent's term in office before any recognizable results can be shown.

Planning, like education, is an investment in tomorrow. It has as its prime purpose the prevention of costly development mistakes and we, in Georgia, obviously are convinced that it does pay rather than cost.

We are all familiar with mistakes made in the past and we are now acutely aware of needed corrections. Pollution of water and air, ghetto housing, snarled traffic, etc., are examples.

By 1975 it is estimated that our population will approach 225 million. Where are we going to accommodate these people? The line of least resistance is into the rural areas. But, if this happens without preparation and planning—we need only to look at the impossible situations that have developed in our high density urban regions for a picture of what to expect.

We need to get on top of this problem wherever and whenever the opportunity avails itself. We, in Georgia, are making every effort to do this, but the magnitude of the job way exceeds the financial ability of our local resources. In 1957, the Georgia Legislature, in effect, decided that "now" was the cheapest time to attack this problem, and in my humble opinion, "now" still holds true.

This problem is national in scope and it affects every man, woman, and child. From experience, if megalopolis is not prepared for, it creates problems almost without solution. It is costly, yes, but like a fire caught early, the effort to control, retain, and extinguish it is a small fraction of the expense and waste involved in controlling a raging inferno.

I apologize if I have sounded like a prophet of doom, but I honestly feel that if provisions are not taken now to get ahead of this need, that it is as sure as tomorrow that the cost of correction will be geometrically greater.

Mr. TERRIBERRY. Mr. Chairman, I have a few remarks I would like to make with reference to some of the comments that were made this morning.

I happen to be the executive director of one of the multicounty area planning and development commissions which have been referred to

innumerable times here today, in the State of Georgia. The one I operate has 14 member counties and under several Federal programs we render service to 17 counties. All of them are in the Ninth Congressional District. Our Congressman is the Honorable Phil Landrum.

As we see this act, its purpose is to create similar vehicles to what Georgia has for other regions of the Nation for planning purposes under the term "comprehensive planning." We do not see any conflict with the efforts being made in Georgia as a self-help local program. In fact, we find there is a close similarity and a real parallel.

Under the term "planning," it is our responsibility in our community to develop what we refer to as a factfinding. This is a case of being knowledgeable of the community's assets and liabilities and serving as an advisory professional agency to our local government, rendering them assistance when and where necessary and, upon their request, preparing the communities for growth and development. We have probably some unique situations in our area in that we do have the Appalachia Road and we are the playground for the city of Atlanta. We come within approximately 30 miles of the Metropolitan Atlanta district. We have facing us a massive impact of people, particularly along the Appalachia route. We are totally unprepared as we are now structured to handle this need.

I have a staff of approximately 10 people, and we operate on a budget of about \$88,000 a year of local funds. We find ourselves in the position of being able to handle only brushfire problems, and we find it very difficult to translate these into long-range, comprehensive planning to assist the communities in preparing themselves not to make the same mistakes they have already made.

We feel we have an advantage in looking at Atlanta and other major metropolitan areas in that we can learn from many of the mistakes which they have made.

We endorse this program and would like to see it passed.

I shall not go into detail as to the points that have been brought out today concerning the wording and the structure of the act itself. I think this would be just repetitious.

I thank you.

The CHAIRMAN. Thank you very much, Mr. Terriberry.

The next witness will be W. A. Smith, president of the Elk River Development Association.

STATEMENT OF W. A. (BILL) SMITH, PRESIDENT, ELK RIVER DEVELOPMENT ASSOCIATION

Mr. SMITH. My name is Bill Smith, from Winchester, Tenn., president of the Elk River Development Association.

I have a statement that I will file and some other papers, and I will try to make my remarks more as a summary, in view of the time that we have, Mr. Chairman.

(The statement and attachments follow:)

STATEMENT OF W. A. (BILL) SMITH, PRESIDENT, ELK RIVER DEVELOPMENT ASSOCIATION

Mr. Chairman and members of this distinguished committee, I thank you for this opportunity to speak in behalf of the citizens of Alabama and Tennessee

whom I represent as president of the Elk River Development Association and to urge your support and favorable action on the Community Development District Act of 1966.

I bring a message of appreciation from the Elk River people for every legislative provision of Congress bearing the President's signature which implements the effort of an enthusiastic and dedicated local citizenry engaged in a regional multi-county resource development program. For indeed, the future of the Nation lies in rural America and the utilization of this concept of joint effort by citizens and their governments.

I do not come today as a professional expert in legislative matters; nor shall I engage in detailed analysis, statistics, etc. Relative to the problems of rural America generally; but rather I come in response to an offer of service to the President and the Congress that perhaps the seven-year experiences of the Elk River Development Association engaged in a comprehensive resource development program in cooperation with the Tennessee Valley Authority, U.S. Department of Agriculture, and other Federal and State agencies could contribute to proposed legislation in this field.

Mr. Chairman, I am a native of the Elk River Valley, born in Limestone County, Alabama, where my last crop of cotton sold for nine (9¢) cents a pound in 1940, have flipped a hillside turning plow in Lincoln County, Tennessee, have been a resident of Winchester in Franklin County for thirteen years and am employed in supervision of plant maintenance, rocket test facility at Arnold Engineering Development Center near Tullahoma, Tennessee. This, then, from a citizen's standpoint is the story of a local people who exercise the right of decision-making, support and expect service from Federal, State, and local agencies of Government, engage in mutual exchange of ideas with these agencies for greater service, and fight unceasingly for projects in our regional and national interest. Pride in our accomplishments will be evident in these remarks as will be identification of problems yet unsolved.

The Elk River rises from small streams on the Cumberland Plateau of Appalachia penetrating remote mountain coves and empties into Wheeler Lake on the Tennessee River. It drains some 2,000 square miles in the heart of the Tennessee Valley in middle Tennessee and north Alabama. Portions of ten counties with some one hundred thousand people lie within the watershed which stretches from Monteagle, Tennessee, in the east almost to Rogersville, Alabama, in the west. In addition, it is located in the middle of a metropolitan triangle formed by Nashville, Chattanooga, Huntsville, and Muscle Shoals area giving it distinct advantages of rural living within easy range of metropolitan markets. But make no mistake, the Elk River Valley is rural America. Of the some thirty towns and cities in the counties of which the watershed is a part, twenty-two have a population of less than 2,500. Only two have populations greater than 10,000.

New factories, taking advantage of the area's strategic location and plentiful labor supply, have come in recent years. The number of manufacturing jobs more than doubled between 1950 and 1960, and many new jobs have been created since that time. But more and better job opportunities are still needed. Hundreds of young people must leave the area each year to find challenging jobs. The net outmigration totaled more than 30,000 people during the decade of the 1950's. Median income of Elk River Valley families is low—some \$400 a year less than in the surrounding region and about \$2,300 a year less than in the United States. Nearly one out of six families had an income of less than \$1,000 in 1960. In some instances, the basic resources of land, water, and forests are not contributing their full share to the economic growth of the region. These findings all point to the fact that the Elk River Valley is lagging behind in its potential for economic development.

In this setting, the Elk River Development Association was chartered in October, 1959 as a general membership organization under the Tennessee General Welfare Corporations Act and open to every citizen who wants to join the effort of "doing the most we can with the resources we have to make our valley a pleasant and productive place to live" and proceeds on the principle that "help comes to those who help themselves."

Quite naturally, we turned to the TVA, the pioneer of the river basin resource development concept because our emphasis was on the construction of dams immediately if not sooner in those early days. Acceptance of a comprehensive resource development concept did not come easily. However, this case history will document our acceptance and dedication to a total program of which water control structures become an integral part with greater assurance of the potential

benefits contributing to the area's economy. We are indebted to personnel of the Rural Community Development Service of the Department of Agriculture and many others of USDA for their interest, service, and support of our program. The U.S. Departments of Labor, Commerce, Interior, HEW, OEO, and others as well as the Tennessee State Planning Commission, Departments of Health, Education, Conservation, Highways, Game and Fish Commission, and many others on the State level have been a part of our activities. We seek that unity of purpose and determination that all agencies, Federal, State, and local who share responsibility in resource and community development must work together, each with its own contribution to the goals of a great society. The time is too short and the problems too great in Elk River, and indeed in rural America, for senseless squabbling between agencies to go unchallenged in its hindrance to total effort. We are plowing new and fertile ground of coordination in Elk River almost daily.

The first years of awakening, education, and determination soon found agreeable implementation. In addition to our own local activities, we received new hope due to the creation of the office of tributary area development by the TVA. The future appeared much brighter with the opportunity of greater help from the TVA due to this expansion of their resource development activities of many years' standing. And this has become true not only in the Elk River watershed, but the entire family of watershed associations in the Tennessee Valley as well. Mr. Chairman, let the record show our solid support of the tributary area development program of the TVA.

Our association was the first in cooperation with this new office in completing the initial identification of our problems and the opportunities available under a broad comprehensive program of development of all our resources. This summary of resources with inventory supplement was the product of work group activities in every resource field and utilizing the services of an executive director financed locally by membership dues and contributions from industry and local governments. With this information in hand, the association was better equipped to identify the area's needs and opportunities and to develop programs to promote economic progress.

By 1963, many things had become apparent and required "the second look." The limitations of a public welfare organization showed the need of public agencies, arms of the State government to work in partnership with our citizen association to accomplish its objectives. The Tennessee Elk River Development Agency sponsored by our association became a reality through the efforts of our State senators and representatives in the general assembly. The Alabama Elk River Development Agency also sponsored by our association became a reality in 1965.

So now in the Elk River Valley, three organizations the Elk River Development Association, the Tennessee Elk River Development Agency, and the Alabama Elk River Development Agency, are joined together by a single objective—"to fully develop and properly use all available resources, singly and in combination, to insure maximum economic growth and make the Elk River Valley a better place in which to live." The association marshals community leaders and area citizens in promoting and carrying out a variety of resource development programs. Some 2,500 area citizens have paid \$1.00 each to join the association, and some 300 of them are actively serving as officers, directors, or work group members. The 15 member Tennessee Agency created in 1963 by an act of the State legislature and appointments by the Governor has eight members nominated by the county quarterly courts, four county judges, two city mayors, and a member of the Governor's staff. Commissioner Donald R. King of the State Department of Revenue, a native of the Elk River Valley, is chairman of this agency elected by the membership. The legislature appropriates \$10,000 each biennium for the work of the agency provided it is matched locally by industry and city and county governments. This has been done, in some instances, by over two to one. The Alabama Elk River Development Agency has a seven member directorship organized in a similar manner.

Objectives of the association and the agencies are identical but each makes a unique and essential contribution. The association insures a broad base of public understanding and at the same time, provides an opportunity for each and every citizen to participate in a unified resource development program. The agencies provide legal status, governmental support, financial assistance, and staffing which is necessary to get the job done. Through the agencies, the towns, counties, and State governments are welded together in a common regional

developmental effort, each contributing its share of the cost and each reaping the benefits of cooperative action. The work of the citizen association and State agencies is coordinated by a single executive director operating out of an office centrally located in Fayetteville, Tennessee. Thus, in a very real sense, the people of the Elk River area through the association and the agencies, have formed a partnership for resource development with their Federal, State, and local governments.

What are these organizations doing? The program of Elk River development is carried out through work groups in eight resource fields—in agriculture, forestry, minerals, recreation, business and industry, water, human resources, and governmental services. The chairman of these work groups serve as a steering committee. The public information work group publishes the Erda News, produces 35 mm slide programs with tape recorded narration, provides brochures, signs, etc. to publicize these activities.

People are the key element in this program. Their education, health, and job skills are of vital importance to the area and to the Elk River Development Association. In education ERDA found that 60 percent of the adult population had less than a ninth grade education. Only 30 percent had attended high school at all and less than half of these had graduated. Less than 10 percent have been to college. A greater emphasis on the importance of education is needed if the area is to grow and prosper. ERDA's human resource work group is supporting local school systems in programs designed to increase the vocational training facilities cut the school drop out rate and improve the quality of education available in the area. ERDA also has joined with Austin Peay State College and two other tributary area development organizations in the Tennessee Valley and the Department of Labor to sponsor pilot training classes for undereducated and underskilled adults in the Elk River Valley. This cooperative program is known as COMET—citizens organization manpower extension training. The classes provide basic education training in reading, writing, and arithmetic. Many students were unable to read and as a result, unable to get and hold permanent jobs. Students also receive on-the-job training, where they learn skills by actually working at them. Many of the students are expected to be permanently employed in the same businesses where they received their training.

Of the 119 enrolled, 65 have been placed in employment. Thirty-nine are either still in school or not placed. Eight students were unable to continue because of illness and only seven were lost due to lack of interest. The following are some case histories:

Earl M.: from \$20 a month to \$200 a month; supporting 12 members of his family (father, mother, brothers & sisters); had a 9th grade education; 23 years old; now employed at Paul Badenhop Company, preparing cars for the lot.

Corrine W.: from \$18 a week to \$50 a week; supporting 3 members of her family (two children and her mother); had a 3rd grade education; 28 years old; received welfare of \$39 per month; now employed at Elk Cotton Mill as a spinner.

Odell H.: from \$40 a month to \$200 a month; supporting 2 members of her family (two children); had a 6th grade education; 27 years old; now employed at Elk Cotton Mill as a spinner.

Lurlean S.: from \$38 a week to \$55 a week; supporting 3 members of her family (3 children); had a 9th grade education; 51 years old; now employed at Trans Spectra doing electronic soldering.

Marion B. M.: from \$75 a month to \$180 a month; supporting 6 members of his family; had a 5th grade education; 41 years old; now employed at Lincoln County Highway Department as a mechanic.

Ray S.: From \$30 a week to \$50 a week; supporting wife and child; had a 2nd grade education; 30 years old; now employed at C.F.W. Construction Company as a mechanic.

Frank M.: From \$30 a week to \$50 a week; supporting wife and two children; had a 2nd grade education; 55 years old; now employed at Avalon Dairies as a maintenance helper.

Aubery S.: From \$45 a week to \$65 a week; supporting his wife, two children, and brother; had a 1st grade education; 24 years old; now employed at Elk Cotton Mill as night watchman.

Sterling C.: From \$20 a week to \$50 a week; supporting his wife and 4 children; had no education; 49 years old; now employed at C.F.W. Construction Company as a mechanic.

Robert G.: From \$20 a week to \$50 a week; supporting his six children; had a 4th grade education; 59 years old; now employed at Gowan Shell Service station.

J. C. S.: From \$25 a week to \$50 a week; supporting a wife and 3 children; dropped out of 8th grade; 27 years old; now employed at C.F.W. Construction Company.

Other people are receiving new opportunities to complete their schooling and learn new job skills under the war on poverty program, sponsored in this area by the Tennessee Elk River Development Agency. Thirteen school systems in the Elk River Valley will have operation Headstart programs for pre-school children in the summer of 1966. Neighborhood youth corps programs, basic education classes for adults, and remedial reading programs in elementary schools are also underway. Optometrists, having formed the Elk River Optometric Society, provide visual services to some of the children and adults participating in the ERDA programs. ERDA is spearheading efforts to gain the cooperation of other professional groups in the area for similar service. Plans for other projects are being formulated through the cooperation of local governments and community action committees and the Tennessee Elk River Development Agency.

Major emphasis is sought on the multi-purpose center approach coordinating with existing local, State, and/or Federal agencies. This case history is typical of what could be done for 22,000 other eligible families in similar circumstances.

The Harry B. Family, Moore County, Tenn.

Background: The B. family consists of Harry, Sr., his wife, Bonita, and eight children: Peggy, Joyce, Harry, Jr., Dorothy, Betty, and twin boys, Terry and Jerry. They reside on a hillside farm northwest of Lynchburg, Tennessee. All children are attending school regularly, and their grades are above average.

The Harry B. family has never been on welfare and enjoy an excellent reputation in their community for honesty, thrift, and willingness to work. Members of the family evidence a strong affection for each other. In this regard, they are typical of hundreds of other families on the farm in our area who have been grimly hanging on to the "old home place" in the face of economic change over which they have no control and which they seldom understand. These independent people never appeal to any welfare agency until circumstances drives them to the wall.

Circumstance, in the case of this family, consisted of Mr. B. becoming too ill to continue working. He has acute emphysema and heart trouble. For several months he had been driving a school bus. But since he could not pass the physical examination, he was dismissed. Prior to this, he had supplemented his meager earnings from the farm by doing carpentry work. His condition now prohibits this. *In Harry B.'s most productive year, he never grossed \$50 per week.*

The following is an outline of how we have used the Economic Opportunity Act of 1964, along with other Federal acts and existing agencies, to serve the needs of this family unit.

Harry B., Sr.

Problem: Health (care and treatment), financial benefits entitled to.

Solution: Mr. B. is a veteran of World War II and has filed for a pension. He has also filed for possible social security benefits. He has been urged to use the public health facilities and the veterans' hospital facilities as needed.

Mrs. Bonita B.

Problem: Employment. The role of breadwinner has now passed to Mrs. B. She is thirty-eight years of age and has no work experience and no salable job skill. She has a ninth grade education.

Solution: Mrs. B. was placed with Trans Spectra, a Fayetteville, Tennessee corporation manufacturing parts for the space program. Her beginning salary was \$1.25 per hour. Mrs. B. was placed by Mr. Ned Cummings, local placement officer for COMET (Citizens Organization Manpower Extension Training Project).

Miss Peggy B.

No problem here. Peggy worked her way through two years of study at Martin Jr. College at Pulaski, Tennessee and is now a junior at Middle Tennessee State University on the work study program. (Title 1-C Economic Opportunity Act). At the present time she is working fifteen hours per week and carrying a C+ average in mathematics (minor-education). Peggy worked as a waitress last summer in the Terrace Motel Restaurant in Fayetteville, Tennessee. Peggy has worked out her own solution.

Miss Joyce B.

No problem here. Joyce borrowed \$300 from a local bank to attend beautician school in Tullahoma, Tennessee. This money has been expended, and she is now working at night in a grocery in that city to meet her expenses. Joyce has many job prospects when she graduates this June.

H.B., Jr.

Problem: With Christmas approaching, H.B., a senior at Moore County High School, had no money and no prospects for any. He had also resigned himself to staying on the farm since his father was unable to work it.

Solution: Reverend Wesley Holden, chairman of the Moore County Cap, was able to obtain employment for H.B. during the holidays. H.B. also cut some locust posts which he sold. H.B. would be eligible for in-school neighborhood youth corps if Moore County High School had it (title 1-B OEO). Unfortunately, the large cities emptied this fund before the TERDA-OEO was funded. At the present time, the Lincoln County School system is the only one that has been funded for this program. After the holidays a conference was held with his principal, and H.B.'s record was examined. He had a choice of going to the Tennessee Vocational School at Shelbyville or attending college under title 1C (work study). Mr. Dan Masters, principal of Moore County High School, felt that H.B. could succeed in college; and the boy concurred in this. Action has been initiated for H.B. to enter Martin Jr. College next fall. We will obtain summer employment for H.B. if he is not needed on the farm.

Dorothy B.

Problem: With Mrs. B. now employed, Dorothy will have to prepare the noon meal for Mr. B. and the six children at home this summer.

Solution: Dorothy is now a junior in Moore County High School and taking home economics. Her teacher and the home demonstration agent will assist in seeing that she has meals that are attractive, nourishing, and nutritious. They may also advise her on consumer education so that she will be able to stretch her food budget if she is allowed to purchase some of the family food.

The other B. children

Betty is in the ninth grade and can assist Dorothy. The smaller children can help with traditional farm chores. Since the children are all doing well in school, they have no need at this time for remedial or tutorial programs. If they do later, these will be available under title 1 of the Elementary and Secondary Education Act of 1965 or through our multi-purpose service center program when funded.

The farm and house

This is a hill farm with only 25 tillable acres and a substandard house and substandard outbuilding. There is a small note on the farm held by a local bank. Mr. Stone Woodward, the Farmers Home Administration supervisor for Franklin and Moore County, has been contacted. Mr. Woodward is working on the feasibility of a farm development loan that will improve the house, develop and improve idle unproductive land, and make other necessary improvements.

This family may be eligible for assistance on farm practices under the ASC assistance program. Mr. B. has been made aware of this and may request this assistance.

Plans are also made to involve the public health department. They can immunize and give a physical examination to each member of the family. The purity of the family water supply and waste disposal are also their concern.

Local, State, and/or Federal agencies involved:

- Office of Economic Opportunity.
- Farmers Home Administration.
- Agriculture Stabilization and Conservation Service.
- Public Health Department.
- Home Demonstration Agent.
- Moore County Agriculture Agent.
- Moore County Board of Education.
- Veteran's Administration.
- Social Security Administration.
- U.S. Labor Department (COMET-OMAT project).

ERDA has joined with the neighboring Upper Duck River Development Association to recommend the location of a new State-supported junior college in Moore County, the geographic center of a seven-county area which the college would

serve. This plan has drawn wide support in the area and is now pending before the State Department of Education with public endorsement by the Governor and awaiting the availability of funds. The cooperation of city and county governments, civic organizations, evoked comment from a veteran Tennessee legislator and politician as one of the most commendable and delightful experiences he had ever seen.

Land still provides the people with an important source of income, as it did their forebears. Agriculture pumps more than \$30 million into the Elk River economy each year. The farmers could double this figure, however, with proper use and management of their lands and farm. Since its inception, ERDA has worked with TVA and the State extension services to strengthen the agricultural economy of the region. This has involved extensive soil testing programs—increased use of fertilized and modern farm management practices. These activities have helped add about \$1 million to farm income in the area in each of the past two years. The cost of additional fertilizer is offset many times by increased crop yields. Each dollar spent for fertilizer has returned \$3 in yields when applied to corn, \$4 when used on pasture, and \$8 when applied on cotton. Farmers are being shown how to convert their increased crop yields to greater profits by feeding them to livestock. The potential is present to raise the gross income from livestock from the 1959 level of \$20 million to about \$34 million in the 1970's.

Industrial development is a team effort, and ERDA is one member of this team. It works with the chambers of commerce and State and local industrial development groups in attracting new and healthy industry to the entire area. ERDA plays a major supporting role by helping select and layout industrial sites, identifying industries best suited to the area, working to develop auxiliary resources which benefit industry, and supplying basic data needed by industry in selecting new plant locations. Program indicators show the area's potential growth could add 25,000 new jobs by 1980, almost doubling its per-capita income and increasing its population by 50 percent.

Forests, which cover more than 40 percent of the Elk River Valley, are another important source of jobs. Some 1,000 people currently make their living from the area's forests, but the potential is present for increasing this number three times over. Payrolls from the forests could be increased from \$1½ to \$7 million a year. You can see that the protection and proper management of our forests is important. ERDA is cooperating on programs to help landowners realize this economic potential from their forests. Two pace-setter forest management demonstrations have been set up to promote better forest management and utilization practices. A pilot forest has been established in Moore County in cooperation with Hiwassee Land Company. This demonstration will show how individual landowners can use their woodlands for greater economic returns. ERDA, working with private buyers, has made arrangements for establishing a new market for pine pulpwood in the area. In cooperation with TVA, the Forest Service of USDA, the State Division of Forestry, and other participating agencies, ERDA has given vigorous support to the "plant trees—grow jobs" reforestation campaign. This effort is helping to reforest 160,000 idle acres in this valley and put them to work growing a cash crop of trees.

Hidden under the soils of this area are largely unknown quantities of mineral deposits. These include stone, silica, clays, and some phosphate. Some deposits are being mined, but others aren't. TVA and the Tennessee Division of Geology are working on a comprehensive mapping program which, in the future, should provide additional information on the geologic makeup of the Elk River Valley. The value of minerals production has climbed steadily during the past decade. It now exceeds \$7 million a year. Employment, however, reached a peak in 1959 and has dropped since that time. Meanwhile, ERDA, TVA, and the U.S. Bureau of Mines have cooperated in a study of local clay deposits to test their suitability for use in brick manufacture. All existing information on the geology of the area has been assembled and made available to interested people.

An ample supply of good quality water is a prime attraction to new industry and new people. Water is one of this area's most precious resources. The flow from Elk River would be enough to fill Wheeler Lake 2½ times each year. Harnessed and put to work, water can create new opportunities for economic growth. Left to find its own way, it can create floods, bring on drought, and contribute little to the economic life of an area as it makes its way toward the sea. As part of the water resources development program, TVA has been making investigations on the feasibility of a system of dams and channel improvements on the Elk River and its tributaries. The Tims Ford Dam and Reservoir approved by the Congress last year is the logical first unit of this

development. TVA, working in close cooperation with ERDA and its sister organization in Tennessee, the Tennessee Elk River Development Agency, has started work on this project on Elk River in Franklin and Moore Counties. This project will put the waters of the Elk River to work in creating new opportunities for growth and development. Tims Ford Dam will be about 170 feet high and 1,370 feet long. It will create a reservoir 34 miles long covering some 10,700 acres. The many embayments and coves will give the lake a total shoreline of nearly 250 miles. Embayments will reach to Winchester on Boiling Fork Creek, and to Estill Springs on Taylor Creek. The benefits which it will provide will become an integral part of ERDA's and TERDA's area development program. The project will provide flood control for valuable downstream farm lands and cities, such as Fayetteville. It will also add to TVA's region-wide flood control system. It will produce an estimated 64 million kilowatt-hours of electric power in an average year for homes and industries. Towns and industries can draw from the reservoir for their future water supplies. This can open up new opportunities for expanded growth and enhance the area's chances of attracting new industries. Many other agencies who are engaged in water resource development have our active interest and support. The work of the Soil Conservation Service in its own field and the formation of utility districts are cited as examples. We await eagerly the report of joint studies by the Soil Conservation Service and the TVA on some of our creeks, tributary to Elk River. The water resource work group has initiated a series of water conferences to find ways and means of making water available to every rural resident of this area. The means of comprehensive, regional planning is a necessity for this endeavor.

Creating better recreational opportunities for both the watershed residents and tourists are the objectives of the recreation work group. The lake formed by Tims Ford Dam will create new opportunities for sports and recreation, both for local residents and tourists who will be attracted to the area. Improved environments for fish and wildlife will be created. The unusually scenic lake with easy access to major metropolitan centers is expected in time to attract nearly two million recreation visits a year. Some of the shoreline lands will be available for development as public recreation areas, home and cabin sites, industrial sites, and other uses which will add to the economy of the region. TERDA will work with local governments, planning bodies and TVA in promoting the development of these areas for the maximum benefit of the people. Closely tied in with the water, forests, and mountains of the Elk River Valley is its potential for developing a flourishing recreation business. Tims Ford Reservoir and the new interstate highway routes will add to this tourist potential. Superior accommodations and further development and promotion of tourist attractions are needed to make the area a tourist destination point. ERDA is working on a tourist promotional campaign. The State highway department has agreed to construct tourist welcome stations along the new interstate highways, and ERDA is working on a brochure promoting area attractions which will be placed in these welcoming stations. In 1962, leaders of ERDA conceived of a scenic corridor along the Cumberland plateau of Appalachia extending from Kentucky through Tennessee and into Alabama. The Cumberland Plateau Scenic Trail, a modern two-lane highway to which recreation and tourism development of the mountain and adjacent valleys could be keyed, was the focal point of this idea. ERDA and several other organizations were able to secure a study by the Bureau of Outdoor Recreation of the Department of Interior, financed by the Area Redevelopment Administration of the Department of Commerce in this connection. The Cumberland Mountain Wonderland Association with a representation from each county of this area is in process of incorporation and organization to utilize this study and other means of bringing this dream to a reality. This Cumberland Mountain Wonderland Association, of which I am a director, authorized me to express its interest and support of the Community Development District Act of 1966 also.

Recreational opportunities for local citizens have not been overlooked. ERDA has enthusiastically supported local communities in providing recreation centers, neighborhood parks, and playgrounds. It has encouraged cities and counties to establish recreation commissions to plan and carry out activities for their own citizens.

We in ERDA are not unaware that actions and policies of local governments will have a major effect on the area's future. We have constantly encouraged interest and pride in local governments with these thoughts in mind: are they properly organized, adequately financed, and efficiently operated to create an atmosphere in which economic growth can occur? Many citizens who are active

in ERDA are serving in various capacities in their own local city or county governments. I am a candidate for magistrate in the first district of Franklin County to serve on the quarterly court subject to the will of the people this August. I shall actively seek the office, encourage debate in the democratic process, and hope to generate a greater interest and enthusiasm in local government.

We have supported our governments in the interest of better community facilities and upgrading—beautification measures the appearance of the towns and cities of the area can influence industrial prospects and tourists. An operation townlift project has been undertaken in Pulaski to make that town's business district more convenient to shoppers and more attractive to visitors. Attractive sidewalk canopies have been installed, uniform store signs erected, shrubbery planted, and additional parking provided. Plans for extensive beautification on highway approaches and other areas of the town are now under discussion. Other cities would do well to follow the lead of Pulaski in this matter. Several of our towns and cities have local planning commissions in varying degrees of activity. Franklin County, as the first county of the valley, is now perfecting the organization of a county planning commission. The availability of funds for comprehensive planning has always been a problem. ERDA has had quite extensive contact with the Tennessee State Planning Commission, an agency that has made many great contributions in the field of planning and planning legislation at both State and Federal levels. The Elk River region is one of the designated regional building blocks in the development of the State plan. While many agencies and local planning commissions have participated in planning activities in connection with our program, there has not been that cohesive, concerted approach on a regional basis that the proposed legislation before you visualizes.

Recently, there has been added to our work group activities a degree of voluntary service by the firm of Reed-Mullins and Associates, a division of Brown Engineering, Huntsville, Alabama. This supplements the technical assistance of program divisions of the TVA, tap panels of USDA, the State Planning Commission, and others to whom we are indebted. Mr. Chairman, we of Elk River recognize our greater need of comprehensive planning to plug a gap in our total effort. We have some ideas gained from experience and good relations with city and county governments. We shall pursue these ideas and seek financial means of implementation the Elk River Valley of 1980 as projected by our program indicators demand it.

Mr. Chairman, our work of these seven years have been with the interest of our children in mind, for their future, and that of a greater America. We provide for junior membership in our association with periodic information and educational visits to our schools. How do they feel and react to the ERDA program? Two brief examples are typical and will suffice for answer. I quote from our latest edition of ERDA News. "Boy Scouts of Belvidere in Franklin County planted 6,000 pines on the farm of Mr. H. G. Leichty, earning money for their troop treasury. Their scoutmaster is Mr. Max Westbrook," and, "what is youth's reaction to ERDA? A Lynchburg High School student answers, I think the ERDA idea is a very good one. I would like to come back and live in this area after I finish school, but I sometimes have wondered if I could find a good paying job around here five or six years from now. I think the ERDA is increasing my hopes and chances of doing so." Perhaps if we would project ourself into the future and look back, we might capture the thought of a student in his own words who presented the winning speech in a Dale Carnegie class at Fayetteville. I quote, "The time: 1980. The scene: Fayetteville and Lincoln County. Just four years ago, the last dam was completed on the Elk River. I can see the Reynolds Aluminum plant down the river and the Minneapolis-Honeywell plant up the river from Fayetteville. There are now two new bridges over the Elk. I can see fishing boats in the distance. We now have irrigation, navigation, and recreation. Fayetteville now has a population of 30,000. The young people no longer have to leave home to find good jobs. The graduates of the 1965 Dale Carnegie class have prospered. A dream? Yes. But a dream which may well come true if we will get behind the people who are working for the development of Elk River."

The dream and hopes of Elk River and rural America are keyed to the kit of self-help tools available for use by a vigorous local citizenry. The Community Development District Act of 1966 is needed as an incentive and a necessity to get the job done. Mr. Chairman, members of this great Committee on Agriculture, I urge your favorable action on this proposed legislation.

Thank you.

(Attachments to the above statement, including Tennessee Senate bill No. 739, creating the Elk River Development Agency; bylaws of the Elk River Development Association; charter of incorporation of the Elk River Development Association; bylaws of the Tennessee Elk River Development Agency; and editorials and newspaper clippings may be found in the files of the committee.)

Mr. SMITH. Listening to the testimony today of elected officials and staff people of many various organizations and professional planners, and so forth, who have testified, I am not sure but I believe possibly I am the only citizen who has testified so far. I am on an excused leave of absence from my work at the Arnold Engineering Development Center, the rocket program, to come up here and testify from the citizen's standpoint on this bill.

The purpose of my coming is in the context of the remarks that our distinguished Congressman from the Fourth District of Tennessee made in his "Capital Comments," the issue of February 7. Congressman Evins, of course, as you know, is very much interested in rural America, and legislation which will help the small towns and rural districts.

He made the remark here that the Elk River Development Association, along with other citizens' groups in his Fourth District, is a prime example of the type of thing that the President is talking about on this legislation as a vehicle whereby citizens groups can carry on comprehensive planning, developmental planning, recommendation, and, to some degree, effectuating those plans.

So, my appearance today and my testimony are in line with that thought of bringing the story from the citizen's standpoint of what has been done in our 7-year experience with a development program in a 10-county area in south-central Tennessee and 2 counties of north Alabama. I shall be very brief because the statement, which you can read at your leisure, will bring out the organizational effort that we have made.

As a citizen organization we realized there were limitations to what we could do. We and the Tennessee Valley Authority sponsored in the general assembly in the State of Tennessee and by special public act had established a 15-member State arm of government, the Elk River Development Agency, and we just concluded this past year having established in the State of Alabama an Alabama Elk River Development Agency, another State arm of government, such that our citizens association, an arm of the State government in Tennessee, and the two counties in Alabama, could form a partnership for a comprehensive resource development program.

Through the selling of membership dues and with a \$5,000 appropriation per year from the State of Tennessee to be matched by local city and county governments and industry, we are able to come up with a \$15,000- to \$20,000-a-year budget, and with this we do have an office and an executive director. We are working in a partnership program with the Tributary Area Development Office of the Tennessee Valley Authority.

Our local effort has been with the idea, wherever there is help from an agency of government, local, State, or Federal, or by our efforts on a local basis preparing ourselves, doing what we can with our resources, feeling that we have a perfect right to go to these agencies with pro-

grams which they have in our interest where we can work cooperatively together to make our area a better place in which to live.

It seems to me in some of the testimony we have had here today, the question is one of maintaining perspective. The question is raised whether people are utilizing all their resources. We have had rugged individualism and quite a number of other things brought out. We have had the idea of incentive to get local people to move.

I would suggest that what we are talking about here today on this bill is not a complete new concept, as has been stated from the witness chair. We are talking about expanding a program which has been underway since 1954, where basically the metropolitan urban area has benefited. I just do not believe that the problems are so insoluble that this great committee cannot come to grips with them. I just do not believe we are going to get to the place that we cannot do anything for rural America, or that all of the planning we have so far that utilizes Federal programs has to go in just one place.

Basically, that is it. The Federal Government is in the planning business by grants and by loans, and this bill is an effort to try to bring this program within the reach of the small towns and small counties, the rural America which is divorced and does not meet the qualifications presently set up under the metropolitan provisions. We support this bill.

We have done unusually well. We are working in seven resource fields. You remember, of course, the Tims Ford Dam that was approved by this Congress last year on the Elk River. This is an integral part of our total program. We are working in agriculture. We are working in forestry and recreation, minerals and water. We are working with the Department of Labor in manpower training.

We have had one of the most successful demonstration programs which has laid the groundwork for continued manpower training with the OEO program. A seven-county group down there has come up just purely on our own with a proposal for a commuter type junior college. This has received the endorsement of the Department of Education of Tennessee and of the Governor, and we think we will get funds this next year.

You will find many aspects of what we have been able to do with the partnership arrangement of citizens and local, State, and Federal Governments working together. You will find that in our testimony, but there are still areas where we do not have our needs solved as yet, and we are shopping, looking for that area which will tie our local planning commissions, our governing bodies, together in a multi-county regional approach on such things as a grid system of water. We are working on the basis that we can provide water to every resident just like electricity.

You do not do these things by a local planning commission working for its area. It has to be done on a regional basis. This is the need for a regional planning commission.

I am not a legislative expert to tell you just how it should be drawn up to take care of everybody's interest, but I do say this great committee and the people who are in this business can come up with the answers to meet the needs of rural America along these lines where it is definite that you must have an area or multicounty approach. I think you can come up with it.

It is a pleasure to be here, Mr. Chairman. We come more as a matter of trying to present our experience in order to be helpful in these areas from the citizen's standpoint. We do hope all of the provisions that are necessary to come up with a good piece of legislation that will move and expand the 701 program into rural America can be worked out.

It is very possible, of course, that this may be the vehicle to satisfy our needs. At this particular stage of the game, the status of 701, whether the Housing Act of 1954, as amended, will fit our needs as we determine locally, I am not sure at this moment. It is possible it may have to expand to other services, such as envisioned under this Community Development District Act, to satisfy our needs.

I would like to conclude with this one thought. We believe that we have an obligation as a local group of people to do what we can first. I think we have the obligation of a right decision, and I put this in the context of Federal domination. We ask for service to be rendered by our agencies of Government where it is their responsibility to do it.

We have never yet found any agency of Government which was going to cram anything down our throat. If there is an agency of Government that does not fit our needs, we just do not take advantage of it. We exercise the right of decision at our local level in working to bring the very best that we can through what is available by our efforts and that which is provided by agencies of Government so we can make our area a better place in which to live.

I leave this material with you. There are maps of the watershed. There are copies of program projections showing what can be done, if we keep working, by 1980. We publish a newspaper periodically for our 2,500 members. We have all kinds of activities that we are carrying on for our 2,500 members. I will leave this with you. I do hope it will contribute to this legislation.

Thank you very much.

Mr. PURCELL. Thank you. Are there questions?

(No response.)

Mr. PURCELL. We appreciate your interest. Certainly you have shown that you are working for the interests of the citizens of your community. We appreciate your being here.

Mr. R. O. Johnstone.

STATEMENT OF ROBERT JOHNSTONE, KANSAS STATE CHAMBER OF COMMERCE

Mr. JOHNSTONE. If it pleases the committee I will submit my prepared statement and make just a few brief remarks.

(The prepared statement follows:)

STATEMENT OF ROBERT JOHNSTONE, FOR THE KANSAS STATE CHAMBER OF COMMERCE

My name is Robert Johnstone. I am Plant Manager for Pillsbury Mills at Atchison, Kansas, and a former member of the Board of Directors of the Kansas State Chamber of Commerce.

The Kansas State Chamber of Commerce is a state-wide business federation supported by approximately 3,200 individuals, businesses and organizations—including the 50 major state-wide trade and professional associations and most of the 236 local Chambers of Commerce in Kansas. Through its affiliated organization members, the State Chamber has an underlying membership of and presumes to speak for an estimated 50,000 Kansas employers.

I am here today to present the views of the Kansas State Chamber of Commerce on the proposed "Community Development District Act of 1966"—S. 2934 and H.R. 12466.

I. INTRODUCTORY

As a privately supported business organization, the Kansas State Chamber of Commerce naturally supports the belief that attainment of balanced community and area development should be recognized as being basically a local responsibility through private enterprise.

Another fundamental belief is that the strength, authority and responsibility of state and local government must be preserved if the American plan of government is to survive.

We have no quarrel with the broad objective of helping residents of rural areas to achieve a better life. Quite the contrary. This basic goal, for all individuals—both urban and rural—is the heart of the Chamber of Commerce movement. What we question is the method proposed. Is the answer to be found in another governmental program, particularly in a federally directed program, when the problems are essentially local?

Before going on, it should be recognized that an amendment adopted by the Senate improved the proposed legislation to some extent from our point of view by shifting to a state agency or local governments the primary responsibility for designating the district areas.

II. ABOUT THE PROPOSED LEGISLATION

Proponents have stated that the Community Development District legislation would help to speed three areas of action:

1. Coordinated and comprehensive planning for all public services, development programs, and governmental functions within the District.
2. Continuing liaison with federal and state agencies.
3. A comprehensive survey of resources and needs within the District, such as labor skills, industrial sites, land and water resources, health care, education, cultural opportunities and public services.

A basic assumption in the proposed legislation seems to be that there now are so many federal-aid programs for community and area development that a new program is needed to coordinate or at least provide information on those already in existence.

III. IS IT NEEDED?

As an aid to determining whether another federal program actually is needed, a brief review of some of the related programs now in existence seems to be in order.

A. *Private programs*

I've suggested the overriding interest of privately financed local, state and national Chambers of Commerce in community, area, state-wide, regional and national economic development. Other organizations also have been active in this field. In my state of Kansas, for instance, a privately financed organization known as Mid-America, Inc., has for years been actively serving an eleven county area of the state as a coordinating economic development agency.

B. *State-level programs*

Several years ago a Kansas Area Development program was instituted under the auspices of Kansas State University at Manhattan, pre-dating the federal Area Redevelopment Act and Rural Areas Development programs. That program already serves, in a large measure, the objectives of surveying resources and needs, providing liaison and leadership, and the like. And it is oriented to the needs of Kansas.

A comprehensive program now underway in Kansas, being coordinated by the Kansas Department of Economic Development, will include preparation of an economic development program, identification of state goals, problems and opportunities, an analysis of state program objectives and commitments, analysis of population and economic trends and the preparation of a state outdoor recreation plan.

As an illustration only, one phase of this study is concerned with a detailed review of state and local health facilities in Kansas, one of the areas mentioned above in discussing the objectives of the legislation now under consideration. It might be noted in passing that Kansas long has been noted for its rural health program, pioneered by Dr. Franklin Murphy when he was head

of the Kansas Medical School. We also have an active Kansas Health Facilities Information Service, Inc., on which the State Chamber of Commerce is represented, which helps local areas analyze their needs and possibilities with regard to hospital and other medical facilities.

Another phase of the Kansas Economic Development Department's current two-year study will be the preparation of area economic development programs, with the state divided into a number of natural areas for intensive study. The program also will provide a framework for long-range planning by local units of government. Here again, it appears that much of what the proposed federal legislation under consideration would seek to do already is being done through an existing program.

C. Existing Federal programs

One of the questions that bothers us is concerned with the apparent duplication in federal programs providing planning assistance for economic development by areas. For instance:

The Public Works and Economic Development program provides grants up to 75% of the cost of providing full-time planning staff for states, districts, and selected local economic development organizations.

The Appalachian Regional Development program provides financial and technical assistance for economic planning and development regions.

The Food and Agriculture Act of 1962 provides loans and technical assistance to public agencies in designated rural renewal areas in developing plans for a program of land conservation and land utilization to help stimulate the economy of low-income areas.

The Housing Act of 1954 provides interest-free advances to assist planning for individual local public works for area-wide and long-range projects which will help communities deal with their total needs.

It also provides grants for cities and other municipalities that have less than 50,000 population and to counties for furthering good community, metro-area, regional, and state-wide planning.

The Water Resources Planning Act provides for establishment of federal-state river basin, water and related land resources commissions to serve as principal agencies for the coordination of federal, state, interstate, local and non-governmental plans for the development of water and related land resources in their areas, river basins, or groups of river basins.

D. The information function

We do not believe that the proposed district agencies are needed as a focal point of information about federal program assistance.

The National Chamber has assembled and made available to local Chambers of Commerce throughout the United States a Clearinghouse Service providing information on federal programs applicable to local communities, the main features of each program, and sources of supplemental information.

The League of Kansas Municipalities publishes a *Federal Aid Guide*, the latest edition being dated March, 1966, consisting of 70 pages of summaries of the various programs, what units are eligible, and the office to contact for further information.

The League of Kansas Municipalities Guide also lists sources of additional published general information, including a "Catalog of Federal Programs for Individual and Community Improvement," Office of Economic Opportunity, and several other federal agency and university publications.

It is hard for us to recognize a dearth of information about these programs that would justify the creation of another federal program.

IV. CONCLUSION

To sum up, I would emphasize that all Chambers of Commerce worthy of the name are vitally interested in the broad goals of urban and rural area development.

We in Kansas, however, question the need for another federal program in this area.

There is a story that has been told out in our country about the old farmer who listened thoughtfully while an eager young extension specialist reported all the latest developments in agricultural production techniques. When he finished, the farmer commented: "That sounds fine, Son, but we ain't farming as well as we know how now!"

May I suggest that we make sure we're doing the best possible job with the tools we now have before we add more.

Mr. JOHNSTONE. Mr. Chairman and gentlemen of the committee, I, too, am a private citizen here. I am not exactly on leave from my job, however. Our company has seen fit to have me devote about the last 2 or 3 years of my executive life left with our company to community services and public duties wherever I see fit. I am here today on behalf of the Kansas State Chamber of Commerce in opposition to this bill because we feel that there is sufficient grants-in-aid available now if they are properly implemented and the proper machinery is set up on a statewide basis.

Kansas does have a Kansas Department of Economic Development that works with all groups or areas. They stand ready to work with rural groups as well as urban groups.

If there are no questions, I will confine my remarks to that and thank you very much for your time.

Mr. PURCELL. Mr. Johnstone, I am speaking for those here and those who are not here, you don't have to be quite that brief. We are interested in time, but we are also interested in hearing you. If you want to expand more on your statement, I am sure we will take the time to hear that.

Mr. JOHNSTONE. Thank you, sir.

Mr. TEAGUE. Pardon me one second, Mr. Chairman.

I gather you feel there is no need for this new program, this proposed legislation; is that right?

Mr. JOHNSTONE. That is right. We feel there is not a need for it.

Mr. PURCELL. Mr. Johnstone, let me say this: I am interested more directly in an area which is much like parts of Kansas. Frankly, I do not know what we need. I have been concerned for a long time over the fact that the rural areas, and I mean the real rural county seat towns and small counties, are not able to get for themselves what some of the larger areas can. I do not know whether this is going to be helpful or not. Is there anything you could say briefly here as to the method you have seen effective in Kansas that would be of assistance to me? I am more rural than your part of Kansas is. Atchison is not a very great big place. What is the population of your town?

Mr. JOHNSTONE. Atchison is about 12,500 people. We recently concluded an urban renewal project in Atchison and have successfully concluded that program, I believe, as we returned \$100,000 to the taxpayers of the amount that was bonded. We worked very successfully with the soil conservation board, with the Corps of Engineers and with the Water Resources Board of Kansas. There were 23 water retention dams built on the outskirts of Atchison that benefited rural constituents as well as the citizens of Atchison. We worked together very successfully. We feel the machinery is available if it is properly implemented. The rural people can avail themselves of the programs that are available.

Mr. PURCELL. Did you say you had an urban renewal project in the city of Atchison?

Mr. JOHNSTONE. Yes.

Mr. PURCELL. And this was the regular governmental type of urban renewal?

Mr. JOHNSTONE. That is right, sir. It was the first commercial urban renewal project, I believe, in the United States that did not deal with a large number of people. We successfully rebuilt the core re-

tail area after a damaging flash flood. That has been rebuilt and the project is closed at this time.

Mr. PURCELL. Do you have examples of what I call a small town such as 2,000 or 2,500? Our county seat is not even that big. Do you have experience that has shown the work in a county or in two or three counties of some of your western counties in Kansas or other areas in Kansas that are not as big as Atchison? You are talking about a city on my standard when you talk about 12,500 people.

Mr. JOHNSTONE. There is an area in southern Kansas that has a group they call mid-America that has been very successful in the Pittsburg area of Kansas. It has for years been actively serving in an 11-mile area of the State as a coordinating economic development agency. It is my understanding that they have been quite successful in bringing industry to the area and training people to work in these industries.

Mr. PURCELL. Is Pittsburg near Coffeyville?

Mr. JOHNSTONE. Yes; in that general area.

Mr. PURCELL. You are still not getting very rural on my basis. That is a highly industrialized area there. You have mining and some industries that have been in that area. Let us talk about your wheat country or where it is sure enough country folks, that is what I am getting at.

Mr. JOHNSTONE. If your colleague, Mr. Dole, were here today, he could speak more intelligently than I because he represents the western half of the State of Kansas. I am not aware of any programs that have been developed in the western half of Kansas.

Mr. PURCELL. Thank you very much.

Mr. TEAGUE. May I ask one more question, please? Are you aware of any demand by the rural residents of western Kansas for more Federal intervention or more participation in their affairs?

Mr. JOHNSTONE. I am not aware of it. Of course, it is largely a wheat growing area and they are very aware of all the Federal programs, soil bank and acreage control, et cetera.

Mr. TEAGUE. Thank you.

Mr. PURCELL. Thank you very much.

Mr. JOHNSTONE. Thank you.

Mr. PURCELL. Mr. James Cowen.

Mr. POAGE. Before Mr. Cowen takes the stand, may I ask unanimous consent to have a committee print made of this bill embodying the amendments which I outlined a while ago?

Mr. PURCELL. Without objection, it is so ordered.

**STATEMENT OF JAMES COWEN, EXECUTIVE VICE PRESIDENT,
WEST HUDSON-SOUTH BERGEN CHAMBER OF COMMERCE**

Mr. COWEN. Thank you, Mr. Chairman, and committee members. I have some remarks here I have submitted. I will try to abbreviate them as much as possible.

(The statement follows:)

**STATEMENT OF JAMES COWEN, EXECUTIVE VICE PRESIDENT, WEST HUDSON/
SOUTH BERGEN CHAMBER OF COMMERCE**

In representing the more than 400 business and professional member firms in our Chamber of Commerce, I would like to say at the outset, that we realize

the absolute need for meaningful planning on a community level. I agree with the goals as proposed in this bill and recognize them to be highly desirable objectives. I am positive that this feeling is shared by community leaders all around the Country as evidenced by the many thousands of planning and development groups that are in existence in the U.S., from both the public and private sectors of the economy. Many of these presently employ professional and trained personnel.

However, I must express my adamant opposition to the methods of achieving these goals as provided for in the proposed Community Development District Act of 1966. Allow me to give you some of my reasons for this opposition. 1. The passage of this bill would place even more control over local decision making, which in my view has gone much too far already. 2. The bill represents a great deal of overlapping and even some duplication of existing Federal programs. 3. It usurps local control because with Federal money, invariably Federal control comes along. 4. This bill would subdue local initiative and would actually thwart and stifle the ingenuity of local leadership all over the Country.

If we were to analyze the brainpower and creative capability of groups like local Chambers of Commerce and Industrial Development Groups, we'd see that the human resources that are contributed to problem solving by these groups, could never be matched by the Federal Government in this type of a program in a thousand years. This pooled business and community leadership is what we call upon to solve local problems in planning, and in many other areas. If this bill becomes law, this valuable human commodity would become sedentary as the spirit of initiative is lessened. I have heard reactions like this from our members in discussing this bill at home. This brainpower should be allowed to continue functioning as freely as possible for maximum results. I can tell this committee that my observations indicate that the regionalization concept this bill creates will not be acceptable to community leaders anywhere.

To point to some more specific arguments against the legislation, I would go directly to the actual language in the bill wherein it states the bill's objectives which I feel are rather vague and indecisive. In item #4 (Pg. #2, lines 4, 5, & 6) for example, it states that this legislation would improve the relationships between the welfare of both urban and rural people. It seems to me the opposite would occur and furthermore I don't know and I seriously doubt if anyone else knows, if these relationships are strained to begin with. Other objectives are no more clear to me than that one.

We must also keep in mind, the many Federal programs now in existence that already deeply involve themselves in local matters and community planning such as: The Public Works and Economic Development Act of 1965; The Appalachian Regional Development Act; The Economic Opportunity Act; and the Food and Agricultural Act; all providing for similar types of aid, which I would generally classify as planning of one sort or another. Then there are any number of other Federal programs available to communities such as: Highway Planning Programs; Housing for Domestic Farm Workers; Hospital Planning Programs; construction grants and loans, of all sorts which contribute to local planning; research & development assistance for all sorts of things; revenue sharing programs for Federal facilities in the community; assistance for planning of outdoor recreation areas and development of same; water resources plans; fellowships for city planning and a host of others and many of these programs apply to communities of all sizes, both rural and urban.

Probably more important than any of these are the numerous subsidy plans aimed at the individual's development which definitely does come under the umbrella of planning, based on the assumption that the human resource is the most valuable element in our society. We are therefore planning extensively for the individual and for the community already. I doubt that it is advisable to attempt to directly regulate the application of these programs on a community level without, at the very least, a research job to determine whether or not these other countless plans are working. I would be afraid also, that once this machinery is established, the traditional pattern of many governmental bureaus would be followed and these Federal planning groups would soon branch out in their typical self-perpetuating manner to completely stifle a truly great American commodity known to all of us as community pride—a natural force which has worked wonders in so many areas of our life.

In the case of our own area in New Jersey, our community leaders have the problems of the area in perspective and have already taken steps, in many instances, to act on these problems together with our local officials. This has

happened in the areas of Industrial Development, compiling of statistics, recreational planning and so on. The Chamber of Commerce does not think it necessary for the Federal Government to come in and identify the areas in need of planning when we have been living with the situation for so many years. I'm sure this is true in almost every town in the nation. We have, through voluntary and organized action, approached our problems intelligently and in our particular case, fail to see how we relate to any other urban or rural community in such a way that our State Government or existing Federal programs do not already provide the tools for planning and development. Let's not heap another program onto the taxpayer, which will subdue the ambition and ingenuity of community pride and voluntary action, two highly productive forces.

One other point. In an address made by Secretary of Agriculture, Freeman, before the Business Council of Hot Springs, Va. on May 14th of this year, he related to the need for this legislation and projected that by the year 2000, two hundred and forty million Americans would be living in metropolitan areas, consuming only 8.7 percent of the total land in the U.S., while only sixty million would live on the remaining 91.3 percent of our land. There is one flaw in this comparison, however, and that is the fact that the Federal Government, according to the G.S.A. Inventory Report of 1965, now owns 33.7 percent of the total land in our Country and that does not include land in trust and other miscellaneous properties. This combined with the land owned by state and local government, makes the Secretary's analysis not nearly as disproportionate as it appears to be.

In summary, I would oppose the bill because it usurps what is traditionally and better off as local province, it fails to recognize the highly effective local groups now functioning, the aims of the bill are ambiguous, the implications are far reaching and purpose ill defined, many of the things these planners would attempt to do are already done, the bill does not limit the programs to any isolated areas that might need this assistance and is therefore wasteful, it poses a threat to the voluntary business organizations such as Chambers of Commerce who are already doing this job, it may arbitrarily designate planning districts which could disregard marketing patterns that have taken generations to develop, and perhaps most important of all, it is another instance of the Federal Government involving itself in the affairs of people and communities, where prerogatives are theirs by Constitutional right. I cannot see any actual need for this program and I do not, for one minute, believe that the local communities in our Country have failed so miserably in doing their planning that we need a Federally guided program.

Mr. COWEN. My name is James Cowen, executive vice president, West Hudson-South Bergen Chamber of Commerce, Kearny, N.J.

One observation I heard mentioned this afternoon, that the rural areas cannot afford to do the things that they want for themselves and obviously the city areas cannot afford to do the things they would like. I would like to know who is going to pay the bills for these programs. I guess the answer to that is probably our grandchildren, and something that we would not consider doing in our personal lives. But many of us through Government do not object to it. At any rate, we talked this problem over with our business people and they basically agree with the goals as proposed in the bill and they consider the objectives desirable. I think it is probably true all over the country, any reasonable person will agree with the objectives. However, we are adamantly opposed to the methods of achieving these goals as provided for in the bill. We feel that some of this is based on philosophical values and when we are talking about a strong central government we feel it would place more control over local decisionmaking, which in my view has gone much too far already.

It represents overlapping and even duplication of programs that exist. It usurps local control because no matter what we say or what kind of testimony we hear when you get Federal money you get Fed-

eral control. I feel also it would actually subdue local initiative. I have heard this mentioned in my area. It would actually stifle the ingenuity of local leadership and these are the people in the community that make things work.

If we did analyze the brainpower and creative capability of groups like local chambers and industrial development groups and so on, we would see that the human resources put forth by these groups could not be matched by the Federal Government, as I have said in my statement, in a thousand years through a program like this. This pooled community leadership or business leadership is what we call to solve our planning problems and also solve problems in other areas. I feel with this legislation and this valuable human commodity it would soon become sedentary as the spirit of initiative is lessened. I have heard reactions like this expressed very strongly in New Jersey. I think we should allow this creative brainpower to function as freely and openly as possible.

Some of the language in the bill that I would have to look at, for instance, item 4, it states that the legislation would approve the relationships between the welfare of both urban and rural people. It seems to me that the exact opposite would occur and furthermore I do not know and I seriously doubt if anyone else knows if these relationships are strained to begin with and on what basis. Other objectives in there are no more clear to me than that one. Then I would relate to the many Federal programs now in existence that already deeply involved themselves in local matters that I feel are none of their business.

There is a long list of them. I won't read them. We all know them, many similar to the legislation we are discussing. And then not so similar directly, but ones that we would have to put under the general roof of planning—highway planning, hospital planning, all kinds of construction programs, research programs, planning of outdoor recreation areas and this list goes on and on and on and we are all familiar with that one. One thing that is probably more important than any of these programs with relation to this question is the numerous subsidy plans aimed at the individual's development which definitely come under the umbrella of planning based on the assumption that the human resource is the most valuable element in our society. I think we would all agree to that. We are therefore planning extensively for the individual, our most valuable resource, and for the community already, based on the long list of programs we have in existence. I doubt that it is advisable to attempt to directly regulate the application of all of these programs on a community level without at the very least some kind of a research job to determine whether or not these other programs are working and how effective or ineffective they might be. I would have to say that once this machinery is set up the traditional pattern of many Government bureaus would be followed and these Federal planning groups would soon branch out in their typical self-perpetuating manner to completely stifle a truly great American commodity known to all of us as community pride. I have heard this expressed in New Jersey. We would have to say it is a natural force that has worked wonders so many times in this country.

In the case of New Jersey in our own locality our community leaders have the problems of the area well in perspective and have already

done many things to solve our problems in terms of planning. Through the chamber and through our local government we have developed industry and compiled statistics and planned effectively for recreation, and so on, all with good results.

Our chamber does not feel that the Federal Government should come in to identify the areas in need of planning in our locality when we have been living with them for so many years. I think we know them better than anyone. I am sure it is true all over the country. As I have said through our chamber and through our local government where we have recourse, if we are not happy with planning, that we have been able to solve our problems, we feel, effectively. We do not favor heaping another program onto the back of the taxpayer. As I said before, it seems that the cities cannot afford to pay for their programs and now it seems that the rural areas cannot afford to pay for theirs.

We want to know who is going to pay for it. It is the old story, if we cannot afford it individually, how can we afford it in the aggregate.

The answer is we cannot afford it. It is deficit spending again. We feel that community pride and voluntary action are two highly productive forces and I feel this will stifle them. I made a reference in my statement to an address made by Secretary of Agriculture Freeman before a business group, and I will make this abbreviated. He talked about people moving by mass into urban areas, and so on. By the year 2000, 240 million Americans will be living on 8.7 percent of the land and only 60 million would be remaining on the 91.3 percent of the land. I did feel that it was important to point out that there was one flaw in this comparison which does in some way seem to justify this legislation. However, it is not completely true because now the Federal Government owns 33.7 of the total land value of the United States and when you add local and State governments to that we really are not dealing with 91.3 percent of the land but a smaller proportion of people living on it. It is not a substantial and realistic comparison.

To summarize, I would oppose the bill because it usurps what is traditionally in local province, it fails to recognize the highly effective local groups functioning now, the aims of the bill are ambiguous, the implications are far reaching and purposes ill defined. Many of the things the planners would attempt to do are already done. The bill does not limit the programs to any isolated areas that might conceivably need this aid and is therefore wasteful. It does pose a threat to the voluntary business organizations such as chambers of commerce who already are doing this job I feel effectively, and perhaps most important of all it is another instance of the Federal Government involving itself in affairs of peoples and communities where prerogatives are theirs by constitutional right.

I cannot see any need for the program, and do not for 1 minute believe that local communities in our country have failed so miserably in doing their own planning that we need a federally guided program. That is the end of my statement.

Mr. PURCELL. Thank you very much. Are there any questions? If not, thank you very much.

Next on our list is David DelMarcelle, from Lebanon, Pa.

STATEMENT OF DAVID J. DeLMARCELLE, EXECUTIVE VICE PRESIDENT, LEBANON VALLEY CHAMBER OF COMMERCE

Mr. DeLMARCELLE. I distributed this morning my testimony. I will run through this very briefly.
(The statement follows:)

TESTIMONY OF DAVID J. DELMARCELLE, EXECUTIVE VICE PRESIDENT, LEBANON VALLEY CHAMBER OF COMMERCE, LEBANON, PENNSYLVANIA

Mr. Chairman and members of the committee; my name of David J. DelMarcelle. I reside at 640 Locust Street, Lebanon, Pennsylvania. I am and have been Executive Vice President of the Lebanon Valley Chamber of Commerce of Lebanon, Pennsylvania, since May 1952. This is a Chamber of Commerce which includes, among its 800 members, representatives of industry, retailing, the professions, dairy, fruit, poultry, and general farmers, farm implement dealers, the Grange, the Lebanon Valley Poultry Federation, the Farmer's Association and the Lebanon Valley Farm Bureau. Ours is a quasi agricultural-industrial area.

I appear before you today as a duly appointed representative of the Lebanon Valley Chamber of Commerce, Lebanon, Pennsylvania, the Community Development Committee of the Pennsylvania State Chamber of Commerce, Harrisburg, Pennsylvania, and the Board of Directors of the Pennsylvania State Chamber of Commerce, Harrisburg, Pennsylvania, to register the official opposition of these organizations to the proposed legislation popularly known as the "Community Development District Act of 1966" as it had been outlined in Senate Bill, S. 2934 and House Bill, H.R. 12466.

The Community Development Committee, referred to above, is a 30 man committee broadly representing the industrial and agricultural segments of the Pennsylvania economy. The 60 man Board of Directors of the Pennsylvania State Chamber of Commerce, represents 4500 business and industrial firms and agricultural interests in Pennsylvania with more than a million employees, and 213 local Chambers of Commerce which are members of its federation.

Preliminary to a statement of my reasons for opposition to this proposed legislation, I would like to qualify myself as a witness by sketching some of my background, experience and education.

I was born in Missouri of farm people, lived and worked on a small 88 acre farm on an Indian Reservation in Wisconsin until high school. Upon completion of high school I acquired a Bachelor of Philosophy Degree and a Law Degree and was admitted to the Wisconsin Bar. After 3½ years in military service in World War II, I spent 5 years in the federal government service as a lawyer and as a coordinator of educational and rehabilitation programs for the Veterans Administration in Pennsylvania. In this program I worked with local, state and federal agricultural agencies and programs. Upon resignation from federal service, I decided to apply my experience and education in community development work and, therefore, entered the Chamber of Commerce management profession.

I have presented this brief summary of my background, gentlemen, only to demonstrate to you that I speak from experience and with some qualification when I say that, to a great extent, my Chamber of Commerce and over 3000 other Chambers of Commerce in this country are very adequately filling the needs which are allegedly to be met by the community development districts which would supposedly be set up and staffed under the legislation you are proposing.

As we understand the proposed "Community Development District Act of 1966," it would establish machinery whereby the federal government could call the shots on community planning, and economic development throughout the country. It would allow an agency of the government to designate or cause to be designated any area as a community development district. Further, a designated district could include all or parts of several counties or even cross state borders, and the federal taxpayers, through their government, would be financing up to 75% of the cost of salaries and expenses of professional staffs needed and could provide incentive grants to facilitate the purposes of the act.

Speaking again from personal experience, in Lebanon County, Pennsylvania, we have a Lebanon County Planning and Zoning Commission, with four professionally trained staff men and additional office staff. Their combined salaries

amount to more than \$25,000 annually. We also have a County Redevelopment Authority with more professional staff, a large Agricultural Extension staff, Soil Conservation District Staff and others I can't recall at the moment.

I believe you would have to agree that we are more than adequately staffed with city, county, state and federal agencies to handle planning. And, from my personal knowledge of other communities within and outside of Pennsylvania, our situation is a typical one.

We have developed, with private and public local, state and federal funds, a Regional Master Plan, a City Master Plan, a Downtown Plan, a General Neighborhood Renewal Program Plan and, at present, a County Master Plan is being developed.

What is more important, we have taken steps to see that these plans will be implemented or carried out in community development action programs. To accomplish this, our Chamber of Commerce has developed a significant day-to-day working relationship with all of these local, state and federal governmental bodies in Lebanon County.

Our Chamber of Commerce, representing the business, industrial and agricultural interests of the area, and these agencies, have developed a clear understanding as to their individual objectives and working relationships.

The planning agencies adhere to their intended purpose which is *Planning*—and the Chamber of Commerce spearheads, coordinates and executes the action or community development programs which carry out the purposes of the planning. How do we do this? I'll give you one example.

About five years ago, at the request of our Chamber of Commerce, the Mayor of our city initiated a unique mechanism to see that our community development team carries into execution the many plans and programs which have been developed and to see that the local, state and federal governments receive their best dollar value for their investment of tax dollars in these projects. We formed a Mayor's Executive Committee for Community Development. The committee, with the Mayor presiding, is made up of the following—the Chairman of the County Commissioners—the Lebanon County Planning and Zoning Commission—the County Redevelopment Authority—Parking Authority—School Board—the Center of Lebanon Association, and I serve as Secretary, representing the Chamber of Commerce.

In addition, my Lebanon Valley Chamber of Commerce houses and administers a county-wide Chamber in a county of 97,000 people, a county industrial development corporation, a tourist bureau, highway committee, a broadly representative Agricultural Committee, etc.

To more adequately serve the entire county area, the name of our Chamber of Commerce has been changed from the "Lebanon Chamber of Commerce" to the "Lebanon County Chamber of Commerce" and finally to the "Lebanon Valley Chamber of Commerce" which extends services over our county line. Numerous Chambers of Commerce throughout Pennsylvania have changed their names in order to expand their community planning and development programs. We have the "Harrisburg Area Chamber," the "Greater York Area Chamber" and the "Chamber of Commerce of Reading and Berks County" to name but a few.

In addition to the effective community development work of the well-organized local Chambers of Commerce and other community groups in Pennsylvania, an additional significant State-wide community development program provides additional pertinent evidence that the voluntary efforts of communities are already meeting or can meet the needs which the Community Development District Act is supposed to cover.

In 1955, as an incentive for communities to analyze their problems, undertake planning and execute action programs, the Community Development Committee of the Pennsylvania State Chamber of Commerce, of which I have been a member, was formed. Rules and regulations were developed whereby the smallest rural community, as well as the largest urban area, could compete for cash prizes, within its population class, for outstanding community planning and development activities. Broad community participation of not only local Chambers of Commerce but fraternal, civic, 4H and farm groups, cultural groups, individuals and municipal government bodies, was encouraged. The funds for the prizes were provided by utility companies and other private enterprise groups, as well as the State Chamber of Commerce.

In the current year alone almost 300 communities in Pennsylvania participated in the contest, and \$50,000 in prizes was awarded. From 1955 through 1964, \$245,000 was awarded in prizes, through direct and matching private funds, to more than 250 different communities in Pennsylvania. These communities repre-

sent over 750,000 people. During this same period, \$150 million was raised in Pennsylvania by business, industry, financial institutions and even farmers for industrial, civic, recreational and cultural or community improvement needs.

Gentlemen, would you say that, with such a combination of action groups and planning group already in existence, that we have any need of further governmental bodies to come into our communities to duplicate the fine, organized work which is already being very effectively handled?

In my 14 years as a professional Chamber of Commerce executive and as a Past President of the Pennsylvania Chamber of Commerce Executives, my observation is that we have already available to us all of the agencies and tools and professionally trained people to very effectively do the job which is proposed by the Community Development District Act. If these tools are not being used, they can be brought into being by any community on a voluntary basis or they can be expanded. I, therefore, conclude that the proposed legislation is totally unnecessary and, if put into effect, it will only cause wholesale confusion and an unnecessary waste of money and manpower and will do irreparable harm to the entire Chamber of Commerce movement and the excellent community development work which is already being performed.

Thank you for your attention to my presentation.

Mr. DELMARCELLE. Mr. Chairman and members of the committee, my name is David DelMarcelle. I am the executive vice president of the Lebanon Valley Chamber of Commerce in Lebanon County in Pennsylvania, a county of about 97,000 people, with a county seat in the city of about 30,000. Ours is in what is known as the Pennsylvania Dutch Belt, quasi-agricultural area where we have about 7,000 farms, most of which are quite small.

Our chamber of commerce has in its membership the poultry industry, the dairy, fruit, general farmers, farm implement dealers, small farmers and large farmers as well as the Lebanon Valley Poultry Federation, the Farmers' Association, and the Lebanon Valley Farm Bureau as active members.

Our program is an active one. We have a aggressive 25-man agricultural committee and we have programs throughout the year. We have initiated through the chamber of commerce a regional planning commission in 1957 which encompasses about 13 different municipalities and most recently during the past year was converted into a county planning and zoning commission. This commission has represented on it farmers. The vice chairman is one of our prominent farmers and a farm implement dealer. We have small farmers on the individual planning commissions throughout our county. We have a most cooperative arrangement. We have a combination business and governmental committee that meets once a month that has represented on it the mayor of the city, the county commissioners, the redevelopment authority, the planning commissions, about 12 to 14 different bodies. An executive session does nothing more than go to each other to carry out the plans which have been made.

We have about 8 to 10 different master plans that have been developed. We do not lack anything in the way of planning. We have professional planners on the staff. These people work in close cooperation with the business body there all the time. I would like to state that in addition to my own chamber of commerce, I am here today authorized by the Pennsylvania State Chamber of Commerce which is an organization which represents about 4,500 business firms as well as agricultural interests in Pennsylvania. This represents about a million employees and they also have about 213 local chambers of commerce in their federation. I just want to touch quickly upon another example in our State of how we attempt through a coopera-

tive effort of people to get the problems across and accomplish community development.

Through our State chamber of commerce we have a community development committee which has been operating since 1955. Through the contribution of private money of possibly \$250,000 this year we have about 320 communities participating for prices. These people in order to compete for these prices must come up with actual community development examples of how they have improved their communities. This may go from anything as simple as cleaning up an area which has been flooded out or that is unattractive, to the development of a site for industry; a great variety of things. Over a period of 10 years the business interests have contributed a couple of hundred thousand dollars into this effort. This is another example of how we are attempting to tackle these problems on the local level.

In summary, I would say, as has been testified before here today, our people in our area of Pennsylvania, and I am representing a pretty broad interest group here, are well equipped with people and essentially I think we must say we are talking about problems that must be dealt with by people. The people, the agencies, the planners are there. I think it is a matter of better utilizing what we have. I think that we have the ability within our communities to do these jobs. In our county and in our State it is very difficult, as I think it must be in many States, to now distinguish where a city stops and where a farm community exists. The majority of our industries are moving into these county communities. The executives are building lovely homes out there.

Those executives are coming onto the planning commissions. They are supplementing the rural people on planning commissions and so forth. I do not think we are probably as backward in many cases as sometimes it is felt in the ability of our people to look at their problems, appraise them, and to tackle them. I thank you very much for giving me this time.

Mr. PURCELL. Is Mr. Rice here?

(No response.)

Mr. TEAGUE. Mr. Chairman, I do not know Mr. Rice, but if he desires to do so, he should be permitted to file his statement.

Mr. PURCELL. Without objection, that will be allowed.

(The statement follows:)

STATEMENT OF LACY RICE, JR., DIRECTOR AND VICE PRESIDENT, MARTINSBURG-BERKELEY COUNTY CHAMBER OF COMMERCE

Gentlemen, my name is Lacy Rice, Jr. I am a partner of the law firm of Rice, Hannis & Rice, Martinsburg, West Virginia. I am also a Director and Vice President of the Martinsburg-Berkeley County Chamber of Commerce and recently was elected President of the Economic Development Association of Berkeley County, West Virginia.

I am here today to make a statement in opposition to H.R. 12466—The Community Development District Act of 1966.

I am basically opposed to this proposed legislation because I believe it places too much Federal control over decisions and responsibilities which are the obligation of State and Local Governments and State and Local voluntary organizations.

The State of West Virginia, as I am sure many of you know, has since the Primary Presidential Campaign of John F. Kennedy been recognized by the press and many citizens as a poverty state, a backward state and one that needs much Federal assistance. Because of the loss of population due to automation of the coal industry, I do not doubt the fact that many areas of West Virginia have

suffered, but I can tell you that the people of West Virginia are proud of their State and are perhaps unique in that for the most part, they wish to help themselves without the benefit of Federal handouts.

The population of Martinsburg is only 16,300, but we have a very active Chamber of Commerce which has promoted our community and area and has been directly responsible for many industries locating various types of industrial plants in the past few years. We have not waited for the Government to make our plans, but we have through tireless efforts of business leaders helped ourselves and sought new industries, particularly when our woolen mills closed down after World War II.

I stated that I was President of the Economic Development Association of Berkeley County. A few weeks ago, twenty or more leaders from various phases of our community life were asked by the County Court to constitute this body. A representative of the United States Department of Commerce helped us organize, but told us that we had better make our application for Government assistance as soon as possible because our employment record was improving to the point that we would no longer be eligible for Federal funds. This particular person was very interested in having us organize as the last county in West Virginia to form an economic development association. Since we organized, we have heard nothing further from the Government representative, he has not answered our letters and all the members of our group are very much disenchanted with the entire proposition. One member, who is chairman of a public service water district, told the group that he had been trying for three years to get Government assistance, and each time he made an application, he was told that that Government agency no longer handled his problem and he would have to go to another agency, and to my knowledge, he has not yet received any help, even though we all know that there is much money available if one knows how to obtain it.

With this personal background as an introduction, I would further state that I am opposed to this pending legislation because the bill does not recognize the existence of already established community, area or district economic development groups, which have been organized voluntarily and which are constantly making and implementing plans to fulfill our own economic development objectives.

I believe I speak for the majority of the members of our local Chamber of Commerce and for that matter, local economic development associations, when I say that we whole-heartedly endorse the policy declarations of the National Chamber of Commerce in that "Preservation of our System of Constitutional Government requires that Congress terminate Federal direction and control over those functions which are the rightful obligation of State and Local Governments".

If the proposed legislation becomes law, then there is a great possibility that because of our geographic location, Martinsburg would be included in a district with neighboring cities in Maryland and Virginia and certainly our problems are different from those of our neighbors in many, many respects. Also, our problems are different from those of neighboring West Virginia communities, and particularly the more rural areas.

We now have an office in Martinsburg established under the Appalachian Regional Development Act and it would appear that along with this Government body and other community organizations, we have about all the planning we need at this time. In fact, there is probably too much planning even now by the Government and not enough by State and local governmental bodies. Certainly it would be wrong to promote another governmental planning group, which for the most part would do nothing more than coordinate the activities of the existing groups.

We are also opposed to the part of the bill that would allow the Federal government to determine which of the competing municipal centers will be selected as the economic headquarters for the new district. We believe that our best interest will not be served by increasing the competition between areas for Government funds and for industrial locations and expansions.

The fact that West Virginia has been so maligned as a State by the press has not helped us in attracting new industries even though *our* particular area of the State is prosperous and enjoying considerable economic growth. We have done pretty well on our own and could do better if the Government would stop the tremendous spending spree and allow the individual business man and corporation to retain more of their capital to further their own individual business interest without the necessity of Government planning or assistance.

This proposed legislation has many unknown ramifications and could possibly create powerful districts and district leaders that would dictate for entire communities, regardless of local governmental agencies or private organizations. In fact, it is the opinion of many that if the proposed legislation is adopted, there would no longer be any need for many private organizations, such as the Chamber of Commerce.

I hope that by my appearance here today you gentlemen will realize that not everyone in West Virginia is looking for a handout and we are a proud people and are for the most part enjoying economic progress without the assistance of Uncle Sam. I am sure that you gentlemen will consider the interest of all Americans when you vote on this proposed legislation and I thank you for the opportunity of appearing before you today.

Mr. PURCELL. Mr. Wilson.

STATEMENT OF NORWOOD WILSON, JR., HOPEWELL CHAMBER OF COMMERCE, HOPEWELL, VA.

Mr. WILSON. Mr. Chairman, and members of the committee, my name is Norwood Wilson, Jr.

I reside in Prince George County, 2 miles east of Hopewell, Va. I am part owner of the Greenbank Construction Co. and also engage in agriculture. We employ approximately 70 people. About 80 percent remain on our payroll throughout the entire year.

I have lived in the area all of my life and feel that I am thoroughly familiar with the area's desires and requirements.

I am appearing in opposition to H.R. 12466, "The Community Development District Act of 1966." I would be the last to state that intercommunity cooperation is not a desirable thing, but I do not believe it is worth the price of a massive power grab which restructures the Nation into a group of districts cutting across existing city, county, and State lines. It would appear to me that the urgent need of the Nation at this time of dangerous inflation and international problems is to reduce, clean up, refine, define, streamline, digest, and reduce the enormous waste in the multitude of programs already in existence.

History has shown over many years, and in many countries and civilizations, that the approaches to many real and mythical problems by centralized government controls invariably leads to collapse and serious deterioration of the general welfare and wealth of a people.

Witness the recent problems of Uruguay, which embarked upon many programs similar to the ones in our country, and ended up with a bankrupt and paralyzed economy several months ago. Contrary to the prevalent idea in Washington, government is not a producer of wealth, it is only a collector, distributor, and dissipator of it. Its true value is in the assurance and prudent policy of encouraging this production and not killing the goose that lays the golden eggs.

I cannot believe that there has been, or can be, a showing that there is a requirement for any extension of this activity beyond the present programs (and I am not sure that they are necessary); namely, the Public Works and Economic Development Act of 1965, the Appalachian Regional Development Act, the Economic Opportunity Act, and the Food and Agricultural Act of 1962.

I believe most deeply that one of the main things that has been overlooked by the authors of this federally oriented and supported development act are the desires of the various communities. The basis must be that "the rural and small urban" communities do not

know what is good for them, so "we" must tell them. They forget that in the hearts of every person, whatever his race or creed, there exists the desire for prestige. This prestige exists at the lowest levels of organization from committee groups through township, county, and city administration. This prestige can only be earned by their desire to take part in the community activities. To take this away from them and put it into the hands of a group of professionals would be a tragedy. This bill, if passed as it now stands, would have just that effect. This committee should not be the medium of foisting upon any group something against their will.

No one knows better what a community needs than those living there. Why do you suppose that many persons living in the rural areas described in the bill live there only as a home? Go to any city of any size, and 20,000 persons would be a good criteria, and you will find many city workers living in the county.

Not only that but local cooperative units can perform the function. Local groups composed of cities and counties in our area are in existence for this very purpose and financed by the localities, and businesses in the localities. Just recently, nine community areas joined in providing the action and the funds to build a technical college in our area. The State has organized activities to perform the services outlined in this bill.

To foist such a plan upon communities seems to me to be sheer folly, unless there is some further motive—that of elimination at some future date—many of the governing bodies of cities, towns, and counties and the development of a federally supervised governing district, and, of course, reaching across State lines. One must project his thinking years ahead on matters of this kind. My fear is not groundless.

In summary, before you act on a bill which is an extension of those mentioned above, let us be sure that they have proven their worth. There is no need to enforce this upon communities not wanting it. Those that want it can make applications under the laws outlined above. There is no need for additional experimental laws. Don't forget that you take away from the individual localities the freedom of choice, the desire of its citizens to develop prestige, and possibly the right to govern themselves.

I believe if this committee embarked on this program, it will have done our people and country a great disservice.

Thank you, Mr. Chairman.

Mr. TEAGUE. Mr. Chairman, I just want to say that Ronald Reagan could not have made a better speech.

Mr. PURCELL. Thank you very much.

Mr. WILSON. Thank you, sir.

Mr. PURCELL. Mr. David Unger.

STATEMENT OF DAVID G. UNGER, ASSISTANT EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

Mr. UNGER. Mr. Chairman, my name is David G. Unger. I am assistant executive secretary of the National Association of Soil and Water Conservation Districts. I would like to ask permission to file

a copy of my statement and summarize it briefly in the interest of time.

Mr. PURCELL. Without objection, it is so ordered.
(The statement follows:)

STATEMENT OF DAVID G. UNGER, ASSISTANT EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

The National Association of Soil and Water Conservation Districts—representing 3,000 locally-managed Conservation Districts and their Associations in the 50 states and Puerto Rico—is happy to support the passage of S. 2934, the proposed Community Development District Act of 1966. This legislation places long-overdue emphasis on the coordinated planning of resource-use and governmental functions in rural areas.

We believe that the proposed act has several main advantages.

First, it is not limited solely to areas of poverty, unemployment, or underemployment. It recognizes the need for orderly planning of land-use and community services in all parts of the country. Indeed, it is often those areas where economic health is most pronounced which suffer the most from waste and inefficiency in the utilization of resources.

Second, the proposed Act provides for a maximum of local responsibility in the planning process. It strengthens the capacity of county and municipal governments and other public agencies to respond to the significant problems that beset them in this field.

Third, the legislation avoids unnecessary duplication and proliferation of governmental mechanisms. No new governmental entity is being proposed, but rather a coordinating body representing established governments—a body that will not conduct action programs but rather help existing agencies to work in concert.

Fourth, the proposal represents another step toward breaking down the barrier between farm and city. It emphasizes the need for teamwork in solving problems that affect all interests, and should lead toward better mutual understanding.

Fifth, the bill stresses broad and comprehensive planning. It does not confine planning to housing, natural resources, transportation, recreation, or any other admittedly important subject. Instead, it recognizes that if our rural communities are to progress, all community needs will require consideration.

Planning has been a special concern of Soil and Water Conservation Districts for nearly 30 years—and is assuming even greater importance today, as District activities broaden. Planning has been the foundation of our work—first in developing conservation plans for farmers and other property owners, next in group drainage and water control programs, later in larger scale projects to prevent floods and develop water supplies, and most recently in regional economic improvement programs.

Today, a great many Conservation Districts are cooperating closely with county and municipal officials and representatives of planning agencies. They are applying resource inventories, conservation planning techniques, soil surveys, and other resource planning tools to the emerging growth problems of our rural and suburban communities. District officials—and their cooperating agencies—help planners determine where new roads, hospitals, and schools can be built most efficiently and economically from the standpoint of the natural resources involved; they help provide information used in assessing and zoning property; they aid in meeting community water supply, waste disposal, and recreational needs. In these and other ways, they contribute facts, services, and a point of view essential to wise community planning.

In this connection, NACD is pleased to note that the President's message discussing the proposed Community Development District Act did not neglect the role of natural resource planning as a basic part of comprehensive planning. We are convinced, on the basis of our experience, that sound community planning can only be successful if it rests on a careful evaluation of natural resource needs and potentials.

Because of the experience, capabilities, and technical resources possessed by our Conservation Districts, we are hopeful that they will be utilized fully by community development district boards in the natural resource conservation and development phases of this new planning program. The Secretary of Agricul-

ture has informed us that it is his intention, if this Act is approved, to foster such utilization of Conservation Districts to the extent of his ability.

Further opportunity for achieving close and useful working relationships between community development districts and Soil and Water Conservation Districts is provided in Section 4 of the proposed Act which authorizes participating county and municipal governments to invite additional public bodies, such as Soil and Water Conservation Districts, which are subdivisions of state governments, to be participating governments and to be represented on community development district boards. Such participation, we believe, is most desirable.

We suggest that consideration be given to the possibility that the name "community development district" could lead to confusion with the names of existing subdivisions of state governments, such as school districts, irrigation districts, soil and water conservation districts, and other special-purpose districts. Since the new body being proposed is not a governmental entity, and the designation "district" is traditionally applied to political subdivisions of state government, perhaps another name might be more appropriate.

We recognize that the problems with which this proposed legislation deals are vast, and that this program—as it is proposed to be financed—is only a relatively-small beginning. We realize also that professional planners today are largely urban-trained and urban-oriented, and that there must be found a corps of planners who understand the problems of rural communities in order for this program to work.

However, we believe that this is a step that needs to be taken, and that this Act would enable local governments to join together in meeting more adequately the challenges of the times. We believe it would help them better utilize the skills, information, resources, and assistance of our local Conservation Districts.

We appreciate the opportunity to testify in support of S. 2934 before your Committee.

Mr. UNGER. Our association is composed of 3,000 individual soil and water conservation districts that have been created under State legislation and operate as subdivisions of State government. We appear here today in support of the enactment of the Community Development Districts Act for four reasons. First, we believe in comprehensive planning. We believe it is a stimulus to action. It cannot be substituted for, and action cannot be substituted for planning, but they go hand in hand. We have seen this in our work with farmers in developing conservation plans. We have seen it in small watershed projects and economic development work under resource conservation and development projects.

Secondly, we believe that comprehensive planning is needed everywhere in the country, in rural areas as well as those areas in and around towns and cities as has been the case to a greater extent in the past, although there is encouraging evidence that county and regional planning is being extended over larger areas of the country.

Thirdly, we believe that the Community Development District Act rather than infringing on State and local control actually helps to foster State and local control in the planning field. Our conservation districts, being local governments, are very interested in local government. We believe that this principle is carried out in large part especially with the amendments that were announced by the chairman earlier today. I might mention when it gets down to a case of an actual invasion of authority or power of a local subdivision of government or what is assumed to be an invasion of their prerogatives by a higher level of government, that I can think of nothing more valuable than local governments to have in their possession the facts and basic data and the plan of objectives for a period of time into the future, that they can use when somebody wants to build a highway or somebody wants to purchase or acquire land for recreation or somebody wants to develop

a river basin and planning project. Very often times people are concerned about the invasion of higher units of government into their affairs on a philosophical level but when they have the facts on hand, they can perhaps help guide that development that met with the interests of the people of the community.

Finally, we support this legislation because we believe it affords an opportunity for the advancement of conservation and resource development work that has not existed in some of these areas in the past. We believe that this goes beyond industrial development as so many witnesses have mentioned here today. But it includes resource development, the provision of other community services of a great variety, and that by having a planning effort in a local community the role of conservation and resource development can receive greater attention than it has in the past. We think that our conservation districts have something to contribute in this regard. We have been assured by the Secretary of Agriculture that it would be his intention if this bill is passed that he would look upon districts as a major source of assistance to be offered to these groups. I would like to mention in this regard that we do support section 4 of the bill as enacted by the Senate which would allow soil and water conservation districts as well as other public bodies to take part in the community development district. We realize that practical problems are involved in having a great number of organizations participating, but we believe that there are advantages to this as well as problems involved. The school districts and soil water conservation districts can often make a contribution which might not otherwise be made if they did not have that opportunity. We appreciate the opportunity to testify on behalf of this legislation.

Mr. PURCELL. Thank you very much.

Mr. UNGER. Thank you.

Mr. PURCELL. Mr. Charles H. Adams.

STATEMENT OF CHARLES N. ADAMS, POUGHKEEPSIE CHAMBER OF COMMERCE, POUGHKEEPSIE, N. Y.

Mr. ADAMS. Thank you, Mr. Chairman and members of the committee that are able to be in attendance today.

I am sorry that my Representative the Honorable Joseph Resnick is not here. However, I am sure that he is representing his district in some way. I have a prepared statement. It is quite closely related to many others given today. There are only a few excerpts I would like to draw out of it to bring to your attention which I think are important and one correction, if I may, in the beginning. In my haste and nervousness as this is my first time to appear at a hearing, I did not get in until late last night and I dictated this early this morning and I did not see the final copy until after it was duplicated. In the second paragraph on page 2 the last sentence of that paragraph should read, "I stated that it was financed by the business community—no local, county or State or Federal funds have been requested." That is in reference to patterns for progress which is a seven-county area development organization in the mid-Hudson Valley of New York State. Its prime concern is to assure that that area, or if you prefer by another name, district, is properly represented in planning and development.

Again, if I may refer to my Representative in Washington, Mr. Resnick, he has seen fit to hold an area conference covering his congressional district at the outer limits in the rural area to acquaint all citizens and local government and any other interested parties as to the benefits, the provisions and the way to get Federal funds for assistance.

I feel that he has done an excellent job in alerting our area, the seven counties, or his congressional district, as to what is available and how to get it. I oppose the bill on the grounds that it is just another step of Federal intervention and confusion to the citizens of the area I represent. Officially today I represent the Poughkeepsie area Chamber of Commerce, which covers the major portion of Dutchess County. To correct any confusion in the minds of the committee as to my position, I am employed by the Poughkeepsie area Chamber of Commerce, they pay my salary, not the U.S. Chamber of Commerce. I belong to many organizations besides the chamber of commerce and I resent the inference by members testifying today that they dictate to me or tell me how to speak. I have my own mind. We have a board of directors which governs our organization drawn from the business, professional, and industrial citizenry of our area and I feel they are intelligent human beings and can make their own decisions.

Getting back to the bill, there is some confusion in my mind in line 10 at page 2. An important word is after consulting which refers to the Secretary of Agriculture consulting with the Secretary of Housing and Urban Development. It leads me to believe that if the Secretary of Housing and Urban Development does not agree with the district delineated or with any of the planning in the area that is designated, that the Secretary of Agriculture can do as he pleases anyway. I do not think a one-man judge should be allowed in such a technical area. On page 2—I am sorry, page 6, line 9 through 11, it says there are hereby authorized to be appropriated such sums as may be necessary to carry out provisions of this act. What does it mean in dollars and cents?

There have been no actual figures. Again, we are dealing with taxpayers' money to deal with local area situations. I think that the determining factor on how this money should be spent should be left to the local government and not as directed by a Federal planning organization or setup. I would thank you for the experience you people have given me today in allowing me to testify and I appreciate the work you are trying to do and I appreciate your integrity.

Thank you.

Mr. TEAGUE. Mr. Chairman, may I just say this: Certainly in my opinion, and I am sure that is really the opinion of every member of this committee, there is nothing improper at all in a representative of a chamber of commerce, whether he is paid or unpaid, appearing before us in order to present not only his own views but that of his organization.

Mr. ADAMS. Thank you.

Mr. PURCELL. I am sure that is the opinion of all of us. You will learn a lot of things if you stay up here, but we are not all as bad as it looks like on the surface, I am sure. Thank you.

Mr. ADAMS. Thank you.

(The statement follows:)

STATEMENT OF CHARLES H. ADAMS, GENERAL MANAGER, POUGHKEEPSIE CHAMBER OF COMMERCE

Honorable Harold Cooley, Chairman, Agriculture Committee, House of Representatives. To my own Representative from the 28th Congressional District of New York State. The Honorable Joseph Y. Resnick, and the members at large of the Committee on Agriculture.

I appreciate the opportunity to present testimony to you today on the proposed Community Development District Act of 1966 on S. 2934. My name is Charles H. Adams, General Manager of the Poughkeepsie Chamber of Commerce, Poughkeepsie, New York. I represent an organization composed of business, professional, and industrial people, encompassing a major portion of Dutchess County, New York. The haste with which your Committee has arranged this hearing, Mr. Chairman, has not allowed me the time necessary to prepare a complete statement.

However, there are a few words and phrases in the proposed Bill that concern my organization. On Page 1, Line 7 and 8, the following wording appears, "to increase efficiency in the use of resources." Possibly I misinterpret the wording, but it would seem to me that an organization such as Patterns for Progress, which covers a seven-county area and whose prime concern is regional development and whose finances are raised from the business and professional community would increase the efficiency in the use of resources much more than federal intervention into our area.

Another phrase that concerns me is on Page 2, Line 10 where it says the Secretary of Agriculture after consulting with the Secretary of Housing and Urban Development may designate as a community development district and so on. The important word is after consulting with the Secretary of Housing and Urban Development. This infers to me that whether or not the Secretary of Housing and Urban Development agrees the Secretary of Agriculture has the last word.

Another area of concern is on Page 5, Line 11-14 which says the Secretary of Agriculture shall require as a condition of extending and planning assistance that the board agree to give consideration to all other planning requirements under any other federal program. Does planning assistance mean personnel or does it mean money? On Page 6, line 9-11 leaves another question mark in my mind. It says, "There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act." What does this mean in dollars and cents? Is it a dollar per capita for the development district? Five dollars? Ten dollars?

The Hudson Valley of New York State is in my opinion one step ahead of this Bill in its actions and thinking. We have many strong chambers of commerce. We have the Dutchess County, a county planning board, city planning board, chamber of commerce and the center of activity of the Patterns for Progress organization which I mentioned earlier. I stated that it was financed by the business community and in many, local, county, state, or federal funds have been requested.

The Poughkeepsie Area Chamber of Commerce is truly concerned and opposed to any additional federal assistance programs unless it has been proved that every other avenue has been explored and the job cannot be done without federal intervention. When I say every other avenue, I mean individual initiative first, local government and county government, state government, and then the federal government.

Gentlemen of the House Committee on Agriculture, I wish to thank you for the time allowed me to present my remarks to you today.

Mr. PURCELL. Our last witness is Mr. Thomas E. Garaghty, professor of economics, University of Chattanooga, Greater Chattanooga Chamber of Commerce.

(No response.)

Mr. PURCELL. Is there anyone else here to testify who has not been given the opportunity to testify?

(No response.)

Mr. PURCELL. At this point in the record we will insert the statement of Kenneth D. Naden, executive vice president, National Council of Farmer Cooperatives.

(The statement follows:)

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C., June 9, 1966.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN COOLEY: The National Council of Farmer Cooperatives supports the principles contained in S. 2934, a bill to establish a Community Development District Act.

The concept of establishing programs for planning to improve the development of natural trade areas in rural areas will be a necessity, if the drain of population from rural areas is to be halted and if the imbalance in employment and income opportunities between rural and urban areas is to be arrested.

The utilization of planning efforts, upon requests from local authorities, is a fundamental principle in the National Council policies towards the government's role in "self-help" programs. S. 2934 establishes a framework in which "self-help" programs for local areas can be coordinated on trade area basis with local, state and federal cooperation.

We urge the committee to exercise care in several distinct areas. A diligent effort should be made to assure local communities, if a request is made for assistance in planning, that the local community will have an opportunity to participate in the final judgment on the approval or disapproval of plans as suggested by the agency established through cooperation with the federal government. Every effort must be made to assure local communities that the federal government will not dominate the planning either in its direction or its fulfillment; and that the federal agencies cannot impose planning on any community without the specific request for "self-help" by that community or trading area.

We visualize, in certain regions, the center of the trade area may well be a small city with considerable business influence over the surrounding towns and villages from this trade focal point. We believe assurance should be written in this measure which provides governmental officials from the small towns and villages an opportunity to participate in the formation of the trade area planning program.

The type of planning which is envisioned under the Community Development District Act can be the basis for attracting industrial organizations to locate their plants in rural areas. There is a known supply of willing and easily trainable workers in rural areas. There is a known availability of land at a cost generally below the levels of larger cities; there is a known value and availability of potential recreation areas; and there is a known desirability for living in a less congested area. What this legislation must do, if it is enacted, is to provide a "self-help" planning basis for trade areas to improve their public service facilities, including water, sanitation, health, education and transportation. These features will attract industrial organizations to less populated areas when available services are equal to those of an urban community.

We respectfully request this letter be made a part of the record on S. 2934.

Sincerely yours,

KENNETH D. NADEN,
Executive Vice-President.

(The following statements and letters were also submitted to the committee:)

STATEMENT OF MICHEL G. EMMANUEL, PRESIDENT, GREATER TAMPA CHAMBER
OF COMMERCE

Gentlemen, my name is Michel G. Emmanuel. I am President of the Greater Tampa Chamber of Commerce, and I write on behalf of its nearly 3,000 business men and women members in Tampa and Hillsborough County, Florida.

We are opposed to the passage of Senate Bill 2934 and similar pieces of legislation which are commonly described as "Community District Development" bills. As we understand their design, they propose development of a district organization which would chart a communities course in areas of economic, industrial, and cultural development and public services. We take notice of the fact that in President Johnson's message to Congress of January 25, 1966, he described a

program aimed at upgrading the environmental conditions of the rural poor—an anti-poverty program.

These bills seem to ignore the basic ills as presented by the President in an apparent eagerness to substitute, in broad shotgun fashion, wide-ranging programs covering many facets of local community life. Creation of community districts as proposed will undoubtedly create new artificial "communities" with new, over-riding, and federally-directed planning. Insertion of these district organizations between local, county government agencies and the state government will disrupt and by-pass plans, programs and responsibilities which now exist between the states and their local governmental units. The new local-central government alliances—which will thus be created—will further diminish local government responsibility.

We agree that planning for rural areas is desirable. We also believe, however, that the founders of this nation intended to give the people of each state, county, and locality the *opportunity* to chart their own course. The proposed community district program would tend to weaken local and state government. Ultimately, it could cause them to cease to exist through reliance once again on Federal sources for problem solving. These ideas are in basic conflict with President Johnson's own prescription for this program, wherein he suggested that this anti-poverty program would supplement and not supplant local and state government.

We also believe that many local and state governmental and civic planning agencies, such as Planning & Development Commissions and Chambers of Commerce, are concerned and are capable of engaging in the development of local programs. Institution of the proposed community district program would tend to block and weaken the efforts of such organizations and their work to improve their communities through local financing and through local community action. Local and individual initiative would be deadened under the program suggested by these bills.

Having agreed that rural planning is desirable, we suggest that such programs be developed by representatives of existing governmental activities and of civic action groups such as Chambers Commerce, and rural organizations such as associations of county agents, etc. Such considerations might well be brought together on a state level, in advance of national action. To quote again from the President's January 25 message, (we should pool) "... the common resources of rural Americans—joining *them* in a common planning effort that will magnify the resources of each."

We believe that the end result of such a program should be one which provides incentive for local citizens, to bring their own planning and problem solving abilities to bear on their respective problems and solve them. Local initiative cannot be built upon a concept which encourages any inclination to let someone else solve community problems.

We greatly appreciate your acceptance of this written statement of our feelings in this matter in lieu of a personal appearance.

MICHEL G. EMMANUEL,
President.

Attest:

W. SCOTT CHRISTOPHER,
Executive Vice President.

STATEMENT OF EDWARD W. KILEY, RURAL AREAS DEVELOPMENT SPECIALIST, THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. Chairman and members of the committee, I am Edward W. Kiley, Rural Areas Development Specialist of the National Rural Electric Cooperative Association, the national service organization of almost 1,000 rural electric systems serving the electric power needs of almost 20 million people in the rural areas of 2,700 of the Nation's 3,100 counties.

This association and its members have been vitally interested and active in developing a parity of opportunity and service in rural America, and have consistently supported local, state and national efforts to bring about this condition. Since 1961, NRECA has adopted resolutions on this subject at each of its annual meetings. At this time, I would like to submit a resolution passed at the 1966 annual meeting.

Rural electric systems have a natural reason for committing themselves to the growth and well being of their service areas. As REA borrowers they are committed to area coverage; that is, serving all families within their service

areas. When these families migrate to the city, they leave behind idle services which the remaining members must continue to pay for. Right now, there are some one-half million such idle meters on rural electric system lines.

If the rural electric systems are to serve their member consumers at the lowest possible rate with the best possible service, they must continue to work for the prosperity and growth of their service areas. And rural electric systems have a proven record of accomplishment. Not only have these systems assisted in over 1,500 projects creating an estimated 135,000 jobs with a \$500 million investment, but over 90 percent of that investment was made locally, by the people themselves.

The problems faced today in much of rural America are manifold. Today a rural worker earns less for a day's work than an urban worker. Rural people are twice as likely to be unemployed as urban people; and when unemployed they are less likely to be collecting unemployment insurance.

Rural students generally are below scholastic levels of students in urban schools, and teachers in rural schools generally are not trained as adequately as urban teachers. Expenditures in rural districts per pupil are below those of urban areas.

Health services in rural areas do not begin to compare with those available in urban areas. As a Nation, we do not have enough doctors, nurses and other medical personnel, and rural areas are hit disproportionately by this shortage.

One out of four rural homes today should be replaced or have major repairs. Over four million rural homes do not have running water, and nearly 30,000 rural communities lack adequate central water systems and sewage disposal facilities.

Poverty is not unique to rural America, for it is a problem on our whole economy. But, while it is very apparent in the cities, its incidence is nearly twice as great in rural America.

Results of an NRECA survey last year show that job opportunities, adult job training programs, credit, and community facilities are still grossly inadequate in rural electric service areas.

Couple the foregoing facts with the realization that most if not all Federal programs tend to stop at the city limits. This is a result of a combination of policies and procedures based on an urban-oriented philosophy. The policies and procedures I refer to are largely the requirement for sophisticated planning, research, and preliminary studies. Lacking the expertise, time and funds necessary to carry out these functions, rural areas tend to lose out to those urban areas who have sufficient staffs to draw up plans and present programs.

NRECA, at the last annual meeting, was directed by its board to study the possibility of developing a program which could assist rural areas in economic development, with the rural electric system serving as the catalyst and supplying the leadership. In developing this study, we found one of the dominant needs of rural areas was finding a way to channel existing local, state and Federal development programs into rural areas. We found financing and management and technical services were vitally needed. The other ingredient needed was local organization. For your information, a summary of that program is also attached.

The bill before your Committee, Mr. Chairman, is one that sets out to remedy many of these problems. As Secretary Freeman stated in his testimony, it does not conflict with or duplicate existing programs. It recognizes the same concepts utilized by the Public Works and Economic Development Act which passed Congress last year. Its main purpose as we understand it is to assist local people working through their local governments to achieve their objectives by developing comprehensive area planning programs utilizing Federal grants and technical assistance. Therefore, we support the principles embodied in S. 2934 as a way to achieve the objectives we all desire . . . parity of opportunity for all Americans.

RESOLUTION PASSED AT NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION 24TH ANNUAL MEETING, FEBRUARY 17, 1966

RURAL DEVELOPMENT

Whereas rural electric systems have a responsibility and obligation to their service areas to assist and promote the economic and industrial growth of these areas; and

Whereas these systems, through NRECA, have consistently supported legislation which would grant government assistance to the development of rural areas in the fields of housing, water and sanitation, recreation, industrial development, training and education, community facilities, and the elimination of poverty: Now, therefore, be it

Resolved, That we commend the 89th Congress for programs enacted in its first session, and we urge them to adequately fund these programs so that rural areas will receive an appropriate share of the benefits of an expanding economy; and be it further

Resolved, That since housing programs are vital to the future of rural areas, we urge Congress to increase the inadequate budget request for FHA housing for low income people, senior citizen housing, emergency housing and self-help housing, increasing said budget at least to the 1966 level; and be it further

Resolved, That NRECA continue to work in rural development by working with both public and private groups in developing programs, aids, direction, legislative support and assistance in development of economic and industrial projects of its member systems.

BUILDING RURAL AMERICA—AN ACTION PROGRAM FOR ECONOMIC AND JOB DEVELOPMENT—A SUMMARY

THE PROBLEM

Rural America has not kept pace with the economic and industrial development of the Nation. While rural population is about 30 percent of U.S. population, nearly one-half of those families living at or below the poverty level are in this area. Job opportunities, adult job training programs, credit, and community facilities are grossly inadequate in rural areas. Most, if not all, Federal development programs tend to stop at the city limits.

The following problems impede progress:

1. Money—Financing for small rural businesses and economic development are not available at reasonable interest rates or terms.
2. Management and business services and technical assistance are generally unavailable.
3. Federal and state development programs do not extend beyond the city limits.
4. Active area development promotion is sadly lacking in most rural areas.

RESOURCES AVAILABLE

NRECA and its member systems propose to determine, develop and demonstrate ways in which these deficiencies can be eliminated. The some 1,000 rural electric systems in 46 states, serving over 5 million rural families, have demonstrated leadership ability and the readiness to actively participate in the social and economic development of their service areas. NRECA, the national service organization of these systems, has the expertise and staff necessary to organize, develop and evaluate this program.

THE PROGRAM

We believe that an organizational vehicle can be formed which best meets the needs of rural America and creates a more viable economic climate. While the migration taking place since World War II from rural to urban areas might not be completely stopped, the impact of the migration of the untrained, unskilled poor to major metropolitan areas, creating crisis conditions in many of our major cities, can be greatly reduced.

The purpose of this proposal is to determine, develop and demonstrate that an active organization, which includes a staff devoting full time to the economic problems of a contiguous rural area with proper regional back-up, can successfully improve economic opportunity in rural America.

The result can be the eradication of poverty by eliminating unemployment and underemployment, largely through the efforts of the people themselves, working in concert to achieve development of the area in which they live. We propose to place heavy emphasis on the retention and expansion of existing small businesses, and on development of opportunities for local citizens to develop their own new enterprises most fitting to the needs and resources of the area.

OUTLINE OF PROPOSAL

The objectives of the program will be:

1. Retaining existing small businesses by providing necessary business and social services.
2. Assisting existing small businesses to expand thus providing more job opportunities.
3. Developing new local businesses appropriate to the needs and abilities of the area and providing opportunities for the newly trained poor to go into business.
4. Linking local economic development problems to Federal, state and private development programs.

The activities required to reach these objectives include:

1. Finance through a newly formed local development corporation which blends participation by local people with Federal, state and private lending programs.
2. Business service to assist existing small business and newly formed very small businesses, and to provide advice and assistance in loan applications.
3. Provide the link between Federal and state programs and the local rural poor.
4. Coordinating existing industrial development promotion programs.
5. Determining the needs of the area.

The demonstration of this program would be done in five phases:

Phase I: Determination of the organizational structure best suited to achieve these objectives.

Phase II: Organization and development of demonstration areas.

Phase III: The pilot project operation.

Phase IV: Appraisal of the effectiveness of the pilot projects.

Phase V: Continuation of these projects after completion of the demonstration.

DETAILS OF THE PLAN

I. Formation of a Local Development Corporation serving a contiguous rural area of approximately 100,000 population.

II. Staffing this organization with a minimum staff to be supported through demonstration funds.

III. Regional and National Back-Up—A national staff to develop and assist local test projects and their staffs housed at NRECA. A regional staff in one test area would also be developed at no cost to this project.

IV. Number of projects—12 local development corporations in various areas of the country would demonstrate the effectiveness of this type of organizational structure. A partial grant for the continuation of the second year and possibly the third year would be necessary. Plans call for continuation without contribution for the subsequent operations.

V. National Back-Up Project Costs—3 to 4 full-time employees with available consulting services and supporting personnel would be required.

STATEMENT OF V. EUGENE McCrARY, O.D., PRESIDENT, AMERICAN OPTOMETRIC ASSOCIATION

Mr. Chairman and members of the committee, I appreciate this opportunity to express the views of the American Optometric Association on S. 2934, the Community Development District Act.

I am V. Eugene McCrary, president of the American Optometric Association, I live at 4500 Beechwood Road, College Park, Maryland, where I also engage full-time in the practice of optometry.

There are some 17,000 optometrists practicing full-time in the United States who take care of the vision requirements of sixty million Americans. A large majority of the practicing doctors of optometry are members of our association.

Optometrists practice their specialty in more than 5,000 communities throughout this country. You can find optometrists as civic leaders in their communities serving in state legislatures, as mayors, council members and chairmen of various committees and programs. Therefore, optometrists are greatly interested in the Community Development District Act which your committee has before it.

To engage in the practice of optometry and thereby serve the vision needs of a community, an individual must graduate from a six year college level professional course of instruction taught in the ten accredited schools and colleges of optometry. He must then pass the licensing examination given by the state in which he intends to practice.

Vision care is an integral part of any health program. No United States citizen should be deprived of needed vision care, but it will take community planning to attract and retain in smaller rural areas the practitioners to furnish this care.

The American Optometric Association commends the development of health care in the pilot community development districts due to be established in fiscal year 1967. We have made special note of these recommendations: to include special action projects; to assess the adequacy of health services at distances from major population centers; to make complete medical examinations and other health tests for rural school children; to inventory existing health care facilities and determine what is needed in order to provide adequate health care with maximum economy; and to initiate pilot rural health service programs using new techniques such as mobile diagnostic equipment and grants to rural doctors who may "ride the circuit" of several remote small towns.

Optometrists are very interested in the planning and development of the programs recommended. We have learned from bitter experience, however, that unless optometrists speak out, our services will be ignored—due either to lack of knowledge of our possible contribution or because we do not fit within the framework of the term "medical."

Optometry is an independent health profession willing to serve with other health care practitioners in the community so everyone can function to his fullest possible potential. Congress has recognized the importance of optometry by including both its schools and students in the 1963 Health Educational Assistance Act and subsequent amendments.

The need for optometrists in rural communities was specifically realized by Congress in the 1965 amendments. The law presently provides that optometry school graduates who establish practices in rural areas can be forgiven up to 50% of their student loans. Optometry participates in this law equally with other health practitioners.

We respectfully request that any reports from this committee use the term "health" rather than the term "medical" as was done in the Health Educational Assistance Act. The term "health" in no way limits either the scope of the program or the individuals who may participate. In this day of health manpower shortages, there must be maximum utilization of all licensed professional practitioners to serve the Nation's health needs.

We also ask that you list the membership of the American Optometric Association with those who desire to participate in the planning and decision making processes of community district development. We will serve both as citizens and profession representatives.

Your courtesy in inviting our testimony is appreciated. Any questions can be directed to me now, or, later, to the American Optometric Association's Washington Office located at 1026 17th Street, N.W. Washington, D.C.

DELAWARE AREA CHAMBER OF COMMERCE,
Delaware, Ohio, June 20, 1966.

Representative HAROLD COOLEY,
Chairman, House Agricultural Committee,
House Office Building,
Washington, D.C.

MR. COOLEY: After having reviewed S. 2394 and H.R. 12466, I find some *very disturbing* provisions which would appear to place power in the hands of the Federal Government which rightly belongs in the hands of the state and local governments. It would very probably place control in the hands of the "professionals" hired by the Federal Government. There would necessarily be much overlapping of services, many of which are being undertaken by existing community, area or district economic development groups organized by the private sector of the economy, such as business, industry, civic groups, chambers of commerce, and others.

The Delaware Area Chamber of Commerce is especially concerned because many of its functions would obviously be covered under the proposed law. Much

community planning and development is presently going on in this area and we take great pride in feeling that we are going it ourselves.

I think your committee realizes this simple fact that these bills have provisions that displace the functions of every Chamber of Commerce. One proposal would allow an agency of the government to designate ANY AREA as a "Community Development District." (The Senate modified this proposal.)

As the bill was introduced, a designated district would include all or parts of several counties or even cross state borders. The Federal taxpayers, through the government, would finance up to 75 per cent of the cost of salaries and expenses of professional staff needed and could provide incentive grants to "facilitate the purposes" of the act.

And, if all community planning and economic development were done by this agency, what could the chamber of commerce point to as its purpose?

A copy of this letter and the enclosed copy of the reasons why this bill should not be enacted have been sent to Representative Jackson Betts of the 8th Congressional District, Ohio and Representative John M. Ashbrook 17th District, Ohio as well as to other members of Committee on Agriculture.

Sincerely,

ROBERT COLDREN,

Attorney, Chairman Government and Public Safety Committee.

THE COMMUNITY DEVELOPMENT DISTRICT ACT OF 1966 (H.R. 12466) SHOULD NOT BE ENACTED BECAUSE—

1. It places too much federal control over decisions and responsibilities which are the obligation of state and local governments.
 - a. Gives the Federal Government authority to decide what shall constitute a community development district.
 - (1) State agencies may propose the delineation of districts but are helpless to oppose federal designations unless state statutes prohibit such action.
 - (2) People within the designated districts, including their local governments, have no opportunity under the proposed Act to contribute to or oppose this decision.
 - b. The bill determines the type of planning organization to be established and specifies how the local areas shall be represented on this organization.
 - c. The proposed district planning agency is required to include plans for public services and all other governmental functions regardless of the possible limited interest in or need for some of these services.
 - d. Grants for salaries would permit the Federal Government to determine the salary levels, terms of employment, and conceivably supply some of the "professional" staff.
2. H.R. 12466 duplicates existing federal programs providing for community, regional and district development:
 - a. The Public Works and Economic Development Act of 1965 authorizes the U.S. Secretary of Commerce to establish economic development districts, centers and multi-state regional federal-state planning and coordinating commissions. It also provides grants, technical and financial assistance to these commissions.
 - b. The Appalachian Regional Development Act provides for similar assistance to that area.
 - c. The Economic Opportunity Act provides for grants and technical assistance for community action and resource development in poverty areas.
 - d. The Food and Agricultural Act of 1962 provides loans and technical assistance for designated rural renewal areas.
3. The bill deprives the respective states and local governments of assuming their full responsibilities for determining their own community area needs and developing plans most suited to the area for fulfilling these needs.
4. The bill does not limit the application of the program to areas which are in greatest need of assistance.
5. The bill does not recognize the existence of many well-established community, area or district economic development groups organized voluntarily by the private sector of the economy (business, industry, civic groups, chambers of commerce, etc.) for the purpose of developing plans and implementing these plans to fulfill their own economic development objectives.
6. The primary objective of the bill seems to be that of making the greatest use of all federal programs and resources and decision-making authority for

developing the respective districts without regard to proprietary interests and availability of the local talent and resources within these areas.

7. According to the President's message, the primary purpose of this legislation is to alleviate poverty in rural areas. This is another example of using the "motherhood" bandwagon technique to marshal support for a program which would otherwise encounter a groundswell of opposition.

8. The District Planning Agency is not needed as a focal point of information about federal program assistance. The National Chamber has assembled and made available to local chambers of commerce throughout the United States a Clearinghouse Service providing information on federal programs applicable to local communities, the main features of each program and the sources of supplemental information.

9. The bill allows the Federal Government (by virtue of its technical assistance, approval or disapproval of plans, and selective extension of financial assistance) to determine which of competing municipal centers will be selected as the economic headquarters for the new district (for government agencies, industrial development, public services, etc.), rather than leaving the responsibility for this decision with the communities concerned.

In testimony before the Senate Agriculture Committee one witness who is regarded as the chief architect of this community district plan said: "*If we leave it to the individual communities to come to an agreement on a center of activity, we have nothing but barnyard squabble over whose town will be the center.*"

PORTLAND, OREG., June 13, 1966.

COMMITTEE ON AGRICULTURE,
U.S. House of Representatives,
Washington, D.C.

The undersigned present the following arguments against passage of S. 2934 and H.R. 12466, the Community Development District Act of 1966, as approved by the Senate Agriculture Committee and passed by the Senate, April 25, 1966.

1. The legislation is unnecessary. It duplicates the functions of many federal programs already in existence which provide planning assistance for economic development by areas. These include the Appalachian Regional Development Program, the Public Works and Economic Development Program, the Housing Act, the Water Resources Planning Act, and many more.

2. It duplicates in many respects the work already being done by Chambers of Commerce and other local planning groups. Ultimately, such organizations could conceivably cease to exist.

3. Even with the Senate amendments, which give more latitude to local authority, the power of the Federal Government, through its vast assortment of existing programs and with its control of the funds, could force compliance with the district development concept even in parts of the country where the necessity is nonexistent.

4. The bill is not, as originally described, "A rural poverty program." It in effect provides for the restructuring of the entire country—excluding the large cities—into economic development districts as determined by the Secretary of Agriculture. This would mean the end of local government as we now know it, and would further weaken state governments by reason of dependence on the federal structure.

5. Nobody can predict the ultimate cost of the programs generated as an outcome of this legislation. The planning alone would cost several millions of dollars, and the cost of the Federal programs instituted to carry out the plans would reach a staggering amount.

6. Finally, we believe that communities should be permitted to expand and develop under local direction, to the limits of their potentialities. To those that are unable to do so, federal aid should be administered upon request from such communities, and on a case basis.

Respectfully,

HENRY T. SWIGERT.
HAROLD M. GOWING.
BILL WALKINS.

ASHLAND, NATICK, FRAMINGHAM, CHAMBER OF COMMERCE,
Framingham, Mass., June 13, 1966.

HON. HAROLD COOLEY,
*House Office Building,
Washington, D.C.*

DEAR CONGRESSMAN COOLEY: We would like to have had a witness at the recent hearing held on S-2934 (substituted for H.R. 12466) but due to the shortness in receiving a notice, we were unable to attend.

Would you be kind enough to record the Framingham Area Chamber of Commerce as unalterably opposed to legislation of this type. We are an Area Chamber of Commerce, with a population of over 140,000 and are deeply disturbed at a proposal which would establish community development districts.

It appears that a proposal of this type would use Federal funds to control and promote industrial development in *selected communities*, and could have far reaching effects not only on present Federal-state-local relationships, but on the industrial and civic development plans of many local organizations.

For example:

1. It places too much federal control over decisions and responsibilities which are the obligation of state and local governments.

a. The bill determines the type of planning organization to be established and specifies how the local areas shall be represented on this organization.

b. The proposed district planning agency is required to include plans for public services and all other governmental functions regardless of the possible limited interest in or need for some of these services.

2. This bill duplicates existing federal programs providing for community, regional and district development:

a. The Public Works and Economic Development Act of 1965 authorizes the U.S. Secretary of Commerce to establish economic development districts, centers and multi-state regional federal-state planning and coordinating commissions. It also provides grants, technical and financial assistance to these commissions.

b. The Appalachian Regional Development Act provides for similar assistance to that area.

c. The Economic Opportunity Act provides for grants and technical assistance for community action and resource development in poverty areas.

d. The Food and Agricultural Act of 1962 provides loans and technical assistance for designated rural renewal areas.

3. The bill deprives the respective states and local governments of assuming their full responsibilities for determining their own community area needs and developing plans most suited to the area for fulfilling these needs.

4. The bill does not limit the application of the program to areas which are in greatest need of assistance.

5. The bill does not recognize the existence of many well-established community, area or district economic development groups organized voluntarily by the private sector of the economy (business, industry, civic groups, chambers of commerce, etc.) for the purpose of developing plans and implementing these plans to fulfill their own economic development objectives.

It is earnestly hoped that in view of the fact that there is no real need for this measure, you and your committee will act accordingly and reject it.

Sincerely,

BERNARD L. ROACH, C.C.E.,
Managing Director.

GREATER TUSCALOOSA CHAMBER OF COMMERCE,
Tuscaloosa, Ala., May 25, 1966.

HON. ARMSTEAD I. SELDEN,
*Member of Congress,
House of Representatives,
Washington, D.C.*

DEAR ARMISTEAD: We are greatly concerned over many of the features embraced in the proposed "Community Development District Act of 1966" (HR

12466). Our interpretations of this proposed legislation lead us very quickly to tag it as 'unnecessary legislation'.

We ask that you review the attachment¹ as deliberately as your time will permit. In doing so we feel sure you will come to the same conclusions as have we with reference to this unneeded "hand in the pot" aid from Washington.

We know you are quite busy but we would like to urge that you write us at your earliest convenience and let us know what your reaction to this proposed legislation may be after reviewing the reasons that we have set out in the attachment in opposition to its passage.

With warm personal regards and best wishes, we remain,

Sincerely,

C. D. DAVENPORT,
Executive Vice President.

Mr. PURCELL. The committee will recess subject to the call of the Chair.

(Whereupon, at 4:40 p.m., the committee adjourned, subject to the call of the Chair.)

¹The attachment referred to is identical to one enclosed in the letter addressed to the Chairman from the Delaware Area Chamber of Commerce, see p. 149.

