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TITLE V REGIONAL COMMISSIONS

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

S. 1189

A BILL TO AMEND THE PUBLIC WORKS AND ECONOMIC
DEVELOPMENT ACT OF 1965 IN ORDER TO ESTABLISH A
REGIONAL IMPACT AND DEVELOPMENT ASSISTANCE
PROGRAM

JUNE 4, 1975

SERIAL NO. 94-H20

Printed for the use of the Committee on Public Works



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1975

54-718 O

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TITLE V REGIONAL COMMISSIONS

WEDNESDAY, JUNE 4, 1975

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 4200, Dirksen Senate Office Building, Hon. Joseph M. Montoya (chairman of the subcommittee) presiding.

Present: Senators Randolph (chairman of the full committee), Montoya, Hart, Stafford, and Domenici.

OPENING STATEMENT OF HON. JOSEPH M. MONTOYA, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator MONTOYA. Good morning.

Our hearing this morning is designed to give some much needed attention to the title V regional commissions, authorized under the Public Works and Economic Development Act.

Today these commissions include 30 States in 7 different regions. Four of these States also participate in the Appalachian Regional Commission. A total of 40 States now participate in regional commissions.

This committee has before it legislation passed by the House, proposed by the administration, that would extend the Appalachian Regional Commission and its programs for 4 years. I do not know what action the Senate will take on this legislation. However, those of us who have looked to the other regional commissions to reach a level of achievement comparable to the Appalachian Commission know it is not possible under past and current funding.

I am pleased to learn that the administration is considering a proposal to Congress that would extend the title V commissions for 2 or 3 years. I am told that little if any increase in funding will be proposed and that some trimming of program authority is likely; for example, the excess property authority added to the act in 1974.

Last year the Congress tried to tell the administration we wanted more action in the commissions. This committee sponsored an increase in authorization from \$95 to \$150 million. Unfortunately, there has been no increase in funding requests nor in program emphasis.

This hearing will focus on the areas of new program authority that might be considered in any proposals to extend the commissions. Senator Mansfield, with Senators Metcalf and Moss, has introduced S. 1189, which is before this committee. Senator Mansfield has pre-

pared a statement on his bill. Unfortunately, because the Senator is taking up the Military Procurement bill this morning, he may not be here.

What are regional issues today? I think most would agree that energy, environment, and transportation are regional issues. Should the title V commissions have greater responsibility in these and other areas? If we are going to continue the commission approach, perhaps they should be given a chance to show what can be achieved in these areas that are beyond the capability of States—yet are not uniformly national either—but vary from region to region.

This morning we shall hear Senator Moss, speaking as chairman of the Western Congressional Caucus, and Senator Bumpers, former Governor of Arkansas and former States cochairman of the Ozarks Regional Commission. Governor Noel of Rhode Island has generously agreed to give his views to this committee. He has long worked in the vineyards of New England with its regional problems as an active and articulate former States cochairman of the New England Regional Commission. I am sure he will have something to tell us about energy and transportation. We shall hear also from a transportation expert from Wisconsin.

Governor Apodaca, who is chairman of the Western Governors Regional Energy Policy Office, Inc., a consortium of 10 Western Governors, was unable to be here today to present the views of that group. His assistant, Mr. Mike Costello, will present those views.

Finally, the administration is proposing tentatively the placing of the Federal cochairmen and EDA under a single Commerce Department Secretarial Officer. They have written the title V Governors asking their opinions of this proposed move. I understand the purpose of the change is to better coordinate these programs. I understand also no request for greater funding is likely. For myself, I would be skeptical of more coordination—in a department that has often been hostile, if not indifferent, to these programs.

Many Governors have already responded to the administration's request for their views. Some of them have sent copies to me. There is little doubt of their open hostility to the coordination being proposed. I shall make a part of the record of this hearing their views on this matter and their comments on the regional commissions. [See p. 67.]

I have communications from a number of Governors. These communications will be made a part of the record. (See p. 7.)

Senator Moss, we are happy to have you here this morning and certainly would like to hear from you, not just on your bill, but anything you might want to speak about.

OPENING STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Mr. Chairman, I do have a few opening observations with reference to the hearing. I hope I don't delay my distinguished colleague from Utah, whom I met this morning.

Mr. Chairman, I think that the hearings which you start today on the overall concept of title V and in particular on Senate bill 1189,

should permit us to focus in on some very significant aspects of the Rocky Mountain region, which certainly concerns you and I and a number of others.

Mr. Chairman, when I refer to the Rocky Mountain States, I would like to share with you and for the record a few very significant facts. These eight Rocky Mountain States are 26 percent of the area of the United States but only 4 percent of the people of the United States live there. This same region contains about 50 percent of the Nation's coal and oil shale and 95 percent of the Nation's uranium.

Now, we are busy fashioning a national policy of trying to get this energy developed. Yet, it's difficult to accommodate this development in a region with the characteristics that I have just described and add to that the fact that most of the States in that region are among the lowest in per capita income in the Nation, yet, we are being asked to develop the energy breadbasket—and I think that is a fair description of what those eight States are, based on the facts that we described. We are being asked to develop those for the good of the economy.

There are those who would say that with the development would come the taxes, so, you ought to be able to develop it yourself. But Congress seems bent on national policies quite to the contrary. In fact, Senate bill 692, for example, with reference to natural gas, which has a significant impact on these States that I am speaking of, if that bill was passed, the poverty-ridden State of New Mexico, over the life of one of its natural gas stations, will suffer a tax diminution, estimated by one of our tax experts, of \$1 billion. These funds would be used locally for schools and other development in that State.

So, we seem to be developing a national policy of regulating, allocating, controlling the prices, and then we have Supreme Court decisions affecting interstate commerce in these commodities, natural gas, and eventually synthetic gas. So, we are running head on into being asked to develop this breadbasket. At the same time, we are being put in the position of not having resources at the local level to do the jobs that we must do in terms of planning, and in terms of developing the communities that are going to grow.

So, Mr. Chairman, I welcome the opportunity not only to hear the distinguished speakers today with reference to their views, but I commend the chairman for an overall look at how we might use title V to alleviate some of the problems I have just described in terms of the energy breadbasket and its development and getting our fair share in terms of sharing national tax resources, if we are going to share our natural resources.

I thank you, Mr. Chairman.

Senator MONTÓYA. Thank you, Senator Domenici.

[The bill, S. 1189 and letters and telegrams from the State Governors follow:]

94TH CONGRESS
1ST SESSION

S. 1189

IN THE SENATE OF THE UNITED STATES

MARCH 13 (legislative day, MARCH 12), 1975

Mr. MANSFIELD (for himself, Mr. METCALF, and Mr. MOSS) introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To amend the Public Works and Economic Development Act of 1965 in order to establish a regional impact and development assistance program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title V of the Public Works and Economic Development
4 Act of 1965 (42 U.S.C. 3181 et seq.) is amended by adding
5 at the end thereof the following new section:

6 “REGIONAL IMPACT AND DEVELOPMENT ASSISTANCE

7 “SEC. 515. (a) The Secretary is authorized to provide
8 funds to each Federal Cochairman, upon specific recom-
9 mendation of the regional commission of which he is a
10 member, to be used for grants to eligible recipients within

1 economic development regions established under this Act.
2 Such grants shall be for the purpose of meeting social,
3 economic, or environmental impacts resulting from natural
4 resource development, significant changes in Federal Govern-
5 ment policies, programs, or regulations, or significant shifts
6 in employment opportunities, and to achieve regional de-
7 velopment objectives identified in comprehensive long-range
8 plans developed under section 503 of the Act. Assistance
9 pursuant to this section shall be in addition to and not in
10 lieu of assistance authorized by any other section or title
11 of this Act.

12 “(b) As used in this section, the term ‘eligible recipient’
13 means a redevelopment area or economic development dis-
14 trict established under title IV of this Act, an Indian tribe,
15 a State, a city or other political subdivision of a State, or a
16 consortium of such political subdivisions.

17 “(c) Grants made pursuant to this section may be used
18 for public facilities, public services, business development,
19 planning, wage supplements, rent supplements, mortgage
20 payment assistance, relocation of individuals, loans, loan
21 guarantees, lease guarantees, and other appropriate assist-
22 ance. At the request of the eligible recipient receiving the
23 grant, the regional commission may administer, or arrange
24 for appropriate Federal agencies to administer the assist-
25 ance programs in lieu of such recipient.

26 “(d) Such grants may be used in direct expenditures

1 by the eligible recipient or through redistribution by it to
2 public and private entities in grants, loans, loan guarantees,
3 or other appropriate assistance, but no grant shall be made
4 by an eligible recipient to a private profitmaking entity.

5 “(e) The proceeds of the repayment of loans shall be
6 returned to the Treasury of the United States as miscellane-
7 ous receipts.

8 “(f) Each regional commission shall develop and pre-
9 scribe policies and guidelines, approved by the Secretary,
10 to be followed in approving applications to eligible recipi-
11 ents for assistance under this section and for the adminis-
12 tration of programs carried out with such assistance.

13 “(g) Each eligible recipient receiving assistance under
14 this section shall report annually to the regional commis-
15 sion, as it may prescribe, with an evaluation of the effective-
16 ness of the assistance provided. Such information shall be
17 included in the regional commission's annual report to the
18 Congress.

19 “(h) There is authorized to be appropriated to carry
20 out this section not to exceed \$200,000,000 for the fiscal
21 year ending June 30, 1976, and \$200,000,000 for each of
22 the next four fiscal years thereafter. For each such fiscal
23 year not less than 10 per centum nor more than 20 per
24 centum of the funds appropriated under this section shall
25 be available for assistance to any one regional commission.”.

STATE OF ARKANSAS,
OFFICE OF THE GOVERNOR,
Little Rock, Ark., May 20, 1975.

HON. MIKE MANSFIELD,
U.S. Senate,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: I was very glad to read of your introduction of S. 1189 adding a new Section 515 to Title V of the Public Works and Economic Development Act. This new section would be extremely helpful to Arkansas which was one of the charter members of the Ozarks Regional Commission which now has been expanded, as you know, to a five-state commission.

My experience as a Member of Congress and now as Governor has shown me just how capable and valuable these regional Federal-State partnerships can be. But what is vitally needed now with our Commission is an assurance of continuing life so that we can carry out the new five-state regional action plan which will be completed this fall.

It would be very helpful if you were able to expand S. 1189 so as to include in it the ongoing sections of Title V and to extend the authorized life of the Title V Commissions for at least four years.

Sincerely,

DAVID PRYOR, *Governor.*

STATE OF COLORADO,
Denver, Colo., May 21, 1975.

Senator MIKE MANSFIELD,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: As a State Legislator and now as Governor of Colorado, one of my principal concerns has been the protection of the environment enjoyed by our citizens.

Because of this interest, I was pleased to learn that the Four Corners Regional Commission is sponsoring a planning project that provides a comprehensive system for evaluating economic benefits and environmental problems created by specific development proposals. This Model has been adopted by all four of the States in the Region and should be a very useful mechanism for key governmental decisions in weighing the advantages and disadvantages of public and private development projects.

Each of our States understands that the future will be dynamic, and none of us wishes to adopt a purely negative attitude toward development. We do, however, insist that whatever development is to take place be carefully considered in all its implications, not just for tomorrow but for later as well. This is why I not only welcome the imaginative efforts of the Commission to date but wish to urge that its work be continued.

The Commission has already done exceptionally fine work in helping communities in the southern half of Colorado to become more viable. But we know that our State faces special new challenges in assessing its part to meet the energy and mineral needs of America in the 1970s and 80s.

The new programs which your S. 1189 would make available are especially critical to the Regional Commissions' future work in this area. I urge its immediate enactment in addition to the continuation of the regular grant, technical assistance and excess property programs now in operation by the Commission.

However, we must have programs of sufficient duration, at least four years, to make for rational program planning and execution. You may count on my support in working for such legislation.

Sincerely,

RICHARD D. LAMM, *Governor.*

OFFICE OF THE GOVERNOR,
Atlanta, Ga., June 2, 1975.

HON. JENNINGS RANDOLPH,
Chairman, Senate Public Works Committee, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR RANDOLPH: Enclosed is my statement to the Senate Public Works Committee concerning the hearing of Title V Legislative Changes. If appropriate, I would request that this testimony be placed in the record.

I appreciate the opportunity to express my thoughts on this vital issue.

Sincerely,

GEORGE BUSBEE,
*Governor of Georgia,
State Cochairman, CPRC.*

[Enclosure.]

STATEMENT OF HON. GEORGE D. BUSBEE, GOVERNOR STATE OF GEORGIA AND
THE STATES COCHAIRMAN OF THE COASTAL PLAINS REGIONAL COMMISSION

As States Cochairman of the Coastal Plains Regional Commission, I welcome the opportunity to express to you my thoughts concerning this Regional Action Planning Commission program. Georgia has participated in this federal-state partnership since the Coastal Plains Regional Commission was chartered almost eight years ago.

It has been our experience that the Commission mechanism has provided the State, through its chief elected official, a voice in the formulation and execution of a very important economic development program. I believe the most innovative aspect of the Regional Commissions is that they have provided a logical, workable, day-to-day link between and among the State, Federal, and local levels of government. As former Governor Bob McNair of South Carolina, who was instrumental in the formation of Coastal Plains, testified before Senator Montoya's subcommittee in Raleigh, North Carolina, several years ago, the Regional Commissions are the most effective delivery system yet devised for Federal programs.

Much has been achieved in Georgia and throughout our region through Coastal Plains Regional Commission activities even though funding has never reached a level to achieve the progress in economic development which is potentially attainable. In fact, appropriations have been reduced last fiscal year and this year, substantially below our level of FY 1973. If an increase is not forthcoming next year, it will be especially detrimental, inasmuch as former Secretary Dent on March 19, 1975, authorized expansion of our Commission to include 81 additional counties in Florida and Virginia.

Throughout our past, Title V Commissions have suffered from short, crippling periods of extension. In addition to many discussions in Congress and the National Governors' Conference, which have centered on a five-year extension with increased funding, the Council of Coastal Plains Governors (5 Governors) on May 12, 1975, recommended a \$17.3 million funding level for FY 1976 for the Coastal Plains Regional Commission and also supported adequate funding of all Title V Commissions. Additionally, I personally support and urge increased supplemental funding for our Commission. In the Coastal Plains section of the country, we have a working federal/state/local mechanism in place that can quickly stimulate local economies in the public and private sector. In light of these difficult times, I cannot think of a better or more expeditious expenditure of public funds.

The Department of Commerce's "Discussion Paper Concerning Economic Development Legislation After June 30, 1976," proposes to eliminate the supplemental grant authority (Section 509) of the Commissions. The rationale to support this position was apparently that supplemental grants forced Commissions to use special purpose projects which had only local impacts to attempt to satisfy their regional needs. This shows a complete misunderstanding of regionalism as well as the interface of local projects on regional economies. Many of the benefits Georgia has derived from the program have accrued from projects which were realized under this authority. Additionally, many of our communities, who are now the beneficiaries of significant projects, would not have been able to raise the local matching financial share required by other available federal funds had it not been for the Coastal Plains Regional Commission.

I notice further that the Commerce Department's discussion paper proposes to subordinate the Title V Commissions organizationally within the Department of Commerce. I believe that placing the Federal member of the partnership under the direction of an Assistant Secretary or an Under Secretary would negate the partnership principle on which we have been operating since the outset. To the contrary, in order to strengthen the partnership, I believe the Commission should be placed under the Executive Office of the President, similar to the Appalachian Regional Commission.

It is important to note that both the Task Force of the States on National Regional Development (the National Governors' Conference) and the Federal Cochairmen have stressed in the strongest terms recommendations which support more autonomy for the Title V Commissions in the management of their affairs. The discussion paper presented by Acting Secretary Tabor is diametrically opposed to this concept.

Lastly, this discussion paper proposes to delete the regional commissions' excess property authority. The legislation granting authority to the Commissions for excess property is intended to promote maximum use of Federal property by Federal agencies and the Commissions. Since the area served by our Commission is economically depressed, our region will benefit greatly by not changing this excess property authority.

In summary, I believe the basic principle of the Regional Commissions, that of shared responsibility and control by the State and Federal partners, has proved sound and effective and should be continued. Also, that the program authorities of the Commissions should be enhanced, rather than eroded away, and that adequate appropriations should be forthcoming from the Congress and the Administration. An approach to this is S. 1189, proposed by Senators Mansfield, Metcalf, and Moss, which is designed to provide Title V Regional Economic Development Commissions with broader grant and funding authority than they now possess. If organizational changes are to be made, they should be to strengthen the position and role of the Commissions, rather than to hobble them.

Thank you for this opportunity to give you my views.

STATE OF IDAHO,
Boise, June 4, 1975.

HON. ROGERS C. B. MORTON,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: Thank you for the opportunity to review changes to Title V Commissions proposed by the Department of Commerce. In my view the changes would eliminate most of the strengths that Congress and the State expect from a Federal-State partnership.

During the past year I served as State Cochairman of the Pacific Northwest Regional Commission. It was refreshing to work closely with a program involving the Federal Government which, while not steeped in bureaucracy, maintained positive and productive control of public money. Your suggestion that Title V Commissions and EDA be unified under a Department of Commerce official, would insulate the Federal system from any meaningful State participation and would saddle the program with costs of delivery in excess of value received.

It appears that none of the thoughts behind these changes is in harmony with the concepts adopted by Congress and four successive Administrations in the Appalachian Development Act. The Administration is supporting extension for four years of the Appalachian Commission as an independent program. I cannot see why the Pacific Northwest should be denied cooperation which is offered to Appalachia.

Except for the history of inadequate funding, Title V Commissions have my full support in their present form. Changes to legislation strengthening lines of communication between the States, the Congress, and the Administration are the only changes of value to the citizens of Idaho and the Pacific Northwest. The changes you offer are a step backward at a time when positive, forward-looking measures are essential if our economy is to progress.

Sincerely,

CECIL D. ANDRUS, *Governor.*

STATE OF KANSAS,
OFFICE OF THE GOVERNOR,
Topeka, Kans., May 21, 1975.

HON. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: As one who has strongly supported the concept of grass roots involvement by "we the people" in our land, I have strongly supported the concept of the regional commissions established by Title V of the Public Works and Economic Development Act.

Consequently, I was pleased to hear that you and others had introduced legislation which would make even more vital and relevant the role of these commissions. The record is clear that our Ozarks Regional Commission has played a profound role in the development of this area. We of the great state of Kansas are most appreciative of this role. Without doubt, essential growth has taken place which would have been missing without this activity.

As a suggestion, I would hope your legislation could be further extended to include the other sections of Title V under which our commissions function thus giving a greater assurance of continuance to these commissions as they would look creatively and responsibly to the future.

Again, thanks for your insight and support of this vital area.

Very Sincerely,

ROBERT F. BENNETT, *Governor.*

STATE OF LOUISIANA,
Baton Rouge, La., May 20, 1975.

HON. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: I was very pleased to see your introduction of S. 1189 which, as I understand it, adds a new Section 515 to Title V of the Public Works and Economic Development Act. As I read the legislation, it provides an additional \$200 million for Title V Commissions for achieving regional development objectives.

I am serving as the State Cochairman this year of the Ozarks Regional Commission and we are completing a new five-state regional action plan which your proposed legislation will certainly help us implement.

I would recommend that you also include in your legislation the existing sections of Title V and certainly that you provide for a four-year extension of this Commission's life.

Sincerely,

EDWIN EDWARDS.

STATE OF MICHIGAN,
OFFICE OF THE GOVERNOR,
Lansing, Mich., May 29, 1975.

HON. MIKE MANSFIELD,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: As a member of the Upper Great Lakes Regional Commission for the past five years and as Chairman of the Rural and Urban Development Committee of the National Governors' Conference, I have supported—and will continue to support—the federal-state partnership concept of regional commissions under Title V of the Public Works and Economic Development Act and the Appalachian Development Act.

The continued role of the Upper Great Lakes Regional Commission and its contribution to the improvement of our region are all the more essential now in view of the current problems of our economy, energy supply and transportation systems.

I urge extension of the Title V commissions for at least four more years and, therefore, endorse your Bill, S 1189, which would both extend Title V and broaden its authority to deal with current problems.

Sincerely,

WILLIAM G. MILLIKEN, *Governor.*

STATE OF MINNESOTA,
OFFICE OF THE GOVERNOR,
St. Paul, Minn., May 29, 1975.

HON. MIKE MANSFIELD,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: I was very pleased to note your introduction of S. 1189 adding a new Section 515 to Title V of the Public Works and Economic Development Act.

As regional problems increase due to energy shortages, such as the threatened cut off of Canadian crude oil to the Upper Great Lakes area, we feel S. 1189 could provide the means by which Commissions could take positive action. The Upper Great Lakes Regional Commission could take that positive action to meet such problems with sufficient funds to carry out meaningful programs.

Your intent to extend Title V by S. 1189 is most gratifying. It is clear that the State-Federal partnership found in Regional Commissions has worked and will continue to work. With additional life and funding, it is my belief that States can deal with problems that need solutions now.

With warmest personal regards,

WENDELL R. ANDERSON, *Governor.*

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, Mont., June 29, 1975.

HON. JENNINGS RANDOLPH,
Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR SENATOR RANDOLPH: I am writing about the pending legislative action involving the Title V Regional Economic Development Commissions. While Congressional understanding of the importance of these Commissions to state economic development is considerably more acute than that of the administration, I nevertheless want to reiterate my support for expanded Federal support for the Commissions.

It is my opinion that the Commissions come much closer to fulfilling a viable state-federal relationship than most other federal grant-in-aid programs. This is simply because the Commission structure and operation gives the states an integral role in determining their economic actions. Few other federal programs provide such flexibility, and I am sure you can appreciate the value of such an approach to state officials.

I have been concerned in recent years by the administration waffling on the role and the future of the Commissions because it is my recollection that the Congressional intent was originally for the Commissions to have a strong and integral role in the national economic development program. This intent certainly has not been borne out in fact and any consideration of legislation affecting Title V Commissions should take cognizance of the deficiency.

Those of us who welcome the Commissions at the state level were under the impression that the Title V Commissions would have authority and funding similar to that of the Appalachian Commission. Since such benefits have never come to pass, it would seem there is no better time to remedy that deficiency than during consideration of new authorizing legislation.

You are probably aware that the Old West Governors' meeting last month in Billings unanimously endorsed Senate Bill 1189 by Senator Mansfield which would provide expanded authority and funding for the Commissions. It would seem to me that such a measure would be the vehicle which would accomplish many of the objectives which we have set out for the Commission.

I urge all possible support for Senate Bill 1189 and for any measures which provide more authority and funding for the Title V Commissions. Such action, in my opinion, is the most effective contribution which can be made at this time to our national economic well-being.

Sincerely,

THOMAS L. JUDGE, *Governor.*

STATE OF NORTH DAKOTA,
Bismarck, N. Dak., May 29, 1975.

HON. JENNINGS RANDOLPH,
*Chairman, Senate Public Works Committee,
Dirksen Office Building, Washington, D.C.*

DEAR SENATOR RANDOLPH: This letter concerns Congressional consideration of new authorization for the Economic Development Administration and the economic development commissions.

It should be borne in mind by those who have a part in the proceedings that one of the most difficult problems encountered by northern plains states in our lifetime is coping with the various energy development impacts which have beset us as the nation looks westward for its much needed energy resources. I know you are conversant with our problems and understand the political and economic implications which they create for our states.

One of the most reassuring factors in the entire troublesome energy picture has been the resources and capability of the Old West Regional Economic Development Commission. Through it we have hopes of finding our way through a morass of problems which would have been insurmountable if the states had been left to their own resources and those of standard grant-in-aid programs.

Because the Old West Commission is able to support our needs in environmental water and socio-economic impacts, and because it, along with the Four Corners Commission, has been able to sponsor establishment of a ten-state energy policy office, we are coping with a situation which easily could have become out of hand.

The Commission's unique federal-state structure provides a flexibility of action and planning which is unavailable through EDA or other grant-in-aid programs. It is this quality which establishes their benefit to the states, which I believe was intended in the legislation. It provides a capability to the states to help themselves—not as the federal government sees their needs but as they know them.

The Governors of the Old West Commission have endorsed Senator Mansfield's bill, S. 1189, and I ask favorable consideration of it by your Committee for it encompasses the larger authority and increased funding which will make the regional commissions viable and effective instruments of economic progress.

The structure has been established, but as you know, the Commissions have not had the resources to mount a comprehensive economic development program. Lack of support from the Administration of the Office of Management and Budget also has severely handicapped their performance.

As I view it, the original intent of the Congress should be implemented to place the Title V Commissions on a par with Appalachia, both in authority and in available funds. I believe S. 1189 is a measure which will accomplish such an objective. Its enactment would be one of the most effective steps this Congress could take toward a uniform and long-range economic development in all the states.

Sincerely yours,

ARTHUR A. LINK, *Governor.*

STATE OF SOUTH DAKOTA,
Pierre, S. Dak., June 2, 1975.

HON. JENNINGS RANDOLPH,
*Chairman, Senate Committee on Public Works, Senate Office Building, Washington,
D.C.*

DEAR CHAIRMAN RANDOLPH: In view of Congressional consideration for the future of the Regional Economic Development Commissions, I wish to take this opportunity to express my views on their value as an economic development tool for the states and their political subdivisions.

The Commissions, in my experience, have more than proved their value. The federal-state nature of their programs is a benefit to state planning and action which is not present in other forms of federal grant-in-aid programs. This factor, and the flexibility and scope of action which it provides for the states, is one of the principal strengths of the Commission approach to government.

An indication of the importance which is attached to the Commission program by the governors of the Old West Regional Commission is the fact that with only two exceptions in the past two years, all five Governors have attended every meeting and spent much time in formulating and approving the Commission program.

My principal concern about the Commission is the failure of the Congress—and more specifically the Administration—to provide the Title V Commissions with authorities and funding commensurate with the Appalachian Commission, after which they are patterned. It is time to remedy this oversight.

You may have noted the five Old West governors recently endorsed S. 1189 by Senator Mansfield, which would provide additional powers and funding for the Title V Commissions and move them more directly into the same configuration as Appalachia.

I respectfully request favorable Congressional consideration of this measure and with every best wish, I remain

Sincerely,

RICHARD F. KNEIP, *Governor.*

STATE OF UTAH,
Salt Lake City, Utah, May 27, 1975.

Hon. MIKE MANSFIELD,
*U.S. Senate,
Senate Office Building,
Washington, D.C.*

DEAR SENATOR MANSFIELD: In my presentation to the Energy Management Seminar held at Salt Lake City on December 6, 1974, I stated that this country was on its way to ecological disaster unless realistic plans for energy development were formulated. I emphasized that these plans could not be short-term, stopgap solutions but must be intelligent, comprehensive proposals based on review of all the factors involved.

This is why I am particularly pleased that the Western Governors have established an Energy Policy Office to carefully consider and then recommend ways in which we can meet America's future energy needs while also providing the environment that all of us here wish to keep for future generations of Westerners.

For the last several years, Utah has been working to develop projects to help energy impacted communities and industries meet these new challenges. For example, most of the grant and technical assistance money provided to our state by the Four Corners Regional Commission now goes to help energy impacted communities in the coal producing or oil shale areas of Utah. In addition, the Commission funded a new coal mining occupation training center at Price, Utah; perhaps the first of its kind in the nation. Four Corners is also helping with planning money for the new community facilities needed for electrical generating plant workers on the Kaiparowits Plateau, coal mining communities in the Carbon-Emery County area and the Uintah oil shale portion of the Green River Basin.

We need this kind of assistance, but it cannot alone meet the expanded challenges before us. S. 1189 would provide the comprehensive authority needed for assistance to natural resource development affected communities which we must have if the Western States are to produce the new energy resources the country will need in the future. With this added authority for the Regional Commissions, their present programs authorized over a more adequate four or five year period and higher funding levels, we can go a long way to meeting one of the major challenges of the 1970's and 1980's.

I wish to say, as one of the Four Corners Commission founders in 1966, and an active partner since that time, that increased funding for the Title V Commissions to meet such problems as the energy crisis should not be a partisan matter. President Ford, in his Vice Presidential confirmation testimony before the U.S. Senate Rules and Administration Committee on November 1, 1973 and in answer to a question from Senator Pell stated as follows: "I firmly believe in the grant approach, when you go from federal government with the dollars program to the states, and then the states participate through appropriate commissions or organizations in the distribution of funds and the implementation of programs."

It is clear from this statement that the President favors the state-federal partnership for funding programs. I certainly subscribe to that approach, urge that S. 1189 be expanded to include regular Commission programs and be enacted to help our states deal with problems that need solutions now.

You may count on my help to work for this piece of legislation.

Sincerely,

CALVIN L. RAMPTON, *Governor.*

STATE OF WISCONSIN,
OFFICE OF THE GOVERNOR,
Madison, Wis., June 3, 1975.

Senator JENNINGS RANDOLPH,
Chairman, Senate Public Works Committee,
Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR RANDOLPH: As State Cochairman of the Upper Great Lakes Regional Commission, I urge that the Title V Commissions be extended for four more years, simultaneously with the Appalachian Regional Development Act.

Certainly, the Appalachian Regional Commission is one of the more innovative Federal programs in the last dozen years or so. At the same time the Title V Commissions have proved to be effective Federal-state partnerships. However, these latter organizations' ultimate potential is dependent upon better financing and program stability.

In a separate letter to Senator Mansfield, I have indicated my strong support for S. 1189 which, in part, would provide for better financing. Four year extension of the Title V Commissions would provide for better program stability.

Thank you for your consideration. If you have any questions please feel free to contact me.

Sincerely,

PATRICK J. LUCEY, Governor.

STATE OF WISCONSIN,
OFFICE OF THE GOVERNOR,
Madison, Wis., June 1, 1975.

Sen. MIKE MANSFIELD,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: As State Cochairman of the Upper Great Lakes Regional Commission, I am urging support of S. 1189. I also urge that the Title V Commissions be extended for an additional four years simultaneously with the extension of the Appalachian Regional Development Act.

Certainly, the Appalachian Regional Commission (ARC) is one of the most innovative Federal programs in the last 10-15 years. At the same time, the Title V Commissions have also proved to be effective by allowing for direct gubernatorial involvement in certain areas of Federal-State decisionmaking. To strengthen this Federal-State relationship and to realize the full potential of the Title V Commissions, they need better program stability and financing.

A four-year extension of the Title V Commissions along with a similar extension of the ARC will provide for that essential program stability. S. 1189 would also provide, at least in part, a better financial base. At the same time, your bill is very much on target for the Upper Great Lakes Regional Commission, which will increasingly be dealing with energy matters over the next several years.

Again, I strongly support S. 1189 and request a four-year extension of the Title V Commissions, to be concurrent with the extension of the Appalachian Regional Development Act.

If you have any questions, please feel free to contact me.

Sincerely,

PATRICK J. LUCEY, Governor.

STATE OF WYOMING,
Cheyenne, Wyo., June 4, 1975.

Hon. JOSEPH M. MONTOYA,
U.S. Senate, New Senate Office Building,
Washington, D.C.

DEAR SENATOR MONTOYA: Since your committee is soon to be studying continued authorization of the Title V Regional Economic Development Commissions, I am taking this opportunity to express once again my views on their value to the States' economic development programs.

I seem to recall that it was the Congressional intent in 1965 to equate these Commissions with the Appalachian Commission, both in funding and in authority. You are aware, I know, that because of continued administration opposition and indecision, they have never been given the resources or authority which has enabled them to fulfill the promise intended in the legislation.

Since the question is once again before the Congress, I am hopeful this previous intent will be strengthened and implemented in such a way that the administration will be impelled to accept the will of the Congress.

Since, as I understand it, continued authorization for the Appalachian Commission is also at issue before this Congress, it would seem to be an ideal opportunity to deal with all the Commissions simultaneously, thus assuring that all sections of the country receive the same economic development opportunities and impetus.

You may recall the governors of the five Old West states recently endorsed Senator Mansfield's bill, S. 1189, which according to my reading would go far toward providing Appalachian-type authority and funding for the other Commissions. I wish to repeat my support for this measure and urge that it be considered along with the Appalachian legislation in the context of expanding the authority and budgets of all Commissions so that the original Congressional intent is served this important legislation.

While I cannot speak for the other Commissions, I can assure you that the governors of the five Old West states view our Commission as one of our most effective weapons in meeting economic impact and development problems. It has become an even more invaluable tool in view of the pressing energy impact problems we are encountering. As you probably are aware, it is only through Commission action that we have been able to establish the Western Energy Policy Office which will be an effective force in equalizing the rights of the western energy-producing states with the national needs.

The contributions which the Commissions are making to our efforts to build a strong and progressive economy are too numerous to cite at length, but I did want you to know how I value the program and how strongly I feel about the necessity to expand it so that our states will have the same development opportunities exclusively enjoyed for so long by the Appalachian states.

Yours sincerely,

ED HERSCHLER.

VANCOUVER, WASH., May 22, 1975.

[Western Union Telegrams]

Senator MIKE MANSFIELD,
Washington, D.C. 20510

From: Pacific Northwest Regional Commission Governors.

We strongly endorse S. 1189 and H.R. 5261 and we urge enactment of legislation to accomplish their intent. We further request provision for a four year extension of all other sections of Title 5 of the Public Works and Economic Development Act of 1965 to conform to your bills.

For too long inadequate funding and an indefinite life have restricted the commissions effectiveness. S. 1189 and H.R. 5261 would strengthen the Federal/State partnership for the northwest States and provide greater flexibility in addressing regional problems.

CECIL D. ANDRUS,
Governor of Idaho.

DANIEL J. EVANS,
Cohairman, Governor of Washington State.

ROBERT W. STRAUB,
Governor of Oregon.

JENNINGS RANDOLPH,
Senator.

JOSEPH M. MONTOYA,
Senator.

ROBERT E. JONES,
Representative.

ROBERT ROE,
Representative.

OKLAHOMA CITY, OKLA., June 2, 1975.

HON. MIKE MANSFIELD,
U.S. Senate Building, Washington, D.C.

DEAR SENATOR MANSFIELD: I support the passage of your proposed legislation S. 1189, adding a new section 515 to Title V of the Public Works and Economic

Development Act. I do urge that you strengthen S. 1189 by including the other authorities given the Commissions through Title V and extend the life of these Commissions by four years.

Since becoming Governor of Oklahoma, I have been very impressed by the success of the Ozarks Regional Commission in Oklahoma and in multi-state planning. It is extremely difficult, however to do long term planning without an assured life in the future for this Federal-State arrangement.

Sincerely,

DAVID BOREN,
Governor of Oklahoma.

Senator MONTROYA. Senator MOSS, you may proceed with your statement.

STATEMENT OF HON. FRANK E. MOSS, U.S. SENATOR FROM THE STATE OF UTAH

Senator MOSS. Thank you, Mr. Chairman. I appreciate your courtesy. I'm glad Senator Domenici had the opportunity to say the things he did, despite the pressures that I have this morning. I want to thank you, Mr. Chairman, and the members of this committee for allowing me to testify in support of S. 1189, which was introduced by the distinguished majority leader, Senator Mansfield, Senator Metcalf, and myself.

There are numerous arguments one might make in favor of this legislation, going to the long-time disparity in funding for the seven title V regional commissions as compared to the Appalachian Regional Commission. Rather than repeat the arguments in favor of parity, however, I shall confine my remarks to a single subject: the need to provide additional funds to help Western communities meet the enormous burden of supplying energy for the Nation.

There are many kinds of energy-development projects which have begun or which are nearing construction in sparsely settled areas of the West—coal mines, coal gasification plants, minemouth electric generating plants, oil shale refineries, and others. The problems of providing housing, social services, and capital facilities—sewers, water-treatment plants and so on—in order to accommodate the population growth associated with such projects are staggering. The consequences of failing to provide the necessary facilities and services are disaster. Let me illustrate with a few examples.

In some cases these projects will occur near an existing town or in a county with an established economic base. Even in such a case, however, the impacts can be enormous. The construction of an oil shale refinery near Vernal, Utah, pursuant to the Federal Government's prototype oil shale leasing program, is illustrative.

The combined population of the two counties in Utah which will be directly affected by the development—Duchesne and Uintah—was 20,000 according to the 1970 census. Vernal, the largest city near the project, had a 1970 population of less than 4,000. The final environmental impact statement for the prototype oil shale leasing program assumes that Vernal's population will more than double—to 9,500 people—by 1980. The construction phase of the project will bring an estimated 8,600 people to the area. Once the operational phase begins that number will drop to about 6,100 people.

The city of Vernal and the surrounding counties do not have the housing or the water, the sewer facilities or the roads, the schools or health care services to take care of the needs of the workers and their families who will soon be arriving. Neither the town nor the county has the bonding capacity to raise revenues for such expenditures. More fundamentally, the community does not even have the money to undertake the kind of planning needed to ascertain the kinds and amounts of facilities and services which the incoming population will need, or how to handle the higher but temporary influx of the construction phase.

Let me give you another, even more dramatic example. A consortium of utilities will soon begin construction of a 3,000 megawatt generating complex on the Kaiparowits plateau in southern Utah. Both the construction phase and the operational phase for the plant and coal mine which will supply it will employ, directly, about 2,100 people. The consortium estimates that 4,200 other jobs will be generated to support the population operating the mine and powerplant. With 6,300 new jobs in the area, it is anticipated that a new community of about 14,000 will spring up. And a new community it will have to be, for the present population of Kane County, where the plant and mine will be located, has a present population of about 2,400. The only nearby towns—Glen Canyon City and Page, Ariz.—are much too small to accommodate any significant portion of the immigrants.

Kane County clearly has no planning capability suitable to the magnitude of the task facing it, nor has it the capacity to raise funds to build the facilities the new population will require. Once the powerplant is in operation, it will generate substantial tax revenues which will support city services—and this is true for energy developments generally. The immediate need, however, is for money to plan and to undertake construction of some of the basic capital facilities—sewers, water, roads, schools—which the incoming population will require immediately upon arrival.

The social consequences of failing to construct these facilities are intolerable. Life in the "tent towns" which have sprung up in Rock Springs, Wyo., and elsewhere is marked by abnormally high rates of alcoholism, mental disorder and other undesirable afflictions. It is the old Western tragedy of the boomtown in a modern setting, a tragedy which we should not let be replayed.

S. 1189 is an important step in avoiding the problems I have outlined. The bill will make available, through the regional commissions, money which can be used to plan for and implement the kind of orderly growth which will benefit both the Western States and the Nation. The need for such funding is immediate and imperative. I urge the subcommittee to give swift approval to the bill and to incorporate its provisions into S. 1513 extending the life of the Appalachian Regional Commission.

Mr. Chairman, as was indicated by Senator Domenici, the Western conference of the Congress met and adopted a resolution, adopted it unanimously. I would like to read that resolution. The conference consists not only of the Rocky Mountain States, but also a number of the Old West States, Montana, the Dakotas, and Nebraska.

The resolution reads:

Whereas, natural resource development, necessary to meet the energy needs of the Nation, is imposing great hardship on small communities throughout the West and, whereas, these communities and the States in which they are located have inadequate bonding capability and insufficient funds to meet the needs for new capital facilities and other services required in energy-development impacted communities and, whereas, the social costs of life in such communities in the absence of necessary economic and social services are intolerable, now therefore, be it resolved that the Western conference endorses and urges the speedy approval of S. 1189, whose provisions are an essential step in meeting the needs of communities impacted by natural resource development.

It is signed by me, as chairman, and Congressman Udall, as Secretary of the Conference.

Mr. Chairman, my only comment is that this matter is coming on so rapidly that the problem is already upon us. Time is of the essence. We already have tent cities in some places. We already have places where no further water connections or sewer connections can be made. People are living in trailers, dipping water out of a barrel. They must go to some well and fill up. Those conditions exist even today.

When we, as a Congress, pass a clean water bill, setting standards which must be met for drinking water throughout the Nation, we can't ignore places where we're forcing people to dip out of a barrel to have water for their house.

Thank you.

Senator MONTOYA. Thank you very much, Senator Moss, for your very excellent presentation.

I have been concerned about the funds for the regional commission. As you know, we in Congress have been dismayed, in particular, in organization and funding, because of the Presidential veto every time we pass a bill. As I look at the regional commission personnel, we have seven permanent positions for each of the regions and what can seven permanent positions do to plan for an entire region?

The commission's been operating on small handouts from the Economic Development Association, and I am not blaming that agency because it is also restricted. They have no opportunity, really, to go into contracts with universities which conduct meaningful economic surveys.

Now, what, in your opinion, do you think these commissions can do and what do you think we should do by way of extending the authority and authorization and funding of these commissions, with respect to the subject about which we speak, namely, energy development and economic and social disarray caused by a sudden economic development?

Senator Moss. Well, first, I want to see the life extended for an appreciable period of time. An annual or 2- or 3-year extension is always subject to question—wondering if there will be an extension. So, I think first of all, the life ought to be extended for a longer period of time.

Second, I think the funding ought to be adequate for the commission so that they have the personnel and capability of doing planning in depth in the region, knowing where the impact is going to come, what has to be done to meet that population impact that is impending and to have plans for the facilities for those people as they arrive.

Third, we would have funds available adequate to do the front and construction we need, sewers, water, and things of that sort.

Now, as I indicated, after the energy extraction industry is established, of course, it's a taxable asset and taxes will be paid by it. If any kind of arrangements could be made that there be some kind of repayment, it's very much acceptable. But, we haven't been able to figure out how you get those things in play first, when the taxing power doesn't come until some time later, after the industry is established.

So, I would say, they should have funding available to make the front end construction necessary and perhaps some kind of recapture feature to get some of it back at a later time, over a longer period.

Senator MONTROYA. I am looking at the budget here for the appropriations for the regional commission. It averages about \$5 million for the regional commission over a period of years.

Now, last year, the regional commissions received \$38,000,497. The budget request is now \$42,081,000. The regional jump from \$5,858,000 each, on an average, to \$5,938,000, on an average. This is for technical assistance, supplemental grants. What can, say, four States do with \$5 million? They can do a lot, but they must do more. The other regions, with more than four States, what can they do with \$5 million?

Senator Moss. I think it's quite obvious the amount is an inadequate one. As the chairman pointed out in his opening statement, there is a vast region that is 25 percent of the United States in area and one that is sparsely settled, about 6 percent of the population. So, it is obviously an area that doesn't have the capacity to generate the kind of economic funding to meet this influx in energy. I'm talking mainly about energy now. There are other factors and I don't want to ignore them, but I have been talking and concentrating on the fact that we're under the greatest of pressure now to develop our energy sources. It is being done in little tiny communities or out in areas where there is nobody. The closest town would be 40 or 50 miles away.

We're really starting on the bare ground and we can't afford to try to do that. It is either going to fail in developing the energy project or it's going to cause intolerable conditions for those who go in there to try to do the development.

Senator MONTROYA. It is going to cause severe social conditions too.

Now, what do you think are the priorities pertaining to the Western conference?

Senator Moss. Well, this is one of the great priorities and we've spent time discussing it this morning, the influx and imbalance of population coming in. I can't think of anything more pressing than that. Of course, this extends quite widely. We're not only talking about water and sewer facilities and schools or even new roads. For instance, in some towns, a network of roads has to be built and allowing the length of time that we have, can we get those put in place and planned and constructed so that we have safe transportation in and out?

Senator MONTROYA. Have you had much contact with the Four Corners Regional Commission?

Senator Moss. Oh, yes, I have had considerable contact with it and it's done a great job within its limitations.

Senator MONTROYA. What is your opinion of the very low funding?

Senator Moss. Well, I think it's a mistake. I think the concept of having regional commissions is good. As I say, within the limitations,

which is a funding limitation, Four Corners Commission has functioned very well, but we have given them inadequate tools with which to work, that is, appropriate funding. The commission is sympathetic with local problems and has tried to help out where it could, but the money has always been short.

Senator MONTROYA. We have letters from several Governors who oppose this concept. They want to preserve the status quo. What is your opinion of this?

Senator Moss. Well, I think the present situation is preferable to bringing an end to the commissions and I think the degree of cooperation and coordination has been good up to this point, from the Federal Government and the Governors, who are the other cochairmen who served on the commission, and I think that it worked out very well. I would like to give the commission as much flexibility and latitude as we can rather than try to compress them more into a straitjacket, as would be likely if they went into the Department.

Senator MONTROYA. As I read your bill, you're trying to unfold a greater authority for the commission and give them a greater role in funding, planning, and more program authority. Do you think this would work better?

Senator Moss. We seem to have an enormous amount of redtape. I would like to see great flexibility and I would like especially to build up the strength of these commissions in the planning field. They seem to be competent and able staffed to do planning and able to develop plans. We should then be able to look down the road and avoid these disasters that come on from boomtowns and whatever else.

Senator MONTROYA. Any questions? Senator Randolph.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. Briefly, I believe that we are helped today by the witnesses testifying on S. 1189. The witnesses who come from the Senate, notably Senators Moss, Bumpers, and Metcalf, as well as those from without the Senate can and will provide us with valuable information on the Federal role in regional economic planning and policy formulation. I notice regrettably Senator Mansfield is apparently unable to be present.

The question today is whether we believe that the legislation which Senators Mansfield, Moss, and others propose is perhaps the most effective vehicle to bring about realistic action. I think it is important to indicate, for the record, that in 1965, we created, by an act of Congress, the Appalachian Regional Development Commission. The record of that commission in solving the problems facing the region has been excellent. What about the other regions of the country? As we prepare to extend the authority in the 13-State Appalachian region, what are we thinking about in reference to the other regions within the umbrella of seven specific regions of the country? The Appalachian region is outside of the regions we speak of today.

In response to questions by Senator McClellan when the Appalachian Regional Development Act was under consideration I stated that we could promise that what was being done in the Appalachian region was the result of a 2-year study. The study had

been released and the legislation developed was hopefully a response to the problems identified in the study. In other words, we had studies of the Appalachian States. The promise was also made that we would give the attention to the other areas of the country where similar economic and development problems existed in one form or another.

So the area of particular concern as you speak today, Senator Moss, is the Four Corners region. The Senators from Montana are, genuinely interested in the energy development problems being faced in the Old West region. Then, of course, Senator Bumpers' presence is noted. His moving interest in the Ozarks area, of which Arkansas is a part, is recognized. There are the other areas, to a degree, having the problems which you have presented, Senator Moss, now accentuated by the growth in our energy supply development.

So, as we think of title V of the Public Works and Economic Development Act of 1965—the regional commissions established thereunder—we all wish to attempt to have a program that will be planned, prepared, and carried forward that will be balanced. We must all realize that these areas are not set apart themselves; they are all part of the economic problem we face in this country today.

Now, as we attempt to provide some order, and that is what you are asking, in our economic growth, it is your interest and assistance in the ways by which this can be accomplished that I commend. We must consider regional problems being faced as we open new areas of this country to natural resource development to meet our goal of energy independence. Regional transportation programs are also a part of the needs that we foresee. You've touched upon the road problems.

So, as we develop a response to natural resources development problems—if we do it through the legislation you have proposed or otherwise, it is a process we must now begin. Later, these other programs can mesh together. We have to have a realistic theme to begin what I call a rational program, but a necessary program, for regional development to meet the needs for transportation, water, and other public facilities.

Now, I strongly support, as does the chairman, the title V commission and I believe that perhaps there will be an increase in the program authority so that there will be funding levels that are not only desirable but are absolutely necessary under the impact of the matters, Senator Moss, that you've brought before us.

I think, for the record, it might be well to indicate that when we had the first vote in the House of Representatives in 1965—forget the Senate for a moment—on the Appalachian Regional Development Act, there were 257 votes for that concept to be written into law and 165 votes against it. Now, 10 years have passed under the experience of that regional program and the vote to extend the Appalachian Regional Commission a few days ago in the House of Representatives was 399 to 88. That is proof positive that here, in the Appalachian region, the benefits have been very real and recognized by the Members of the House of Representatives. It was not, Senator Moss, another layer upon other layers of Government. It was a unique, new concept, a partnership with the 13 States on the understanding of regional problems.

Also, Mr. Chairman, I believe that in the Senate, you had provided for \$208 million for economic development programs in the Emergency Employment Appropriations Act—H.R. 4481—is that correct, and in conference, it was dropped to \$104 million?

I would want to be certain of that. We are only working from memory.

Senator MONTOKA. It is approximately \$208 million.

Senator RANDOLPH. And, in conference, it was lowered to \$104 million; is that correct?

Senator MONTOKA. Yes.

Senator RANDOLPH. Now, in that legislation, as I recall there was \$21 million for the title V commissions.

Senator MONTOKA. That is correct.

Senator RANDOLPH. Action is anticipated today in the House on a vote to override the veto; is that correct?

Senator MONTOKA. Yes.

Senator RANDOLPH. Now, is it your feeling that the \$21 million for title V is a sufficient amount of money with which to move forward with the problems?

Senator MONTOKA. It certainly is not. The average appropriation or allocation under this figure to the Commission would be approximately \$6 million to each of the regional commissions. This \$6 million is to be used for technical assistance, supplementary grants, research grants, different studies, and what have you.

Certainly, the smallest commission is Four Corners, which involves four States. The other regional commissions involve more than four States and more people. Certainly, this kind of funding is very inadequate.

Senator Moss. Thank you, Mr. Chairman, and members of the committee for your courtesy. The problem is already here and that is what I was trying to stress here today. Thank you.

Senator MONTOKA. Thank you.

We have with us, as our next witness, the Senator from Arkansas, Senator Bumpers.

STATEMENT OF HON. DALE BUMPERS, U.S. SENATOR FROM THE STATE OF ARKANSAS

Senator BUMPERS. Thank you, Mr. Chairman.

A few weeks ago, the House of Representatives voted 309 to 88 to extend the Appalachian Regional Development Act of 1965. Certainly that extension is justified by the statistics compiled for that region.

The Appalachian Regional Commission's figures show that Appalachia's poverty population has declined since 1960 from 31 percent of the total population to 18 percent now. Since 1970, the region has gained an average of 78,000 persons per year through immigration. Between 1965 and 1972, Appalachia was able to decrease its unemployment rate substantially with an increase of 744,500 jobs in the region. Between 1965 and 1972, per capita income increased by 69 percent, a substantial increase even after inflation is taken into account.

Appalachia also made advances in health and education. In 1960, only about 33 percent of the region's adult population had a high school education; by 1970 that figure increased to 44 percent. In 1971,

the average number of physicians in the region had increased to 100 per 100,000 residents, from a previous low of 92 per 100,000 in 1963.

I can only applaud these signs of significant progress in raising the Appalachian region's economic and social standing to a level closer to that of the country as a whole. The lesson to be drawn from the Appalachian Regional Commission's success is that the regional concept really does work, if a regional Commission is given the powers and the funding to perform its task. As you know, we have seven other regional commissions, authorized by the Public Works and Economic Development Act of 1965. I think it imperative that these commissions be placed on a par with the Appalachian Regional Commission. Five of these seven commissions have completed and had approved a set of development plans, as required by law. Only the two newest commissions, the Pacific Northwest and the Old West Commissions, have not yet received plan approval. These title V commissions are now in a position to put their plans into action. All they lack is the support of Congress, in the form of larger appropriations and more extensive powers. I think it's time we acted here in the Congress to show our faith in the regional concept, by ending the distinction between the Appalachian Regional Commission and the title V commissions.

There can be no question that the title V regions are as much in need as the Appalachian region. The 7 commissions cover all or parts of 31 States. As a group, they had almost 54 million people in 1973; that's one-fourth of the Nation's population. The largest region, Ozarks, in which Arkansas is included, had 15 million people, nearly as many as Appalachia. As a group, the persons residing within the commission areas had a per capita personal income of \$4,629, compared with just over \$5,000 for the Nation as a whole. Some regions, such as Four Corners, Coastal Plains, and Upper Great Lakes, had per capita incomes as much as \$1,000 below the national level.

In the commission areas, growth in employment has been relatively slow. Other measures of regional conditions, such as the quality of housing, education, and health services, are beneath national standards, sometimes to a shocking degree.

Mr. Chairman, it is unnecessary for me to dwell at length on the needs of the title V regions. Those needs have been well and fully presented in the development plans submitted by the commissions themselves, starting 5 years ago. Five of the regional commissions have already done an excellent job in analyzing their regions' problems, potential, and development strategies. Unfortunately, none of these commissions can point to the kind of progress that has been achieved by Appalachia. This is not because of any failure on their part. The difference is purely the lack of funding to title V commissions. I might even say that they have been given just enough to fail, and not enough to succeed. In fiscal year 1973, for example, the total appropriation for the title V commissions plus administrative support was \$39.1 million. This amounted to 74 cents for each person in the title V regions. For the same year, by contrast, appropriations for the Appalachian Regional Commission worked out to \$34.16 per person. In other words, Appalachian funding on a per capita basis was 46 times higher than that for the title V commissions. Even when highway funding is subtracted from this total, Appalachian funding is still many times higher than funding for the title V commissions.

Mr. Chairman, S. 1189 is a long step in the right direction toward redressing the unbalanced and unfair manner in which the title V commissions have been treated. It will raise their authorized funding twofold over past levels. It will also provide them with a wide range of flexible tools that will enable them to begin implementing their plans and development strategies. I think that much further reaching steps can easily be justified. I believe that the title V commissions should be placed on an independent footing, like the Appalachian Regional Commission, and given equal funding on a per capita basis, or, at the least, funding that more nearly reflects the comparable needs of the title V regions and the Appalachian region.

Finally, Mr. Chairman, I think that the time is rapidly approaching when we should step back and conduct a full and fair examination of the multistate regional concept. Regionalism is clearly going to be an important part of our country's future. We have many problems that cannot be dealt with on a State-by-State basis, because their implications extend beyond State borders; but on the other hand, these problems are often not susceptible to federally imposed solutions. This is the area in which regional solutions should and can be sought. In the long run, I think we will deal with such issues as transportation, the environment, and education more and more within a regional framework. In the meantime, we should do what we can to strengthen and extend our existing regional agencies. For this reason, I ask your support for S. 1189.

Senator MONTROYA. Thank you very much for your very fine statement, Senator Bumpers.

Now, can you tell me whether the funding which you have had in programing at the regional commission level has been adequate or not to do a meaningful job?

Senator BUMPERS. Mr. Chairman, the best way I could answer that would be to say that the last year I was Governor, Arkansas' share was less than \$1.5 million of the \$6 million for the Ozarks region, because we had to share with Oklahoma, Kansas, Missouri, and now Louisiana. I believe we had applications for over \$32 million. We did a study on which applications really met the guidelines of the full regional concept. It came out to almost \$20 million of the \$32 million.

I might add that it is politically untenable, too, when you're a member of a commission like that and you have that many applications. There's simply not enough money to go around.

Senator MONTROYA. I like your statement when you say they have been given just enough money to fail and not enough to succeed. I like that statement very much.

Now, what do you think of a 4-year extension of the regional commission?

Senator BUMPERS. I strongly favor it. While I was Governor, I was appointed to serve on the President's Advisory Commission on Intergovernmental Relations. I am sure the Senators are familiar with this group. This was during the Presidency of President Nixon, and I can remember having several almost violent fights in that commission to protect the regional concept. The concept is good. For example, I can remember when Mr. Romney was a member of ACIR, and constantly said that the title V commissions were nothing more than a political tool used by the Governors for political purposes, that they simply used

title V funds for other projects in which Federal funds were involved. That is true; that is often done. It often means the difference between whether a community is going to get a project and whether it is not. Such funding is justified when the project is a good one, a viable one, and meets the criteria for which the commissions were set up.

Senator MONTOLA. I am afraid some of those in Washington view this problem with a myopic eye and don't realize that one little town applying for a grant will stimulate the interests. Now, this committee has not been hesitant in voting authorization but we have always been presented with a veto. We have had to operate within a constriction of acceptability and that is why there is low authorization and low funding.

In view of the situation today, I think it is time for us to reconsider this matter realistically. I don't know what the House is going to do with overriding the President's veto.

I would like to ask you, as a former Governor, how do you view the roles of the regional commissions in carrying out substate planning organizations for economic and physically planning development?

Senator BUMPERS. That is a very good question. It is a difficult and a complex one to answer. We worked very closely with all of our planning development districts, especially in the planning area. As you know, the planning development districts are always coming to us and requesting help for certain projects in the community or county. I think that this close coordination of the title V commissions with the substate development districts is proper. That's one of the things we debated constantly in the ACIR.

One other thing I might say, I think I have a responsibility not only to represent my people but also to educate them and try to lead them in the way I think is in their long-range best interest. We were able to use the Ozarks regional grant, in conjunction with the regional planning districts, to hold seminars all over the State to discuss the feasibility and desirability of planning in our State.

One of the things I did not say in my testimony is that in the Ozarks part of Arkansas, in that 44-county area, the outmigration in the thirties, forties, fifties, and sixties was pretty devastating to the area. Now, we suddenly find ourselves, in those areas, and the entire State of Arkansas, growing at twice the national rate. I don't say this with any sense of pride, because population growth is not one of my goals. It was not one of my goals when I was Governor. I want tourists to come see us, but I don't care whether they stay or not, because we have a beautiful State and I want it to stay a beautiful State.

The point I am trying to make is that the State is now the fourth fastest growing State in the Nation in population, and this presents very serious planning problems. Roy Reed wrote a story in the New York Times recently about four little areas in the United States that are growing at this rate, and the Ozarks happens to be one of them.

This massive, sudden population growth creates tremendous community problems, creates tremendous regional problems. One of the reasons for the Ozarks Commission, in the first place, was to stop outmigration and to quit adding to the problem of urban blight. This immigration creates a similar and perhaps more complex problem for the communities and counties and regions not equipped for that kind of growth.

Senator MONTROYA. Any questions?

Senator RANDOLPH. Senator Bumpers, you have had the experience in your own State with the operation of the program. The Ozark Regional Commission and the State of Arkansas, working in partnership with the Federal Government to develop regional solution to your problems. Now, the title V regional commissions report to the Secretary of Commerce so there is this deficiency which decreases the impact of the development plans established by the commissions, is that correct?

Senator BUMPERS. Yes, that would be correct.

Senator RANDOLPH. I feel there has been this deficiency under the Department of Commerce. You have mentioned that your needs are comparable to the needs of Appalachia and I'm sure that is true.

Mr. Chairman, even though we might not agree that S. 1189 is the vehicle by which we can best do this job and meet these needs, it certainly points up the responsibility that we will have in this committee of acting not later, but now, on a program that will provide the necessary funds for regional development planning.

Senator Bumpers, I think our chairman, who has the expertise and understanding of these problems, is going to help you bring to the attention of the Congress what we have done in the Appalachian region and the results that have been achieved. If we give proper funding to the title V commissions and provide them with commensurate program authority, the results in these other regions will soon catch up with Appalachia.

Is that the premise of what you have been saying?

Senator BUMPERS. It is indeed. There is one other point I would like to make and that is, all the time I was Governor, one of the things that kept us from being as effective as we might have been, even with limited funding, was the uncertainty of funding. We never knew, from one day to the next, whether we would be funded the following year or not. It really took away a great deal of our efficiency.

Senator RANDOLPH. We have really, Senator Bumpers, encouraged as much as we can that these commissions be funded.

Senator MONTROYA. I might add for the record, as I have said many times, I think the administrators of the Economic Development Act have been very sympathetic to the program. I think Senator Bumpers has presented a good case for sainthood for the Appalachian Regional Commission.

Senator DOMENICI. Senator Bumpers, I would like to discuss with you a problem that I see in the Rocky Mountain area. They are very sparsely populated States that make up the Rocky Mountain area, and split between two regional commissions. We are 4 percent of the people in those eight States.

Today we are discussing expansion in terms of technical capacity. Some of us conceive that Senator Mansfield had in mind that we would use the regional commission concept to do kind of the reverse of Appalachia. We know that they have a depressed economy because they were stripped of their resources.

We feel that we need some substantial assistance in the area of planning, which you have described and I think that fits very well, and also in the area of the kinds of resources that those boom communities need in order to provide decent social services for those who

are going to be attracted there to develop these greater energy resources. It seems to us we are not going to get a fair shake on trying to get in return for the resources the money to use for the development. In fact, if we continue some of our present policies, we are going to almost eliminate the State from getting from resource development a new and improved tax base. So, we are looking for additional mechanisms because of the need for developing resources for a far larger population and for the Nation's good.

Based on your experience, could you share your thoughts as to whether an expanded title V in terms of programmatic capacity and in terms of technical assistance would fit this type of concept? I think you agree with Senator Randolph that there is no single easy approach to that but we are looking for ways to get that relationship into focus.

It seems here that while we are being asked to develop, we are being denied the advantage of local resource increases to cope with the tremendous problems, and they are real problems.

In your opinion, based on your experience, does the title V concept meet these kinds of needs.

Senator BUMPERS. Let me say, first of all, that I intend to note your assistance to the States. We are talking about sudden, substantial growth in my home State. You see, we have the reverse, and this is what you are talking about. Let me say I am not sure I can answer your question from a purely technical standpoint. Commissions are not set up to deal with the kinds of problems you are talking about. They can and ought to be structured to deal with the kinds of problems you are talking about, because I think they are a good vehicle to do it.

Senator DOMENICI. At the very minimum, you would be saying that with proper programmatic funding and technical funding or planning, they could be one of the ingredients in attempting to solve these problems.

Senator BUMPERS. They couldn't do it by themselves but they could certainly have a tremendous impact in assisting the region affected.

Senator DOMENICI. Now with reference to your experience on the commission, do you have any thoughts on structural changes that might make it work better?

Senator BUMPERS. I would be reluctant to say just what structural changes ought to be made, off the top of my head, but I think there are some.

Senator DOMENICI. As we proceed through the hearing, you would suggest we inquire in more detail on structure from those who are present at the operating levels.

Senator BUMPERS. Yes.

Senator MONTAÑA. Thank you, Senator Bumpers.

Senator BUMPERS. Thank you for allowing me to be here.

Senator MONTAÑA. We have with us, as the next speaker, a representative of Governor Apodaca, Mr. Mike Costello.

STATEMENT OF MIKE COSTELLO, ON BEHALF OF HON. JERRY APODACA, GOVERNOR OF NEW MEXICO

Mr. COSTELLO. Mr. Chairman, I am very pleased to present testimony before you today on S. 1189, a bill to amend title V of the

Public Works and Economic Development Act of 1965. The State of New Mexico appreciates the fine efforts which the subcommittee and you, its chairman, have made to insure that the objectives of this act are carried out. We feel that your favorable recommendation to incorporate Senate bill 1189 as part of the act will provide a timely contribution to the further realization of these objectives.

As I stated in testimony delivered before this subcommittee in March, New Mexico and the other energy-rich States of the Rocky Mountain west stand ready to help the Nation meet its energy needs. At the same time, we feel there exists a national responsibility to help the States of this socially, economically, and environmentally fragile region deal with the consequences of rapid energy development. During my previous testimony I suggested that amending the Public Works and Economic Development Act of 1965 might well provide an appropriate mechanism for giving financial and technical planning assistance to those areas of the country which will be impacted by such rapid development. S. 1189 would allow the title V regional action planning commissions to perform these functions.

The original legislation creating the title V commissions dictated that they be formed in regions where " * * * There is a relationship between the areas within such regions geographically, culturally, historically, and economically." The commissions then must be by their nature, aware of the common backgrounds of their member States. Therefore, the new socioeconomic functions assigned to the commissions through S. 1189 would be in line with the original statutory intent.

As you know, besides New Mexico, the Four Corners Regional Commission is composed of the States of Arizona, Colorado, and Utah. New Mexico has been extremely pleased with the way in which the commission has executed its original mandate. The commission has done much to improve and expand the economic base of its member States while remaining ever mindful of the differing cultural traditions found with those States.

The Four Corners Regional Commission has already had experience in many community type development projects. Such projects will be necessary to insure that rational community growth management accompanies any future energy development. While we are very pleased with the Four Corners Regional Commission's projects which have been implemented in New Mexico, it should be noted that these projects have not been parochial or one-State oriented in nature. All four States which comprise this commission have profited directly and/or indirectly from the economic development activities of the commission. One recent project financed equipment for power worker training programs in the four corners area of New Mexico. As you are aware, Mr. Chairman, powerplants in this area service all four member States of the commission. Therefore, graduates of this vocational training program produce a vital utility service which is needed by all four States, as well as the entire southwest grid.

The Four Corners Regional Commission is also sponsoring a project in Colorado to produce methane and fertilizers from organic wastes. Anticipating increased shortages in petrochemical and natural gas produced fertilizers, New Mexico eagerly awaits the conclusion of the project and the potential economic benefits it holds for our citizens

and those of the other member States. As the above examples indicate, the Four Corners Regional Commission is, and with passage of S. 1189, can continue to provide an excellent opportunity for a viable Federal/State partnership addressing problems of energy-related economic development and impact.

S. 1189 authorized \$200 million for each of the next 5 fiscal years to the title V commissions to assist the member States in those commissions to deal with "social, economic, and environmental impacts resulting from natural resources development". The Four Corners Regional Commission has already taken a strong lead in assessing the socioeconomic needs of the area under its jurisdiction. The commission has demonstrated its concern not only through conducting various studies, but also through actual funding directly applied to needed public work facilities.

As a fellow New Mexican, Mr. Chairman, you are painfully aware of the fact that throughout the Nation New Mexico is presently 49th in per capita income. In order for New Mexico to take an active part in the stated national policy of accelerated natural resource and energy development, it is essential that the impact assistance funds authorized by S. 1189 be made available to the four corners region of the West and to the other energy producing areas of the Nation as soon as possible.

In conclusion, Mr. Chairman, I would only say that we do not see S. 1189 as a panacea. Rather, it is a beginning, a first step toward dealing with both short- and long-term growth problems. As time passes, Federal, State, and local governments will no doubt gain experience and insight in dealing with these problems and return to the Congress for further legislative remedies. As they arise, we feel certain that the Congress will demonstrate its customary understanding and awareness of these new problems and deal with them accordingly.

Senator MONTROYA. I thank you for a very fine statement. I do know that Governor Apodaca has a tremendous interest. We do appreciate your coming before the committee.

Senator DOMENICI. I concur wholeheartedly with the chairman and I thank you. I think we are all concerned about the same problem and there is no easy answer to the question, but we do have some present problems that we've got to correct. Thank you so much.

Senator MONTROYA. We have with us, at this time, the very distinguished Senator from Montana, Senator Metcalf. We certainly welcome him at this time.

STATEMENT OF HON. LEE METCALF, U.S. SENATOR FROM THE STATE OF MONTANA

Senator METCALF. Thank you very much, Mr. Chairman.

It is a pleasure for me to appear before you on behalf of the majority leader and myself to speak in behalf of S. 1189, a bill we introduced on March 13, along with our distinguished colleague, Mr. Moss.

Quite frankly, Mr. Chairman, the bill we have introduced reflects our long-standing impatience over the administration's refusal to support the title V regional commissions to anything like the level I believe the Congress intended when the regional program was first delineated in 1965.

As originally conceived, these title V commissions were to lay out the regional plans and programs upon which substantive action could subsequently take place. Today, all of the original commissions have approved plans in hand and some of these are currently being updated. The newer commissions, including Old West Commission in which my own State of Montana is located, are presently completing their plans.

Despite truly worthwhile planning, research and technical assistance efforts, as well as significant use of their supplemental grant programs, the commissions have never been able to achieve anything resembling meaningful development progress. And what is the reason? Quite simply, the administration has sought for the last 4 years to terminate them in favor of general revenue sharing, arguing that these commissions are an unnecessary layer of administration.

I believe the evidence proved the contrary.

The Appalachian Regional Commission's program, about which your committee has recently heard favoring testimony, is a clear example that regional commissions—joint Federal-State partnerships—can be an effective means of joining Federal and subnational interests together in the solution of regional problems.

Mr. Chairman, may I say: I served on the Public Works Committee, for the time the whole Appalachian Regional program was formulated. The very success of that program was a prototype of what we are trying to do in other regions.

Senator MONTGOMERY. Well, two of the commissions have not formulated their plans. I know that you were very instrumental in trying to get this committee to make recommendations for administrative approval for reorganization of the regional commissions.

Senator METCALF. The title V commissions likewise promise the same. The reason their record is not as impressive as it could be is that they have been constantly underfunded and undersupported throughout most of their existence and they have lacked effective means of putting their plans into effect.

I would urge the committee to recall its own words of nearly 6 years ago:

Deficits in basic Federal programs necessary to carry out the commission plans exist in all critical program areas. The supplemental grant program presently authorized by law does not meet these needs. It serves the highly useful purpose of assisting local governments which have limited financial resources. However, when funds for the basic programs are insufficient to achieve the accelerated development which these commissions are designed to produce, the supplemental grant program cannot fill this gap. [Report of the Committee on Public Works, U.S. Senate, to accompany S. 1072. June 3, 1969, p. 18.]

Mr. Chairman, 6 years is too long to wait. The needs of the current commission areas are too severe. With the effects due to the current recession and our drive to develop new energy resources, the needs are now even greater than they were.

S. 1189 is intended to remedy those deficiencies. It provides the commissions with funds to be used in several significant ways to carry out the regional programs that have been assembled under the regional development plans. With broad flexibility to make grants for wide-ranging regional purposes, the commissions can both fill the gaps occasioned by the ordinary operation of Federal and State programs, as well as supporting and stimulating those uniquely regional projects and activities that are critical in the implementation of the regional plans.

Experience has shown that all of the myriad activities that occur at State and local levels of government will not, by themselves, add up to an optimal regional strategy. Locally conceived and implemented projects may serve local needs; but that is no guarantee that in so doing all of the activities will blend together in a supportive and harmonious way or that the most critical regional needs will be met first. It is only when the local initiatives and projects are fitted together with resources and objectives manifest at higher State and regional levels that the best of all possible worlds results. The program of regional commission-grant assistance is designed to provide those higher levels of supporting assistance.

Gentlemen, though the language of S. 1189 resembles that of title IX of the Public Works and Economic Development Act of 1965, as amended, it is important to understand that operationally the purposes are very different. Title IX authorized the Economic Development Administration to provide economic adjustment assistance to State and local areas threatened with or experiencing severe changes due to private or Federal Government activities. The thrust is to area adjustment assistance—to specific problems in specific areas.

S. 1189, by contrast, is directed toward development assistance on a regional scale. This means, in general, that the activities contemplated are those that, for one reason or another, cannot or will not be done independently by the states, development districts or local governments in the region. We cannot assume that every governmental element in the region will undertake development assistance activities which will automatically and logically meet needs at every level in the regional economy; probably some gaps will occur. It is precisely these gaps that the regional commissions under the proposed authority of S. 1189 will be able to fill. The objective of S. 1189 largely is to provide the commissions with authority and programs akin to those currently held by the Appalachian Regional Commission.

An illustration may help to make clearer the distinction between operations under S. 1189 and title IX.

Imagine that Montana and North Dakota jointly share a seam of coal deposits. Suppose an energy company is seeking a location for an energy-related facility based on these deposits. Suppose, further, that Montana has a potential site near a middle-size community, moderately equipped with public infrastructure and a reasonably balanced economy. Adjacent North Dakota also has a site suitable for the facility, but the nearest community is small, short of public facilities, and lacks certain other attributes required for quick development.

Under these assumed conditions, it is likely that the company will opt for the site in Montana since it is more attractive in most important respects. From a regional perspective, however, it may be that the North Dakota site would be preferable, because it would permit the location and dispersion of jobs and industry to an area of greater need, but not inferior coal resources.

I believe that in such a case the regional commission would be correctly motivated to use the program tools provided by S. 1189 to bring the plant to the community of greater need. Regional commissions are joint Federal-State partnerships in which the Governors

and Federal officials try to balance and apportion their resources to the common regional good. The authority given in title IX does not contemplate situations like this. More likely title IX authority would be involved in helping the Montana community acquire the plant and then adjust to the possible impacts caused by its location and operation there. While this will benefit the particular community, it might not be best from the standpoint of contributing the most benefits in a regionally significant way.

The regional perspective held by the regional commission is the special addition, the unique quality, that distinguishes a regional project from what ordinarily occurs under the existing title IX.

Today, by rough estimate, there are about 50 million people living within the current title V commission boundaries. Per capita, these people have personal incomes that are about \$500 less than our Nation's average. The aggregate income loss represented by just these lower incomes is something around \$25 billion. The unemployment and underemployment that this income loss represents, in turn, is something like 2 million extra full-time jobs.

In the same way that the current recession we are suffering represents an intolerable loss in income and output for our populace, so do we lose from the underused and unused capacities of our people and industries in distressed regions, even under nonrecession conditions. The severity of the present recession has raised our national consciousness to the need for positive action to reduce and eventually eliminate the economic losses we are now suffering. The losses suffered by our distressed and backward regions have too long been subdued in our national consciousness. The time has now come to raise that consciousness to its proper level.

S. 1189 will insure that with the resources provided at the Federal level, each of the regional commissions will be able to finally bring into their member States the programs and projects needed to start the long road back to regional recovery.

Mr. Chairman, I know you have had strong supporting legislation from the various regions of America. This is a continuation of proven developmental programs that is needed to recognize that we are a region bound together by rivers and mountains which go beyond the State lines. So, I urge the committee to promptly act on S. 1189.

Senator MONTÓYA. I do want to thank you and Senator Mansfield for a very splendid statement. We have heard some very good testimony on this proposed legislation.

I do want to ask you, Senator Metcalf, what authorization do you think we should pass? We have been operating on a year-to-year basis.

Senator METCALF. Mr. Chairman, I conceive that year-to-year authorization is difficult and in a long-term program doesn't provide for adequate planning. On the other hand, I think it important to have general oversight by a committee such as this. So, I would say an authorization for a congress would be adequate and give them a little time to go ahead. I wouldn't want an open-end authorization at this time, when these things are in their formative stage. I think it would be beneficial for the Administration to know this committee is taking an interest and is concerned.

Senator MONTÓYA. Well, we have had oversight hearings on these issues almost every year, not because of the 1-year authorization, but because we were trying to push some meaningful action.

Senator METCALF. I think there should be an authorization for more than a year but I don't think it should be too long. I think a 2-year authorization would be beneficial and helpful and still wouldn't take responsibility from the committee.

Senator MONTTOYA. The authorization of the administration was \$21 million for this current fiscal year. The allocation to the regional commissions averaged approximately \$6 million. This \$6 million had to be used by the regional commissions for technical assistance grants, supplemental grants, and what have you. You have five States competing.

Senator METCALF. The reason for much of our impatience, Mr. Chairman, has been the inadequate funding. It is not the fault of this committee because you authorized far above the amount that was given. Even the entire authorization now in existence is inadequate for the commission to do the job this committee intended it to do. I don't know whether \$200 million is adequate, but it is enough to start them going forward doing their job.

Senator MONTTOYA. In regard to these boomtowns in Montana, is there a need for sewer development, housing—

Senator METCALF. Schools, water, city streets, all that front-end activity. It hits communities with a tremendous impact and it will be years and years before the incoming industry picks up the slack.

Right now, in Wyoming, you have horrible examples of the boomtown situation. In Rock Springs, for instance, it's like a scene out of the Old West. They have no schools, no stores, mobile homes have moved in. The same thing will occur in the development of oil shale in Colorado and Utah. All are part of this regional programing that would take place in this Old West Commission.

Senator MONTTOYA. Now, there is an attempt by the administration to place all regional commissions under the Secretary of Commerce. This can or would be under coordination. What can you tell us about this.

Senator METCALF. It's been my experience that some of these programs are coordinated into almost invisibility. Regional governors should have control away from Washington and from centralized control.

Senator MONTTOYA. Thank you very much, Senator Metcalf.

Senator METCALF. Thank you, Mr. Chairman.

Senator RANDOLPH. I had the opportunity, Senator Metcalf, to read your statement. On page 4 of that statement, at the beginning of the first paragraph you raise the issue of title IX of the Public Works and Economic Development Act of 1965 and the language of your bill. Do you feel that the thrust is to area adjustment systems and thus brings the assistance under a regional umbrella rather than through a local assistance as provided in title IX? Could you state that in another way? Just what is the distinction as you have given it to us in the formal statement?

Senator METCALF. Before I answer that, I would like to state that I reminded the chairman that I was on this committee and worked in developing the Appalachian program. We worked together. I think that points out what I am trying to say right here. We have in title IX, an EDA vehicle so you can go into a State or local area and try to make some adjustments. We don't have a vehicle where we can take

the whole region and make regional coordination for the regional problems. We had it in Appalachia in 1965 and, as the chairman pointed out, we are going to have it in Montana and Wyoming and North Dakota and South Dakota and Utah. Title IX is inadequate in that it is bound by territorial bounds that we need to broaden in order to develop the whole concept of the area. Some of the broader language is to be applied. We said the whole region of Appalachia had these problems. Today, it is not enough to go into Montana and say you will take care of the coal operations; we have to take care of the energy development in Colorado, Utah, and so forth. All of it is going to be tied together in a problem that is going to have impact on the region.

You can't say you will coal strip Montana or Wyoming. We have a program that has to be financed to take care of building schools down there, to put in sewers and water tanks, get police protection, and take care of the several States.

Senator RANDOLPH. I know the commitments. I should say it's not only sad but it is tragic. When they interrupted our supplies from overseas and we were trying to recover from the decrease in supply, we did it without thinking of costs. We find ourselves constantly working after the fact, trying to catch up.

It is important not just to speak of the priorities here at home but the opportunities here at home to strengthen our country without spreading our resources so thin that we are not doing the job here at home.

I do commend you and I think we will find that there are no problems with the distinction between title IX and S. 1189.

Senator METCALF. They are complementary to each other, Mr. Chairman.

Senator MONTOYA. Thank you very much.

[A letter from Senator Metcalf follows:]

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., June 2, 1975.

Senator JOSEPH M. MONTOYA,
Dirksen Building.

DEAR SENATOR: The Four Corners Regional Commission, of which New Mexico is a member, will be greatly affected by the coming action of the Public Works Committee.

The Committee has before it two bills. S. 1189 would extend and expand the authority and funding for the Four Corners Regional Commission and its six sister Commissions authorized by the Public Works and Economic Development Act of 1965. Also before the Committee is S. 1513 which would extend the authority of the Appalachian Regional Commission for four more years at a funding level of nearly \$1.5 billion.

The action of the Committee will have serious repercussions for the economic development of your State and mine. It will set the pattern for the future success or failure of the Regional Economic Development Commissions.

As expressed by the Committee in 1965, the Congressional intent at that time was to permit the new Commissions to grow in authority and funding as their long-range economic plans were formulated, to a point where they would achieve equal status with Appalachia. Plagued by token funding and bureaucratic frustrations at every turn, however, these Commissions have received only a small fraction of the support which is bestowed annually upon the successful Appalachia program. Despite these obvious handicaps, the Title V Commissions have still performed effectively.

In the past, the defense of the growing inequity between Appalachia and the other Regional Commissions has been that the time was not right to give the new Commissions parity with Appalachia. In my opinion, there is no better time than the present, now that both issues are before the Committee simultaneously.

Approval of S. 1189 and extension of the present authority of Title V Commissions, and incorporation of that authority into S. 1513 will give our Commissions the stature and resources they need. I urge you to express your views on this important matter forcefully to members of the Public Works Committee.

Very truly yours,

LEE METCALF.

Senator MONTROYA. The next speaker will be a representative of the Governor of Rhode Island, Governor Noel, Mr. KumeKawa.

STATEMENT OF MR. KUMEKAWA ON BEHALF OF HON. PHILIP NOEL, GOVERNOR, STATE OF RHODE ISLAND

Mr. KUMEKAWA. Chairman, I have the Governor's statement and I would like to read it:

My name is Philip W. Noel, Governor of the State of Rhode Island and Providence Plantations and I appear before you this morning to testify in reference to S. 1189. It is my belief, Mr. Chairman, that rather than address the legislation directly, I should share with you my views regarding Regional Commissions so you may be better aided in forming some conclusions with respect to the legislation.

Mr. Chairman, I perceive the activities of Title V Regional Commissions to be on 3 levels. They are:

1. as a mechanism of information sharing and activity coordination among the individual states who are members of a Regional Commission.
2. as a mechanism to address the economic conditions of a region, and
3. as a mechanism of what may be termed a cooperative structure of governance of a region.

Before I address these three levels of activity, I wish to make some brief observations and offer the lessons I have learned as a member of the New England Regional Commission.

During calendar year 1974, I served as State Cochairman with the Honorable Russell Merriman, who then, as now served as the Federal Cochairman of the New England Regional Commission. For New England, as it was for our State, 1974 was a noteworthy year. It was in this year that three major issues fully impacted us. They were:

1. The impact of the closure of major defense installations within our region, notably in Massachusetts and Rhode Island. Some 60 percent of the cutbacks which the Department of Defense announced in 1973 occurred within our region. They reached their fullest strength by 1974. The economic impact of this defense cutback, estimated to be about a one billion dollar reduction in the case flow of our region, was simultaneous with a deteriorating regional economic posture. Combined with the nature of our mature economy, this brought about a near condition of economic crisis long before the nation as a whole was impacted.

2. It was in 1974 that we felt fully the effects of energy price increased triggered by the oil embargo of the OPEC nations. Our reliance upon imported oil affected our consumers as well as our economic base far beyond any other region of our nation. On different occasions, the Governors of other New England states as well as my own have testified before you regarding the nature of the total impact of the energy crisis upon our region.

3. It was in 1974 that we fully began to understand what the inability of a major transportation mode, the railroads, to function economically means. The effect of the bankruptcy of the Penn Central on the movements of goods and people on New England continues to be severe both in its actuality and perhaps, more importantly, in its implications for the future.

The impact from these events upon our region has been such that presently New England suffers the highest unemployment rate of any region within the United States.

Mr. Chairman, while there were other major occurrences within our six state region, notably, the lack of snow during the 1973-1974 winter season which all but devastated the tourism and industry upon which our three northern states depend, there is general agreement that they are secondary to these three major issues. The collective agreement that they are indeed fundamental to our New

England economy is without argument. I point to the following implications of these three occurrences:

1. The impacts of all three were regional in nature.
2. They were beyond solution by the actions of individuals state of our region.
3. In all three cases, action by the Federal Government, both the Administration as well as Congress, was a critical variable.

In the face of what occurred in 1974 and in light of the resources available for our Regional Commission activities, amounting to some \$5 million a year, I am struck by the incongruity of as well as the discrepancy between the magnitude of the problem on the one hand and the resources which are available on the other. That incongruity can be dramatically indicated by the fact that at one abandoned Naval base, the Quonset Point Naval Air Station within our State, which contained some 3,000 acres, upgrading the sewerage system in order to convert that base to civilian use would utilize the total annual allocation to the New England Regional Commission. It is estimated that it will cost us approximately 5.5 million dollars to provide an effective sewerage treatment system. Further, in the face of the problems that we encounter in the New England region, simply to equate economic development with public works projects is totally inadequate. The notion that we could, through a process of scattering around minor public works projects such as the upgrading of a small portion of a water system, or a sewer system in a town or city with the resources at hand, was in itself doomed to failure. We recognize, of course, that there are other Federal programs to aid in many of these areas of public facilities adequately and effectively.

It was because of this perception of the nature of problems facing us in common in the New England region and the amount of resources which were available for us to act as a region that we recognized there were imperatives which needed to be addressed. They were to discipline ourselves rigorously to be creative and to identify carefully those critical areas where the notion of "leverage" of scarce resources could be most effectively employed to accrue the greatest benefits to New England's economy. We therefore marshalled our resources to concentrate our efforts in the fields of energy, transportation, and economic development. We severely curtailed and discontinued all activities of the Commission which had previously resulted in the dissipation of our efforts in the recognition that three basic requirements faced us.

1. The requirement for an effective information base to deal with a problem on a regional basis which would be doubly effective for individual state actions.

2. The requirement to use that base in the formulation of effective and clarified problem definitions. In our estimation, the inability to define problems as they affect the New England region beyond the general notion of 'energy Crisis' and/or transportation crisis limited our ability to describe the impacts on our region and to define the problems as we saw them. We have come to recognize that solutions are designed to meet problem statements. If the problem statements are not correct, the solutions will obviously be inadequate.

3. That for the New England region to be effective, solutions proposed to clarified problem definitions must be used as a tool for an action program for remedial legislation. They must form the basis also for position papers to be advanced to federal agencies and the national administration for consideration of our region's problems in the formulation of national policies as well as national legislation.

In a recital by way of background of the New England Regional Commission's activities, I have addressed the first two functions of our activities which I suggested to you in the beginning of my testimony. The New England Regional Commission has served prominently as a mechanism of information sharing and coordination. It has provided an effective mechanism of addressing the economic conditions of our region. It is emerging as a mechanism whereby it can act as a cooperative structure of governance. It is to this third function that I address the conclusion of my testimony.

It has become increasingly clear to me that as we have dealt with the three major areas of our concern—energy, transportation and economic development—we have a need for what I term regional institution building. Let me illustrate my point. New England has one effective utility system with fairly uniform rate structures. The utilities perceive the need for rates to be used in capital formation for additional energy development. We have no means through our six state institution to proceed on the issue of rate structures, as they are presented to the individual public utility commissions of our region, nor to determine their validity. Obviously, if we are dealing with one industry within our region, the six state

institutions must be able to deal with that type of situation. Moreover, similar experiences could be useful in reference to our ability to deal with the far-reaching issues of Outer Continental Shelf development. In the case of transportation, whether by railroad or airlines, we must deal with regional carriers. As greater financial involvement is required from the public sector for these endeavors, be it from the individual states or the Federal Government, public participation at both state and regional levels is essential. Cooperative educational facilities as well, be they medical schools or other training facilities, are also regional in character.

Mr. Chairman, I recognize that we are embarking upon uncharted waters. It seems to me that because of the nature of our economy, the nature of our labor force, and the nature of the private markets and multi-state private firms, we must have an effective public counterpart to these phenomena. It is a new definition of federalism, exceeding the individual State's jurisdiction but short of Federal action.

I am convinced that we shall embark upon this new venture with a sensitive feeling for both the history of our nation and the nature of a democratic society. It will be done pragmatically so that we may insure the role of the Federal Government and that of the States in a keen understanding of the nature of our contemporary society. But above all, we shall do so in the discharge of our public responsibility for which we are accountable.

Mr. Chairman, the bill before you, S. 1189, I believe goes to the issue of greater flexibility and provides for the Regional Commission to utilize resources in a manner not possible for under existing legislation. This may be viewed as an augmentation to the vital functions which Title V Commissions now play. I support this legislation and commend its passage to you.

Senator MONTOYA. Thank you very much, Mr. KumeKawa.

Mr. KUMEKAWA. Thank you for the opportunity, Mr. Chairman.

Senator STAFFORD [presiding]. Your statement points out that there are indeed regional issues. Besides more money, would you have any recommendation for new program authority?

Mr. KUMEKAWA. Basic to new program authority is the necessity of continuous and adequate funding. It is our belief that there are implicit program authorizations in the bill, but funding is of critical importance.

Senator STAFFORD. Thank you very much sir. We appreciate your being here, the whole committee does.

We have a statement on behalf of the Governor of Wyoming and, without objection, it will be made a part of the record.

[The statement follows:]

June 4, 1975

STATEMENT TO THE SENATE PUBLIC WORKS COMMITTEE
BY DAVID D. FREUDENTHAL
WYOMING STATE PLANNING COORDINATOR

Mr. Chairman, I am David D. Freudenthal, State Planning Coordinator for the State of Wyoming. I have been asked by my Governor, Ed Herschler, to present a statement to your Committee in behalf of S.1189 which is designed to broaden the powers and increase the funding authority of the Title V Regional Economic Development Commissions.

Governor Herschler is intensely interested in the Regional Commission program and in any action which will strengthen Commission activities. He wished to appear today to express in person his concern for S.1189 but was unable to do so because of unavoidable conflicts in his schedule. He therefore asked me to present a statement in his behalf. I am pleased to do so for I have dealt closely with our own Commission, Old West, for two years and I currently serve as the Governor's Alternate on the Commission. In this capacity, I represent him in day-to-day activities and decisions of the Commission and I speak for him in Commission meetings if he is absent.

Because I am closely involved in our Commission's activities, I can speak with assurance of the support which it receives from our five states. You have no doubt already noted the resolution adopted unanimously by the five Old West Governors at their last meeting, urging enactment of S.1189. This resolution is indicative of the strong reliance which our states are placing in Commission activities.

There are a number of reasons why this is true. Not the least of these reasons is the fact that the Commission program gives the state government an opportunity to mold Federally-funded programs into a broad state plan. This is not always possible with the more traditional block grants. They may be invaluable in solving specific problems for specific areas but they do not necessarily advance the overall state economic development strategy which in my mind is a much higher objective.

A second major advantage of the Commissions is their inherent ability to deal with interstate problems. And what clearly sets the Commission apart from other interstate forums is the availability of program resources that may be committed to solutions; the Governor that attends a meeting is creating more than a transcript.

The Old West Commission established a sound principle early in its existence, resolving that it would deal only with issues and problems which effect the region generally. The Commission has stuck to this principle, either by attacking broad regional problems such as transportation and energy development, or by supporting research and demonstration projects designed to develop prototype solutions which will be of use to individuals and organizations throughout the region.

Among our highest priority projects are development of a regional airport with adequate feeder service to every part of the large five-state area; development of a regional school of veterinary medicine to serve students from our five states which do not at this time have a veterinary school of any type; development of a rural health care delivery system, and of course the primary concern of my state and several others, development of effective means of meeting the socio-economic and environmental impact of widespread coal development.

This matter of coal development impacts is a problem which is somewhat unique to our region and in meeting it our Commission program is no doubt considerably different than those of other Commissions. I would like to mention a few activities in this area because they demonstrate the tremendous effectiveness of the Commission in adjusting to meet sudden economic upheavals which tax the resources of the states and their subdivisions beyond limit.

From the state perspective, the greatest socio-economic problem is that of front-end funding, and since I believe the problem is not well understood in Washington, I would like to pursue an example. The crux of the matter is the timing of power facility construction.

My example is the Missouri River Basin Power Project in Wheatland, Wyoming. Wheatland is presently a community of 2400. The incoming construction force will be on the order of 4000 persons and will remain there, with fluctuating internal components, for about four to five years. Counting families, this means about 10,000 new people in Wheatland. These families will generate an additional inflow of secondary services.

When the plant is finished, it will have an operating force of 250. Counting families, this is less than 1,000 people, which will no longer support the temporary service sector inflow.

In the space of five years, Wheatland will experience a short-term boom and bust, with the original 2,400 persons and outlying farmers and ranchers paying for the lion's share of the boom period, since temporary workers usually opt for temporary quarters (which generate fewer tax dollars) and since the plant won't yield much tax revenue for the first years. So five years from now, brand new power plant notwithstanding, the community will be experiencing a relative economic decline and cleaning up after the impossible

demands of the boom. In sum, although we are reasonably certain that the community will be ahead in the long term, we are also reasonably certain that it will be many years before the community begins to catch up.

This example is indicative of our coal development impact problems. We have environmental problems, because coal development increasingly is infringing on valuable water supplies which heretofore have been the primary domain of the agricultural community. We have many serious socio-economic problems which become obvious when one considers examples such as the one I have just cited.

In addition to the hopeless demand which industrial growth creates for public facilities, such as schools, streets, and sewers, it further generates serious shortages of trained manpower. The manpower problem is complicated by the magnitude of the change, which often renders existing financial and governmental structures, adequate for sparse rural populations, obsolete. For some years to come we will have an urgent need for trained and experienced specialists in a variety of government activities.

Because our state, and our sister states of Montana and North Dakota who have found themselves in similar positions, have been without adequate resources to assist these rapidly-growing counties and communities, we turned to the Old West Commission for assistance. A series of planning sessions resulted in grants totalling some \$800,000 which are enabling the three states to recruit and position specialists throughout needy areas who can help update and expand their activities and programs to meet the population increases and subsequent problems.

This Community Technical Assistance Program, as we call it, is going to be one of the most effective programs in the State for meeting socio-economic impacts over the next two years. The program will be effective because it has been tailored to suit Wyoming's needs, rather than the product of a hasty negotiation

to adapt a Federal categorical program which doesn't fit. I might also add that we were spared the exercise, often fruitless, of coming hat-in-hand to ask a Washington bureaucrat for help. I know of no other Federal assistance vehicle which would have provided aid comparable to that of the Commission.

These are but a few examples of areas where the Commission has filled the inevitable gaps resulting from the necessity for Wyoming to respond rapidly to national energy needs. Wyoming can manage its own affairs in the long run; the last session of the legislature produced utility siting legislation, land-use legislation and a community development authority. But no viable institution springs up full-blown overnight, as your committee can well appreciate. It is during the present and continuing transition period that the Commission has provided uniquely valuable assistance; a continuation and expansion of this role is the sort of aid that Wyoming needs.

Our interest in the Commissions is therefore to make them still more effective. That is the reason for our interest in S.1189, which would seem to accomplish this purpose admirably. The original intent of the Congress was that, when they had developed acceptable long-range economic plans, Title V Commissions would be given authority and funding comparable to the Appalachian Commission. Comparison of the budgets, however, indicates no serious effort to put the Title V Commissions on such an equal basis.

While most of us recognize the difficult Appalachian problems which led to formation of that Commission, we have our own problems which we feel are equally as pressing and deserve equal concern from the Congress and the administration.

Since it is my understanding that your Committee is considering renewal of the Appalachian Commission authorization and since you have before you

S.1189 which would elevate Title V Commissions to a status similar to that of Appalachia, it is our view that this is the time to place all Commissions on an equal basis in both authority and funding.

We in Wyoming feel very strongly that this should be done now and we urge your favorable consideration. Thank you very much for the opportunity to present these views.

Senator STAFFORD. The next witness and as I understand, as acting chairman, is our last witness: Dr. John Fuller, director of Environmental and Policy Analysis for the Wisconsin Department of Transportation.

Dr. Fuller, we welcome you to the committee.

STATEMENT OF DR. JOHN W. FULLER, DIRECTOR, ENVIRONMENTAL AND POLICY ANALYSIS, WISCONSIN DEPARTMENT OF TRANSPORTATION

Dr. FULLER. I appreciate the opportunity to appear before you and testify. My background is that of an economist specializing in the fields of transportation, public utilities, and public finances.

I would like to highlight two points in my prepared statement. In the statement, I make a point that transportation services must develop and expand to support economic development.

Economic development quite definitely requires an adequate transportation system. No economic region has developed a high and diversified level of productivity without heavy investment in transportation facilities, nor does it seem likely that any region will be able to progress without growth of its transport systems. As living standards rise, the movement of goods and people more than keeps pace.

The role played by transportation in support of development is a multiple one. The extent of development is directly related to an area's ease of access to resources and to outside markets. Without suitable transportation, industrial specialization cannot take place and introduction of more efficient production methods is forestalled. Transportation permits personal mobility, with improved access to otherwise isolated areas. Recreational attraction can be strengthened through sufficient transportation. Labor markets can be broadened and commutation decreased. Generally, when products and inputs can be moved long distances, inexpensively, industrial growth can be expanded on the basis of interregional comparative advantage. It is by no means suggested, however, that transportation, solely by itself, can promote economic growth. Transportation is necessary to attract business or support land development; new transport service can even stimulate some activities. Transportation is only one of a series of factors influencing industrial or personal location decisions. Transportation facilities should be provided not only with full knowledge of their potential benefits, but with compensation for the social costs they engender. Moreover, excessive supply of transportation, as any public good, is wasteful. Yet, with these clarifications, it should be noted that continued economic development requires concomitant maintenance and improvement of the transportation system.

I propose in my statement a transportation development program for regional commissions. This program could readily be supported and would help States meet the needs of transportation. We could receive Federal support for this service and its implementation.

As I summarize in my statement, we need adequate transportation for development; second, we have severe and increasingly severe transportation problems in providing adequate service. Flexible programs are necessary such as would be provided by S. 1189. We will

be pleased to assist in designing programs to meet the needs, but immediate response is very important.

Thank you.

Senator STAFFORD. Thank you very much, doctor.

Dr. FULLER. I stated my support of S. 1189 and S. 1189 has a number of different aspects to it that are not profitable today. In our State of Wisconsin, we recently had a referendum and our constitution now does not allow or provide for the State to make transportation expenditures to build highways and airports for capital improvements. We don't have the type of power to implement transportation programs. S. 1189 does make some provisions for that.

Senator STAFFORD. Thank you very much, Dr. Fuller. We appreciate your time and your appearance here.

[Dr. Fuller's statement and a statement from Robert Valeu, Basin Electric Power Cooperative, follow:]

Prepared Statement of John W. Fuller¹

NEGLECTED REGIONAL TRANSPORTATION ISSUES²

Summary

Some types of economic growth in less-developed areas of the U.S. are unlikely, unless presently neglected issues and special needs are resolved at regional and state levels in the field of transportation. This statement describes those transport issues with special reference to Wisconsin and the Upper Great Lakes Regional Commission. Transport needs that can best be addressed through regional mechanisms are spelled out. Finally, program elements are suggested.

Transportation and Economic Development

Economic development quite definitely requires an adequate transportation system. No economic region has developed a high and diversified level of productivity without heavy investment in transportation facilities, nor does it seem likely that any region will be able to progress without growth of its transport systems. Indeed, as living standards rise, the movement of goods and people more than keeps pace.

The role played by transportation in support of development is a multiple one. The extent of development is directly related to an area's ease of access to resources and to outside markets. Without suitable transportation, industrial specialization cannot take place, and introduction of more efficient production methods is forestalled. Transportation permits

¹ Director, Bureau of Environmental and Policy Analysis, Wisconsin State Department of Transportation.

² Statement before the Subcommittee on Economic Development of the Senate Committee on Public Works, June 4, 1975.

personal mobility, with improved access to otherwise isolated areas. Recreational attraction can be strengthened through sufficient transportation. Labor markets can be broadened and commutation decreased. Quite generally, when products and inputs can be moved long distances, inexpensively, industrial growth can be expanded on the basis of interregional comparative advantage.

It is by no means suggested, however, that transportation solely by itself can promote economic growth. Transportation is necessary to attract business or support land development; new transport service can even stimulate some activities. But transportation is only one of a series of factors influencing industrial or personal location decisions. Transportation facilities should be provided not only with full knowledge of their potential benefits, but with compensation for the social costs they engender. Moreover, excessive supply of transportation, as of any public good, is wasteful. Yet, with these clarifications, it should be noted that continued economic development requires concomitant maintenance and improvement of the transportation system.

Regional Aspects of Transport Supply

Although the natural service area of some types of transportation systems can be rather small--as is the case with a taxicab firm, or a dial-a-bus system--the geographic area that reasonably matches most forms of intercity transport is quite large. That is to say, the influence of scale and utilization economics suggests that an enterprise efficiently supplying railroad service or long-haul air service is bound to exceed the geographic limits of most U.S. states. Indeed, the nature of traffic flows, the amount of capital required, and the kinds of investments made in many forms of transportation mean that U.S. firms (or public corporations)

in nearly every transportation field are multi-state operations. Further, the trend is to greater size, as resulting from end-to-end mergers and service area expansions. There are also pressures for intermodal consolidations and "transportation company" operations, to consolidate distribution functions with single enterprises.

The existence of such geographically large operations implies that coordination, in terms of reaching public goals in a mixed-enterprise economy, requires public institutions with interests at an equivalent scale. Public policies, investments and services that impact on transport firms, or require those firms' support, should prove similar or supportive as between all the states or various political jurisdictions that lie within a natural economic development region. For these reasons, the Regional Commissions authorized by the Public Works and Economic Development Act of 1965 can have an important influence in stimulating and coordinating the transportation efforts of states or portions of states, in the direction of developmental goals, on a scale appropriate to suppliers of transportation service.³ No regional air carrier wishes an unintegrated route network due to inconsistent airport investment policies of the states in its service area. No railroad wants to face different labor regulations, grade-crossing requirements, or urban speed limits for a secondary mainline that crosses state boundaries. No trucking firm wishes to unload its vehicles at a state line due to weight differentials or inconsistencies in allowable equipment. All these inefficiencies can be addressed as matters for coordination at the regional level.

³Appendix A illustrates the influence of one Commission (Upper Great Lakes) in focusing the work of the Wisconsin Department of Transportation towards developmental ends; from the time that state DOT was formed in 1967 to the present.

Issues in the Regional Supply of Transportation

I have pointed out: (1) an ever-increasing supply of transport services remains necessary to economic development; (2) firms supplying many transport services have a multi-state or regional perspective; (3) attainment of public goals, such as development, using transportation as a tool necessitates coordinative mechanisms bringing together public agencies and bodies at the regional level.

Today's key regional issues in transport revolve about the above three points.

First, despite the need for increased transport services if development aims are to be supported, we have difficulty maintaining the supply of transportation. Second, the sole regional coordinative bodies we have in parts of the U.S. where attainment of development is a recognized problem--the Title V commissions--are generally inadequately funded and empowered to facilitate the generation of transport services.

Let us explore the magnitude of transportation needs that force attention on new program mechanisms.

Intercity Transportation Needs Facing States and Regions

Highway transportation: The cost increases resulting from energy problems affect motorists' travel and carriers' profits, and reduced motor vehicle usage affects the amount of funds expended for highway maintenance and construction. Inflation in highway building costs has been dramatic at the same time that user fee receipts have dropped. While highway investment has fallen in real and in absolute terms, much of the secondary highway plant is reaching the end of its economic life. In Wisconsin needed bridge construction on primary state highways alone (the state trunk highway system) for the fiscal 1975-1980 period at \$66 million.

Governor Patrick J. Lucey's April, 1975, special transportation message could propose at the best \$7 yearly on the average to fund these capital replacement projects. Bridge replacement on other state highway systems will undoubtedly call for even greater sums. And bridges entail only a minor part of the estimated five-year needs; rural construction needs, not including Interstate System expenditures, total about \$2 billion for the period. Yet the revenue shortfall in five years for all of Wisconsin's highway needs is estimated to equal \$1.55 billion. Surely there appears no possibility of maintaining current levels of highway services in Wisconsin. Moreover, there is no reason to believe Wisconsin to be an atypical state.

Railroad transportation: The railroad problems of the nation are becoming widespread knowledge. The rate-of-return on investment of Class I railroads averaged only 2.83% during the decade ending in 1973. With first quarter 1975 results showing the first loss in history for the entire U.S. rail sector, this rate is still falling. Inadequate returns have resulted in contracted investments and poorer service; shippers with choices have turned to trucking and the inland waterways. Meanwhile, fewer shippers will have choices because rail track abandonments are accelerating.⁴ Massive federal programs to shore-up the entire national rail system are being debated, despite the enactment only 17 months ago of the Regional Rail Reorganization Act which was to have solved these problems. As just one minor indication within the UGLR area of the capital costs involved, Lake Michigan rail-car ferries operated by three separate railroads

⁴ See Appendix B for the Wisconsin situation. For the national record on abandonments, see U.S., Congress, Senate, Committee on Agriculture and Forestry, Effects of the Proposed Northeast-Midwest Rail Reorganization on Rural Areas, Committee Print, 94th. Cong., 1st sess., March 24, 1975, p. 10.

between Wisconsin and Michigan are in abandonment processes. Equipment used is old and inefficient. Yet new ferries are likely to cost \$20 million each. Only a few short years ago 11 ferries made those crossings; today 6 remain and there seems little hope of replacing even half of that number.

Other modes: The nation's airlines suffered their greatest first-quarter deficit in history during the first three months of 1975. Inter-city bus carriers are severely hurt financially and being forced to raise fares, reduce services and abandon routes. Inland water carriage finds capital replacement needs to be mounting, but public funds are scarce. Ocean shipping faces technological changes requiring port consolidation and huge new capital requirements for deep-water ports or off-shore facilities.

New Programs for Regional Transportation Needs

Clearly these varied, large and expanding transport needs require more public attention than they have yet been given. If trends continue, with service declines first, and network facility failure to follow, development and other regional goals dependent of transportation support for their achievement surely will not be reached. Therefore a Transportation Development Program is recommended, with enough flexibility in its elements to fit the particular issues that dominate a region at a given point in time.

A Transportation Development Program would be a focal point for bringing together state and sub-state agencies involved with transportation within a region to address common policy issues. Based on analyses and plans, the Development Program could influence the direction and the magnitude of regional response by supplementing state, federal and local assistance or

capital improvement programs. Leading to implementation of projects would be the following elements of a typical program.

A transportation data bank: To support policy analyses and the establishment of a regional freight-flow model, primary transportation data should be obtained. For example, state highway data are readily obtainable; but these need be combined with information on other modes, and expanded to permit a fuller range of social, economic and environmental investigations. As an example in another field, the Wisconsin DOT has complete data tapes from railroads operating within the state, supplemental with information from a state-wide shipper survey. However, in Wisconsin's UGLR, Minnesota and Michigan would need similar information in order to measure the efforts of a major rail line abandonment, or of a rail merger that has system-wide effects.

Other transportation information programs: If no academic institution within a region had a full library of materials covering all forms of transport, support of such a facility would be a useful Transportation Development Program element. A companion activity would be sponsorship of sub-state seminars to explain new federal transportation and other programs, as would be the gathering of information and advice about transport needs and issues.

Transportation issue analysis and planning: There are policy questions needing region-wide discussion and knowledge of current national activities, carrier economics, marketing and operations, plus user characteristics. Analytical support under the sponsorship of a Transportation Development Program, to be provided by national consulting experts with briefing sessions as necessary would be useful, as would formation of regional

advisory groups to deal with these issues. Such a question as the impact to the Minnesota or Wisconsin agricultural sector of building Locks and Dam 26 on the Mississippi could be addressed by a regional analysis group. Assistance could be given too in developing new planning procedures, and specialized personnel should be made available for consultation.

Capital improvement and operating assistance: Once the above activities have begun, state and local expenditure programs can be structured, covering such matters as: rail passenger or bus service extension; replacement of bottleneck bridges; commuter air carrier service demonstrations; rail branch line operating aid, maintenance, or upgrading, and; information systems for shippers or travelers. Such programs can be experimental and have the virtues of quickness of response and freedom from institutional strictures that often surround established state transportation programs. The result of a flexible Transportation Demonstration Program would be more ability to support particular transport activities that best aid development goals, and perhaps lie outside the boundaries of present modally-funded activities. However before having implementation programs, some degree of data and analytical assistance is needed; both the analysis or planning and actual program implementation should be considered integral parts of a Transportation Demonstration Program.

Conclusion

The programs recommended in this statement are not all-inclusive, but they do offer insight to the needs of those who are working on transport matters at the state level. Regional attention is needed, and region-wide responses can offer economics and benefits in information exchange. Most transport firms are large-scale enterprises with multi-state operations,

supporting the need for similar multi-state public agencies to address rail issues. The time to begin programs with support of the regional commissions is immediately, as most states are in the early stages of understanding and addressing many of the transportation problems impacting development.

APPENDIX A

UPPER GREAT LAKES REGIONAL COMMISSION SUPPORT OF
WISCONSIN TRANSPORTATION PROGRAMS

Through its technical assistance grants and supplemental grants, the Upper Great Lakes Regional Commission (UGLRC) has helped plan for and improve transportation facilities in Wisconsin and throughout its region. Although funding has been modest, and the scope of activity relatively narrow, the accomplishments do suggest the potential benefits obtainable from a complete regional program in transportation.

Air Transportation

An UGLRC-assisted Wisconsin air commuter project has provided the basis for expanded air passenger service to northern communities. The demonstration project, providing commuter service between Sturgeon Bay, Chicago, Eagle River, and Minocqua-Woodruff has been in full service since June, 1974. The project is partially funded by UGLRC grants of \$103,000 to the Wisconsin DOT. Service is provided by Midstate Air Commuter flights.

In Phase I of the program, the Department was to develop means of identifying communities having the potential to support air commuter service. This phase included surveys of eight Wisconsin communities, and development of a model to measure the potential success of an air commuter venture. Phase I was successfully completed, and the concepts developed are now being used in Michigan to identify communities needing service.

Phase II involved developing a community action program tailored to needs of communities wishing to develop their own potential for air service.

Phase III was the implementation of the demonstration project with \$60,000 of UGLRC funds, which consisted of adding the Sturgeon Bay segment to Midstate's air route.

This new air service has proved to be successful, operating around the breakeven point. Demonstration runs through Labor Day 1974 showed a healthy mix of 60 percent business travelers to 40 percent tourist passengers. Business passengers are important to the success of a year-round commuter service because of the great seasonal fluctuation in the number of tourists.

There are preliminary indications that the Sturgeon Bay-Chicago service is increasing business activity in the area, since business trips can now be conveniently completed in one day. Customers and suppliers from Chicago once either drove to this area of northern Wisconsin, or took commercial flights to Green Bay and drove from there to Sturgeon Bay. Either way, an overnight stop was required. With one-day service now available, these travelers are more likely to conduct business in person, rather than limiting contacts to mail or phone.

Through 1974, UGLRC has contributed over \$1,099,000 in supplemental grants for improvements to airports in northern Wisconsin. This assistance has certainly been of benefit to the economic development of the area.

The increases in airport capacity brought about an increase in the number of air passengers arriving in the area. Despite business downturns in 1974, compared to 1973, there were 8% more originating air passengers at Rhinelander, 11% more at Green Bay, and 19% more at Eau Claire. An additional 35,000 visitors arrived at or departed from these three air carrier airports as compared with 1973. UGLRC supplemental grants to these three airports totalled \$330,680--\$124,700 to Rhinelander, \$153,000 to Green Bay, and \$52,980 to Eau Claire.

The direct community benefits of arriving conventioners and tourists at these airports aided by the Commission are not easy to quantify, but they are readily apparent to area residents.

Minocqua-Woodruff Lakeland, LaPointe Madelaine Island, and Ephraim-Fish Creek airports have all experienced increases in use of facilities by private corporate aircraft entering the area for recreational purposes. In the Minocqua-Woodruff airport, which is also served by air commuter service, it is estimated that arriving passengers spent some \$1,265,880 locally in 1971, the first year after improvements. (The UGLRC investment in the airport improvements was \$57,870.) Surveys indicate area expenditures directly attributable to the improved airport and air commuter service has also stimulated construction of second homes in the area. Second home owners are estimated to provide 65% of local property taxes.

Many Wisconsin communities are now regularly served by fly-in medical personnel and diagnostic services. This allows small community medical establishments to upgrade care and equipment by retaining patients locally and having specialists fly in to serve them. Nearly all the airports improved with UGLRC support are used by medical personnel.

In all cases of airport improvement projects supplemented by the UGLRC, the airports have attained capacity to handle large, corporate aircraft. In many cases, the actual use of the expanded facilities normally exceeds expectations. It seems clear that long-term benefits of these improvements will include retention of local industry, as well as attraction of new industry and new visitors. Wisconsin airports serve as support facilities for community industrial parks. An airport is high on the list of needs presented by potential industrial park tenants--either for their own use or that of their customers.

Local community leaders have stated that the improved airports have served to put them "on the map." Formerly, the airports had been too small or inadequate to attract pilots. The existence of modern, all-weather airports tends to flatten out the seasonal-use curve characteristic of small community facilities. For obvious reasons, winter business has

been slow in many northern communities. The winter vitality of these communities can be, and in specific examples has been, stimulated by the development of improved transportation facilities.

Airport terminal buildings and navigation facilities in northern Wisconsin are still in need of improvement. Specific airports will continue to need selective improvement to fulfill the region's transportation needs. A continued partnership between the state of Wisconsin and the UGLRC in these improvements will be as useful to development in the future as it has been in the past.

Highway Transportation

Development of new and improved systems of scenic and "backbone" highways is of great importance to the growth of the tourism-recreation industry of the UGLR. Technical assistance grants totalling \$180,000 have supported case studies in each of the three UGLR states to determine the most suitable types of highway improvements. These studies allowed for the development of new concepts in planning and building highways in scenic areas. Although these new concepts have not yet been applied to any great degree in Wisconsin, they should be of use in future planning. Already, some concepts developed in the Wisconsin case study have been found to be of use in Michigan.

Results of an UGLRC-sponsored recreational planning study will also be of use in future transportation planning. The project was made possible by \$210,866 in UGLRC technical assistance grants, and was carried out by the University of Wisconsin, the University of Minnesota and Michigan State University. The information provided on environmental considerations, recreation demand, transportation and land use controls is an important data source for future traffic projections in northern Wisconsin.

Water Transportation

A study conducted in 1969 on Problems and Potentials of the Great Lakes-St. Lawrence Transportation System served as a spark to several other important federal studies of shipping on the Great Lakes, including possibilities for extending the shipping season and increasing the number of sea-going vessels serving the area. A recent UGLRC-assisted study of bulk commodity shipping on the Great Lakes identified several data sources previously unknown to the Department. These will be useful in future projections of traffic on the Great Lakes.

Rail Transportation

The recently-initiated AMTRAK passenger service through Wisconsin between Minneapolis-St. Paul and Duluth-Superior would not have been possible without assistance from the UGLRC. The state of Wisconsin had no source of funds available for its \$40,000 share of the start-up costs. In addition, UGLRC has committed \$150,000 to a proposed Milwaukee-Green Bay AMTRAK route.

Moreover, the Commission granted \$15,000 each to the Wisconsin DOT and the Michigan DSH&T to assist in the production of the first rail plan ever attempted by the two states. Partly due to the Commission's support, each state was able to gain a further \$90,000 in U.S. DOT study funds for the plans. As important issues about passenger and rail car ferries across Lake Michigan became central, UGLRC granted an extra \$9,000 to Wisconsin and \$9,000 to Michigan for railroad policy and impact analysis.

Conclusions

In many instances, projects to improve transportation facilities in Wisconsin simply could not have gotten underway without UGLRC assistance. This is the case in many of the airport improvement projects, for example. Even with assistance from the FAA and the state of Wisconsin, the local share of many projects was too high for local units of government. UGLRC supplemental grants assisted local governments in meeting this responsibility. For example, because of UGLRC assistance the towns of Woodruff and Minocqua needed to provide \$39,630 instead of \$97,500 as their share of improvements to that airport. A similar instance is the case of the Aurora-Kingsford Bridge project, where the \$91,000 investment of the UGLRC was essential to implementation of the project.

In the future, the UGLRC can be of future help in continuing to assist the states of the region in supporting study and demonstration projects. Projects which Wisconsin DOT hopes to undertake soon with UGLRC assistance include studies and demonstration projects for public transportation modes in rural areas. UGLRC has already committed some \$10,000 for an inter-city bus study in Wisconsin. In view of the energy crisis, these public transport projects will be especially timely. Without such spurs, it is doubtful whether timely response to such issues would prove possible.

By its very existence the UGLRC has made a valuable contribution to transportation development in the region. It has provided transportation staffs of the three states with an opportunity to communicate with one another, to share ideas, and to reach coordinated decisions about projects at state lines. Many important decisions on uniform planning and design concepts have come out of these meetings. This experience gives a most suitable base on which to structure the more comprehensive and sizable transport programs needed to meet future developmental requirements.

Appendix B-1
LIGHT DENSITY RAIL LINE ANALYSIS: WISCONSIN

Railroad	1974 DOP Analysis	1972 DOP Analysis	Railroad Analysis	Filed for	5-75
				Abandonment	Abandoned
CNW Reedsburg/Wyeville	44.2	34.9 ^a	44.2		
CNW Klevenville/Lancaster	101.6	101.6	101.6	101.6	
CNW Afton/Fort Atkinson	28.7	28.7	28.7		28.7
CNW Evansville/Afton	17.5	17.5	17.5		
CNW Beloit/Afton	6.9	6.9	6.9		
CNW Madison/Jefferson Jct.		32.3			
Milw. Sauk City/Mazomanie	9.3				
Milw. Platteville/Calamine	16.9	16.9	16.9		16.9
Milw. Mineral Point/Monroe	47.6	47.6	47.6		
CNW Oakfield/Watertown	35.1		29.4 ^b		
CNW Watertown/Johnson Creek			8.4		
Milw. Whitewater/Milton	12.8	12.8	12.8		
Milw. Waukehsa/Whitewater				27.5	
CNW Lake Geneva/State Line	9.6	9.6	9.6		
CNW Gillett/Scott Lake	89.4	89.4	89.4	89.4	
CNW Gillett/Pulaski	16.2				
CNW Forest Junction/Brillion	4.4	4.4	4.4		
CNW Brillion/Manitowoc	20.6	20.6			
CNW Eland/Clintonville	31.2	31.2	31.2		
Milw. Rush Lake/Winneconne	14.8	14.8	14.8		14.8
Milw. Berlin/Rush Lake		6.8	6.8		
CNW Wis. Rapids/Bancroft	16.2	16.2	16.2	16.2	
CNW Bancroft/Ripon	70.2	51.3 ^c			
Milw. Menomonee Falls/Merton			12.8	12.8	
Milw. Menomonee Falls/Granville			2.7		
CNW Hortonville/Larsen		10.1	10.1	10.1	
Milw. Heafford Jct./Tomahawk	5.4	5.4	5.4		
CNW Trempealeau/Galesville	6.0	6.0	6.0		
CNW Sparta/Viroqua	34.5				
CNW Fairchild/Mondovi	36.4	36.4	36.4		36.4
Milw. Menomonee/Red Cedar Jct.	21.1	21.1	21.1		21.1
Milw. Red Cedar Jct./Trevino	22.4				
Soo Marshfield/Greenwood	22.6	22.6	22.6		
CNW Ashland/Hurley	37.8				
CNW Hurley/Mercer	23.0	23.0			
CNW Rhinelander/Monico	14.8				
CNW Conover/Phelps	9.2	9.2	9.2		
CNW Land O'Lakes/Monico	80.4				
CNW Scott Lake, Mich./Quinnesec, Mich.	7.0				
MT&W Bradley/Hings	14.0		14.0		
LNO Laona Jct./Laona	7.0		7.0		
CNW Trego/Hayward	19.3	19.3	19.3		
CNW Hayward/Bayfield	77.3	77.3	77.3	77.3	
Soo St. Croix Jct./Boylston	94.6	94.6	94.6		
Soo Boylston/State Line	9.6		9.6		
Soo Agnew/State Line	31.6	31.6	31.6		
Soo Mellen/Hurley	26.1	26.1	26.1		
Soo Ladysmith/Prentice		40.9	40.9		
CNW Wausau/Merrilan		80.3	80.3		
CNW Cornell/Jim Falls	10.9				
CNW New Richmond/Spooner		64.0			
BN Superior/Ashland		67.0			
Total	1204.2	1178.4	1013.4	334.9	117.9

a. Does not include Camp Douglas/Wyeville segment

b. Does not include Juneau/Clyman segment

c. Does not include Green Lake/Ripon segment

Appendix B-2

PENDING RAIL ABANDONMENT CASES IN WISCONSIN
(As of May, 1975)

<u>ICC Docket No.</u>	<u>Railroad</u>	<u>Miles</u>	<u>Termini</u>	<u>Status</u>
AB-1 (Sub. No. 21)	C&NW	10.1	Hortonville/Larsen	Awaiting Determination of Hearing
AB-1 (Sub. No. 29)	C&NW	77.3	Hayward/Bayfield	Awaiting Determination of Hearing
AB-7 (Sub. No. 17)	Milw. Rd.	12.8	Menomonee Falls/ Merton	Application Filed July 26, 1974
AB-49	Ann Arbor		Michigan/Wisconsin (Car Ferry)	Hearing Held March 21, 1975 in Green Bay on inclusion of AA in USRA's Final System Plan
AB-1 (Sub. No. 40)	C&NW	89.4	Gillett/Scott Lake	Application Filed November, 1974
AB-7 (Sub. No. 20)	Milw. Rd.	27.5	Waukesha/Whitewater	Application filed December 20, 1974-DOT requested hearing
AB-1 (Sub. No. 41)	C&NW	101.5	Lancaster/Klevenville	Awaiting determination of hearing date and completion of ETA
AB-31 (Sub. No. 5)	Grand Trunk Western	88.8	Muskegon, Michigan/ Milwaukee	Application filed February 24, 1975-DOT requested hearing
AB-18 (Sub. No. 21)	Chesapeake & Ohio		Variable: Ludington, Mich./Kewaunee, Milwaukee & Manitowoc, Wis. (61, 97 & 60 miles, respectively)	Application filed March 17, 1975
AB-1 (Sub. No. 36)	C&NW	16.2	Wisconsin Rapids/ West Bancroft	Hearing not held - Wis. Rapids & District Highway Office #4 in favor of abandonment
AB-1 (Sub. No. 44)	C&NW	1.5	S. Kansas Ave./S. Lake Dr., all in the City of Milwaukee	No position taken by DOT.
AB-6 (Sub. No. 8)	BN	15	Wrenshall, Minn./ Superior, Wisc.	Abandonment of trackage rights only; no position taken by DOT.

STATEMENT TO THE U. S. SENATE COMMITTEE ON PUBLIC WORKS, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT IN SUPPORT OF TITLE V REGIONAL COMMISSION AND S. 1189 PRESENTED BY MR. ROBERT VALEU, BASIN ELECTRIC POWER COOPERATIVE, JUNE 4, 1974

Mr. Chairman and members of the Committee, my name is Robert Valeu, I am associated with Basin Electric Power Cooperative which is headquartered in Bismarck North Dakota. Basin Electric is a large regional wholesale power supply federation serving bulk power needs of more than 100 rural electric cooperatives and other consumer-owned electric systems in eight Missouri River Basin states. It is also the Project Manager for the Missouri Basin Power Project (MBPP), which will within the next year commence construction on the 1500 megawatt Laramie River Generating Station and Grayrocks Dam and Reservoir to be located in southeastern Wyoming near the community of Wheatland. The project was planned and is being developed jointly by Tri-State G & T Association, Denver, Colorado; Missouri Basin Municipal Power Agency, Sioux Falls, South Dakota; Heartland Consumers Power District, Madison, South Dakota; Lincoln Electric System, Lincoln, Nebraska; and Wyoming Municipal Power Agency, Lusk, Wyoming. My principal responsibilities are in connection with this project, and I have recently established my residence in the State of Wyoming.

Basin Electric and its more than 100 member systems are among the very earliest supporters of planning for economic development on a regional scale. As such, they were also among the first and strongest advocates of the formation of the Old West Regional Commission. As far back as the late 1960's, the delegates to the Cooperative's Annual Meeting strongly voiced their support for the creation of this five-state regional economic development agency. These rural electric systems, since formation of the Commission, have maintained a close working relationship and continued their support of this multi-state approach to problem-solving.

As a person who has been associated with private business and one who has had experience in both state and Federal governments, I believe I am in a somewhat unique position of looking at the Regional Commissions from virtually every vantage point which is vital to our nation's economic development.

My close knowledge of the Regional Commission Program comes from two years of experience as an Alternate to the Old West Commission, representing Governor Arthur Link of North Dakota. The Alternate in each state is in effect the Governor's understudy, handling day-to-day Commission activities on behalf of the Governor and representing him when he is unable to be present for a meeting.

Prior to my services as the Governor's Alternate I spent one Congressional term as Administrative Assistant to then Congressman Link. I am now employed with Basin Electric Power Cooperative.

I don't know of anyone who is familiar with the Commission Program who does not believe it is an effective program. There is no one who is close to it who does not wish to see its services expanded as rapidly and as soon as possible.

There are a number of valid reasons why the program is cherished highly by the governors and other state and sub-state officials. These reasons involve more than the simple fact that the Commissions represent still another source of Federal funds for hard-pressed states and their subdivisions. The more important factor is the matter of control and direction. The Commissions give the states these vital qualities, an element of control over Federally funded economic development programs, and an opportunity to provide much needed direction to them as they affect the various states. If you will consider for a moment all of the block and discretionary grant programs that are directed at the states and their sub-divisions today, you will find very few give the Governor the versatile, flexible support he receives through the Regional Economic Development Commissions.

A second major benefit of the Commissions is the element of regional government which they bring to state activities and problems. Expanding inter-state relationships are helping states analyze and solve increasing interstate problems which fall beyond the scope of existing regulatory powers.

One of the most serious problems in the Upper Missouri Basin - Great Plains Region, for instance, is availability of water. This is a most valuable resource

in the Old West States. Our agriculture has long had first call on our limited supplies, followed closely by the recreation needs. Now, with the nationwide demand for coal bringing large energy industry to these states, we are faced with the question of priorities because coal conversion and energy production require water too. And the problem is more than a matter of intra-state conflicts as well. We have a number of difficult problems emerging in Old West States today in this regard. By maintaining a close working relationship with another regional planning commission, the Missouri River Basin Commission, which is more directly involved in water resource planning, each state can analyze the economic and social effects of water development on a broader scale. The Commission is shedding much light on the subject by joint planning and seeking solutions to mutual problems on a regional scale. Under the umbrella of the Commission the states are also sponsoring research and demonstration projects throughout the Old West states. These activities are valuable because they provide a regional forum in which the Governors of the five Old West states can get together and discuss such regional problems and arrive at mutual courses of action.

I might interject at this point that the Old West Commission at least meets the ultimate test of its effectiveness, as measured by interest, attendance, and participation by the Governors. Attendance is virtually perfect at all meetings. I can think of only two or three occasions when an unavoidable scheduling conflict precluded full attendance. I submit that you busy gentlemen will agree a program must be viewed as important if it keeps equally-busy Governors in their chairs for such long uninterrupted periods.

The regional government overtones of the Commission are manifest also in the constructive work which the Commission sponsors toward achieving long-range regional objectives. Let me cite three brief examples:

One of our long-standing serious problems in Old West states has been adequate public transportation. Long distances, sparse populations and inconsistent transportation services have made the area almost completely dependent upon the automobile. There has long been an obvious need for constructive attention to the

region's growing transportation problems. Now, through the Commission program, the five states have embarked on a project to construct a regional airport which will provide direct connections with all parts of the country and ultimately international connections as well. This airport in turn would provide rapid and effective feeder service to all parts of the five state region. It is a long-range program but at least with the stimulation and financial assistance of the Commission the states are now doing more about their transportation problems than just complaining about them.

Health Care is also an important problem, created by the same geographic factors of distance and sparse population. Again, the Commission has become the focal point for a series of research and demonstration projects, designed to develop systems for delivering adequate health care to small communities which in recent years have been without any professional assistance whatsoever. I think the states in the Old West Region are on their way to solving many of our health problems. Medical educational institutions, along with state agencies, are addressing the problems together, and once again I doubt that we would have been able to make a start in this area without the assistance of the Commission.

Agriculture, of course, is and will remain the area's number one industry, but ironically enough none of our five livestock-oriented states has a veterinary school of medicine. Like all professional schools, veterinary schools elsewhere in the nation are becoming increasingly overcrowded. Nationally they give preference to students from their own states. The result is that would-be veterinarians from Old West states have been frozen out of their educational objectives and the area likewise is steadily losing in the race to supply enough qualified veterinarians to serve the region. A regional veterinary school is the only reasonable approach since none of the states have enough resources to do it alone. Together they can do it with the help of the Commission.

Now that I am associated with a large regional electric power system, I must add another positive benefit of the Commission system. Regional power supply planning and development by an organization like Basin Electric requires the close cooperation

of many groups and must be coordinated with several state governments and their subdivisions on a daily basis. Existence of a Commission structure simplifies this process because it becomes a focal point for information and decisions on actions, policies and regulations. Many of our government-related needs could be satisfied by the Commission rather than having to go to five state governments independently.

In spite of my high regard for the Commission programs and especially for the fine progress made by the Old West Commission in its relatively short two years of active existence, I do not believe the Commission program is nearly as effective as it should be. The Commissions simply needs more money and more authority. This is why we strongly support S. 1189 which would provide both these ingredients.

I like the flexibility which the measure provides for the Commission program. These are dynamic and rapidly changing times and the most farsighted among us is probably not completely capable of visualizing clearly what lies ahead economically. For example, the establishment of the Old West Regional Commission was stimulated by rising unemployment, an alarming slowdown in economic development and several decades of substantial out-migration across the board in the five Old West states particularly from the small towns and rural areas.

Since then, however, the nation's fuel crisis has reversed our problems drastically in several states. We are now coping with the economic and social impact problems accompanying expanded energy programs. How will our farming and ranching communities cope with industrial problems, with coal gasification and coal fired electric generating plants? Industry and government must work together on a regional level to preserve our clear rivers and lakes, and the quality of our clean air. How do we provide adequate public facilities, schools, hospitals, and health services for the thousands of construction and other new jobs that bring many new people into our region? Industry and local government must help prepare our rural communities for this growth. These are problems which beset the Old West states now. We have turned to the Commission and its structure to provide us with invaluable assistance in meeting these challenges.

The major problem with the Commissions is that their support by the Federal government to date has been, in my opinion, very minimal. They have never had adequate funds to expand their program to an effective level. They have proven they can do a job for the country. We support S. 1189 and other measures which will permit them to do it.

Mr. Chairman and members of the Committee, thank you for the opportunity to present a statement before you today.

Senator STAFFORD. The Chair will now declare a meeting adjournment.

[Whereupon, at 12:20 p.m., the subcommittee recessed, to reconvene subject to the call of the Chair.]

APPENDIX

GOVERNORS' COMMENTS ON DEPARTMENT OF COMMERCE DISCUSSION PAPER

THE UNIVERSITY OF CHICAGO
LIBRARY

Honorable
Governor of
State

MAY 16, 1975.

DEAR GOVERNOR:

I am writing to you as a member of the _____ Regional Commission to request your views and recommendations on economic development legislation after June 30, 1976. The authorization for the Economic Development Administration and the Regional Action Planning Commissions expires on that date and must be extended if the programs are to continue.

Enclosed is a brief discussion paper outlining some ideas which we are considering as legislative proposals to be submitted to the Congress in conjunction with extending EDA and the Commissions. They represent certain substantive amendments to the Public Works and Economic Development Act which we believe will improve management and operation of our economic development programs.

As we must transmit our recommendations to the Congress in the form of specific legislative proposals no later than June 9, we should appreciate having your reaction to the enclosed paper as soon as possible. Your comments as a Commission member concerning the future organization, management, and operation of the Regional Action Planning Commissions will be particularly helpful to us.

Sincerely,

JOHN K. TABOR,
Acting Secretary of Commerce.

Enclosure.

(Identical letters sent to each Governor whose State belongs to a Commission.)

DISCUSSION PAPER CONCERNING ECONOMIC DEVELOPMENT LEGISLATION AFTER
JUNE 30, 1976

The Administration is now considering alternatives regarding the future of the Public Works and Economic Development Act which expires on June 30, 1976. No final policy decisions have been made regarding any proposal for legislation to extend the Act, and staff is obtaining the views of Congress, governors and other interested parties, before making final recommendations.

The staff is reviewing what specific improvements could be made in the legislation to help make the programs more effective in the future. This review is based on the expectation that the legislation would be extended for three years, and that authorization levels would be at the current funding levels or slightly higher.

The changes being considered would leave the basic authorities of EDA and the Commissions intact, while providing a framework for a mutually supportive effort wherein the Commissions would focus on multi-state, and EDA would focus on state and substate, economic development. Also, the basic objectives of these programs, the relief or prevention of serious long-term unemployment and low income in specific geographic areas, would remain unchanged.

The following specific legislative changes are being considered:

1. *Formally include the Federal Cochairmen within Commerce, and place EDA and the Federal Cochairmen under the direction of a single Commerce Secretarial officer.*

Presently, the programs of EDA and the Commissions are not being adequately coordinated to provide for a comprehensive Federal effort from the local level up to the regional level. Within the Department of Commerce at the present time there is no source of common guidance below the level of the Secretary to the Federal Cochairmen and to EDA so that Commission and EDA programs will be efficiently integrated. Moreover, there is no single policy spokesman for the Department who could act as a focal point in marshalling the resources of other Federal agencies, the states and the public in reaching development objectives. It is suggested that bringing EDA and the Commission together will permit EDA

programs to support the plans of the Commissions in those regions, and will provide additional resources to help achieve those plans. Also, the EDA resources should have more impact if the Commission programs are supporting the EDA efforts. The proposed changes are being considered as a means of achieving these improvements.

2. Improve area designation criteria to restore the focus of the programs on overcoming problems of present or anticipated chronic unemployment or underemployment.

The need for modification of sections 401(a)(6), (7) and (8) is presently under consideration. These sections tend to dilute the emphasis on substantial and persistent unemployment, by permitting designation solely on the basis of out-migration, a loss of jobs, or unemployment in a single year. Also, the waiver of the requirements of subparagraphs (A) and (C) which is provided in section 401(a)(6) is being considered for deletion, in light of the broad range of flexible assistance which is now available through Title IX.

3. Modify the purpose for which assistance may be used in designated areas to restore the focus of assistance activities on the relief of long-term unemployment or underemployment.

Sections 101(a)(1)(A)(iii) and 101(a)(1)(D) permit public works projects to be undertaken in support of the objectives of the Economic Opportunity Act, or to provide temporary useful work. Modifications are being considered to assure that all EDA activities are focused on the long-term resolution of chronic unemployment problems. Activities intended solely to ameliorate substandard living conditions or to provide temporary employment are provided for in numerous other Federal programs and EDA expenditure of funds for these purposes dilutes the program's effectiveness on its long-term development mission.

4. Broaden section 304 to give states a more complete range of tools for economic development in designated areas.

Presently 304 grants can be used only in support of the categorical grant and loan authorities provided in Titles I, II or IV. The suggested change would permit states to use, in designated areas only, the full range of program tools authorized by Title IX and to directly support approved Title IX programs.

5. Delete Title VIII, Disaster Assistance.

This Title was added before Title IX was enacted, which authorizes general adjustment assistance. Since Title IX can accomplish all the objectives of Title VIII, and since Title VIII has not been funded, it appears no longer needed.

6. Delete the EDA loan revolving fund.

This fund creates the erroneous impression of a source of funds outside the appropriations process. Since Congressional approval is required before it can be used in any event, good budgeting practice appears to warrant eliminating the fund altogether so that all economic development expenditures will be handled through the same appropriations process.

7. Delete Regional Commission excess property authority.

This authority, which can be used by the Commissions on the same priority as Federal agencies, appears to defeat overall excess property legislation. This overall legislation is intended to promote maximum use of Federal property by Federal agencies, but Commission authority allows the property to be diverted to other purposes.

8. Amend section 505(a)(2) authorizing Regional Commissions to fund substate planning organizations.

EDA now has sufficient authority to fund local projects to serve virtually any development purpose, including substate planning organizations. Duplicate Commission activity in this area seems an inefficient duplication of authorities for organizations established for interstate purposes.

9. Amend section 202(a)(1)(C) to modify the limitation on loan guarantees for loans from private lending institutions to private borrowers, permitting the guarantee of quasi-public development company borrowing, and to include guarantees of evidence of indebtedness.

EDA has recognized situations in which the guarantee of loans by or to quasi-public authorities such as publicly chartered development companies would significantly contribute to the objectives of the Act.

The Administration does not intend to propose a continuation of Title X authorities beyond December 31, 1975. The primary focus of EDA's programs should remain the relief of chronic, as opposed to cyclical, unemployment problems.

OFFICE OF THE GOVERNOR,
Phoenix, Ariz., May 28, 1975.

HON. JOHN K. TABOR,
Acting Secretary of Commerce,
U.S. Department of Commerce, Washington, D.C.

DEAR SECRETARY TABOR: I appreciate the chance to review and comment on the economic development proposal attached to your letter of May 16, 1975.

I am unable to tell whether this is a staff paper, a Department of Commerce position, or a Ford Administration initiative, but I assume the views of Governors would not be solicited for a budgetary in-house document. My overall impression of the change recommended is that the basic assumptions or premise of the proposal are faulty.

First, it assumes that Commissions are basically planning organizations. This does not square with the original or subsequent intention of the Congress. Senator Montoya, one of the Title V founding fathers, has indicated to me that the name of these organizations is "Regional Action Planning Commissions" and that the key word has always been *action*. In other words, they were first to plan and then to carry out carefully set forth strategies for development and the major reason why this has not happened has been the consistent opposition of the executive branch of the Federal Government, over the last five years, to authorizing funds needed to implement these plans.

There is also an implicit assumption that Congress wanted these organizations integrated into a single agency, which is also directly counter to the legislative history of the Title V Commission. They were set up as Federal-State cooperating bodies, based on an interstate-Federal compact and a level IV Federal officer given responsibility for the Federal half of the partnership to insure sufficient status for the organizations to function in conjunction with states and with regular Federal agencies in Washington. That is also why the Department of Commerce has authority only to coordinate the Federal activities of the Commission. I assume no executive agency in Washington would be so brash as to exercise any coordination function with regard to Governors who have distinctly independent roles under our Constitution.

More specifically, I am distressed that you wish to eliminate the excess property program run by the Four Corners Regional Commission. Has the Department ever had any indication that this was not a well run, indeed, a model program? I know it has done a great deal for communities and Indian tribes in Arizona. For example, material acquired through this program has enabled the White Mountain Apache Tribes to accelerate its industrial capital investment programs by ten years in just the last two years. This material is going to rural people hard pressed by both inflation and recession, and is warmly and enthusiastically received.

I think we should get behind programs like the Title V Commission and use them to create long-range employment and income-earning opportunities for those in our state who have not participated fully in the past in the economic wonder which America represents to the rest of the world. This means adequate funding, a realistic authorization period, and sufficient authority to handle special problems like the energy development issues we face here in the West.

Sincerely,

RAUL H. CASTRO, *Governor.*

STATE OF ARKANSAS,
OFFICE OF THE GOVERNOR,
Little Rock, Ark., May 28, 1975.

HON. JOHN K. TABOR,
Acting Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I appreciate your sending me the changes proposed by the Department of Commerce as to Title V Regional Commissions. These changes, however, do not fit my understanding of what the Congress or the States expect in a partnership.

I was a member of Congress and supported the Public Works and Economic Development Act. It was never intended that these Commissions would come under the direction of a "single Commerce Secretarial officer". The Title V Commissions were to be patterned after the Appalachian Regional Commission

and to have similar independence to carry out a Federal-State effort. I do not understand this Commerce desire for centralized control. None of the suggested advantages in the paper can replace the valuable and workable arrangement we now have between governors and our Federal Co-chairman. Neither he nor we require further direction. While I would prefer the same independence as Appalachia I believe that we can operate under coordination of the Secretary if such coordination is understanding and realistic.

I do not agree that Regional Commissions funding sub-state activities and projects under Sec. 505 is "duplicative". The Title V Commissions are the states. The Ozarks has a regional plan but we must have the right to engage in sub-state planning as building blocks to this multi-state regional plan. Commission projects within a state are approved based on a regional strategy and plan so they can be replicated in our fellow commission states.

Federal Co-Chairman Bill H. Fibley has vigorously moved ahead in the new excess property program and it is popular and helpful. Now to find a recommendation to abolish it is disappointing. I do not agree that tax purchased excess property is for the sole use of Federal agencies. Such property can be extremely valuable in regional and state economic development and the Commissions are best able to know where to utilize the property for this purpose.

I would have much preferred that Commerce would be asking for a strengthening in both authority and funding of the Ozarks Commission rather than in its management control by officials of the Department.

Sincerely,

DAVID PRYOR.

[Western Union Mailgram]

DENVER, COLO., May 29, 1975.

HON. JOHN K. TABOR,
*Acting Secretary of Commerce, Department of Commerce,
Washington, D.C. 20230*

DEAR MR. SECRETARY: I oppose the following proposed changes relative to extending EDA and regional planning commissions.

Number 1, bringing federal co-chairman and EDA under the direction of a single commerce secretarial officer. This would substantially reduce the flexibility and independence of Governors and could seriously decrease the impact of commission programs.

Number 2, deletion of EDA loan revolving fund. This has been a useful development tool.

Number 3, deletion of authority by commissions to use federal excess property this is another valuable resource and deletion would cause serious dislocation. Such authority should be retained and expanded.

Number 4, elimination of commission authority to assist substate planning organizations. Commission assistance has brought vital aid to substate districts.

It is important during a period of economic downturn for us to strengthen regional planning commissions. This will not happen if certain parts of your proposed changes are enacted.

Sincerely,

RICHARD D. LAMM,
Governor, State of Colorado.

STATE OF FLORIDA,
OFFICE OF GOVERNOR REUBIN O'D. ASKEW,
June 6, 1975.

HON. JOHN K. TABOR,
*Acting Secretary, U.S. Department of Commerce,
Washington, D.C.*

DEAR MR. TABOR: Thank you for your letter of May 16, 1975 requesting my comments on proposed economic development legislation.

As Governor of Florida and as a member of the Coastal Plains Regional Commission, I find three of the suggested legislative changes to be most disturbing. To clearly indicate my objections, I will discuss these three items individually:

1. *Formally include the Federal Co-chairmen within Commerce, and place EDA and the Federal Co-chairmen under the direction of a single Commerce Secretarial Officer.*

Although I agree that coordination is essential, I think responsiveness to regional concerns is of paramount importance. I believe the proposed organizational change has the potential to severely damage this responsiveness.

It is evident that coordination is as much a function of willingness as it is a function of administrative structure, and within the present structure, coordination at the state and regional level has been very successful. A very important point ignored by this proposed change is if the program is to be successful, the states must bear the brunt of the coordinative effort. It is the individual states that will select and coordinate those programs designed to meet their needs. Through the A-95 process and through state planning operations, the capability for coordination already exists.

Another critical point ignored by the proposed change is the extremely broad scope of activities of the regional commissions. The multi-faceted nature of the development process demands coordination, not only among economic programs but also among other types of programs such as those related to health, housing, transportation, and environmental concerns. If this coordinative ability is to be preserved, the Federal Co-chairman must remain somewhat autonomous from Commerce.

Let me also point out that the legislative mandate for coordination of activities of the regional commissions with the Department of Commerce already exists. In 1974, the Public Works and Economic Development Act was amended by the inclusion of Section 511. This section requires the Secretary of Commerce and the regional commissions to coordinate with each other when providing technical assistance, grants, or loans to state and local governments. Section 511 also requires that the regional commissions give consideration in their planning and programming activities to the efforts of other federal, state and local governmental entities located within their respective regions. Since legislation exists for coordinated federal effort, the problem becomes one of a lack of support and commitment by the Department of Commerce and/or the Administration.

If the Department of Commerce intends to make the regional commissions more responsive to the needs of state governments, legislation should be designed to safeguard the autonomy of the commissions and to eliminate the veto power of the Federal Co-chairman.

2. Amend section 505(a)(2) authorizing Regional Commissions to fund sub-state planning organizations.

To deny the regional commissions' authority to fund sub-state planning organizations would be to ignore a vital resource. For the past several years, the thrust of many Federal programs has been to promote areawide solutions to common problems. In Florida, as in other states, the sub-state planning organizations have been an essential institution in promoting this areawide approach. In Florida, regional planning councils are engaged in areawide planning activities related to manpower, economic development, land use, housing, transportation, criminal justice, health, aging, and water quality. In addition to the wide range of experience available in these sub-state organizations, an even stronger argument for allowing the regional commissions to fund these entities lies in the ability of the organizations to generate local support for programs and to develop information on resources available within the sub-state areas.

Whether these organizations are to be employed as useful instruments to achieve the goals of the regional commissions is a question that should be left to the discretion of the regional commissions and the states and should *not* be dictated by Federal law.

3. Delete regional commission excess property authority.

At the present time, any excess property under the control of any Federal agency is subject to being utilized by any other Federal agency in its program efforts. If no Federal agency takes advantage of the excess property, it is declared surplus and may be acquired by state or local governments.

Section 514 of the Public Works and Economic Development Act as amended in 1974 gives the Federal Co-chairman of each Title Five Commission the same authority and priority as the heads of other Federal agencies in acquiring excess Federal property. This allows the member states of each Title Five Commission, acting through their respective Federal Co-chairman, the ability to acquire excess Federal property on an equal priority basis with other Federal agencies. This is an important program in that each state has a priority ability to obtain excess Federal property in their efforts to solve economic and employment problems. Since the funding for the regional commissions in general and the Coastal Plains Regional Commission in particular has been chronically inadequate, the ability

to acquire excess property allows the regional commissions to devote what funding they do have to the task at hand, i.e., the development of these regions. To deny the commissions access to Federal excess property is, in effect, to reduce their budgets at a period in which the need for these programs is growing.

In all candor, I must conclude my remarks by stating that the approach suggested by the points I have responded to seems inappropriate and perhaps counter-productive. I would like to again suggest that the legislative mandate to achieve coordination already exists. The states, through the regional commissions have, even with the limited funding available, demonstrated their ability to consolidate the resources of the Federal, state, and local governments in a coordinated effort to solve multi-state economic problems.

I sincerely hope that these comments will prove useful in your evaluation of the discussion paper and I appreciate the opportunity to review the proposals.

Sincerely,

REUBIN O'D. ASKEW, *Governor.*

OFFICE OF THE GOVERNOR,
Atlanta, Ga., June 2, 1975.

HON. ROGERS C. B. MORTON,
Secretary of Commerce,
U.S. Department of Commerce,
Washington, D.C.

DEAR SECRETARY MORTON: This letter is in response to Acting Secretary of Commerce John K. Tabor's letter dated May 16, 1975, regarding possible legislative changes to Title V of the Public Works and Economic Development Act of 1965.

As States Cochairman of the Coastal Plains Regional Commission, I welcome the opportunity to express to you my thoughts concerning this Regional Action Planning Commission program. Georgia has participated in this federal-state partnership since the Coastal Plains Regional Commission was chartered almost eight years ago.

It has been our experience that the Commission mechanism has provided the State, through its chief elected official, a voice in the formulation and execution of a very important economic development program. I believe the most innovative aspect of the Regional Commissions is that they have provided a logical, workable, day-to-day link between and among the State, Federal, and local levels of government. As former Governor Bob McNair of South Carolina, who was instrumental in the formation of Coastal Plains, testified before Senator Montoya's subcommittee in Raleigh, North Carolina, several years ago, the Regional Commissions are the most effective delivery system yet devised for Federal programs.

Much has been achieved in Georgia and throughout our region through Coastal Plains Regional Commission activities even though funding has never reached a level to achieve the progress in economic development which is potentially attainable. In fact, appropriations have been reduced last fiscal year and this year, substantially below our level of FY 1973. If an increase is not forthcoming next year, it will be especially detrimental, inasmuch as former Secretary Dent on March 19, 1975, authorized expansion of our Commission to include 81 additional counties in Florida and Virginia.

Throughout our past, Title V Commissions have suffered from short, crippling periods of extension. In addition to many discussions in Congress and the National Governors' Conference, which have centered on a five-year extension with increased funding, the Council of Coastal Plains Governors (5 Governors) on May 12, 1975, recommended a \$17.3 million funding level for FY 1976 for the Coastal Plains Regional Commission and also supported adequate funding of all Title V Commissions. Additionally, I personally support and urge increased supplemental funding for our Commission. In the Coastal Plains section of the country, we have a working federal/state/local mechanism in place that can quickly stimulate local economies in the public and private sector. In light of these difficult times, I cannot think of a better or more expeditious expenditure of public funds.

The Department of Commerce's "Discussion Paper Concerning Economic Development Legislation After June 30, 1976," proposes to eliminate the supplemental grant authority (Section 509) of the Commission. The rationale to support this position was apparently that supplemental grants forced Commissions to

use special purpose projects which had only local impacts to attempt to satisfy their regional needs. This shows a complete misunderstanding of regionalism as well as the interface of local projects on regional economies. Many of the benefits Georgia has derived from the program have accrued from projects which were realized under this authority. Additionally, many of our communities, who are now the beneficiaries of significant projects, would not have been able to raise the local matching financial share required by other available federal funds had it not been for the CPRC.

I notice further that the Commerce Department's discussion paper proposes to subordinate the Title V Commissions organizationally within the Department of Commerce. I believe that placing the Federal member of the partnership under the direction of an Assistant Secretary or an Under Secretary would negate the partnership principle on which we have been operating since the outset. To the contrary, in order to strengthen the partnership, I believe the Commission should be placed under the Executive Office of the President, similar to the Appalachian Regional Commission.

It is important to note that both the Task Force of the States on National Regional Development (the National Governors' Conference) and the Federal Cochairmen have stressed in the strongest terms recommendations which support more autonomy for the Title V Commissions in the management of their affairs. The discussion paper presented by Acting Secretary Tabor is diametrically opposed to this concept.

Lastly, this discussion paper proposes to delete the Regional Commissions' excess property authority. The legislation granting authority to the Commissions for excess property is intended to promote maximum use of Federal property by Federal agencies and the Commissions. Since the area served by our Commission is economically depressed, our region will benefit greatly by not changing this excess property authority.

In summary, I believe the basic principle of the Regional Commissions, that of shared responsibility and control by the State and Federal partners, has proved sound and effective and should be continued. Also, that the program authorities of the Commissions should be enhanced, rather than eroded away, and that adequate appropriations should be forthcoming from the Congress and the Administration. An approach to this is S. 1189, proposed by Senators Mansfield, Metcalf, and Moss, which is designed to provide Title V Regional Economic Development Commissions with broader grant and funding authority than they now possess. If organizational changes are to be made, they should be to strengthen the position and role of the Commissions, rather than to hobble them.

Thank you for this opportunity to give you my views.

Sincerely,

GEORGE BUSBEE, *Governor of Georgia,*
States Cochairman Coastal Plains Regional Commission.

STATE OF IDAHO,
OFFICE OF THE GOVERNOR,
Boise, June 4, 1975.

HON. ROGERS C. B. MORTON,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: Thank you for the opportunity to review changes to Title V Commissions proposed by the Department of Commerce. In my view the changes would eliminate most of the strengths that Congress and the State expect from a Federal-State partnership.

During the past year I served as State Cochairman of the Pacific Northwest Regional Commission. It was refreshing to work closely with a program involving the Federal Government which, while not steeped in bureaucracy, maintained positive and productive control of public money. Your suggestion that Title V Commissions and EDA be unified under a Department of Commerce official, would insulate the Federal system from any meaningful State participation and would saddle the program with costs of delivery in excess of value received.

It appears that none of the thought behind these changes is in harmony with the concepts adopted by Congress and four successive Administrations in the Appalachian Development Act. The Administration is supporting extension for

four years of the Appalachian Commission as an independent program. I cannot see why the Pacific Northwest should be denied cooperation which is offered to Appalachia.

Except for the history of inadequate funding, Title V Commissions have my full support in their present form. Changes to legislation strengthening lines of communication between the States, the Congress, and the Administration are the only changes of value to the citizens of Idaho and the Pacific Northwest. The changes you offer are a step backward at a time when positive, forward-looking measures are essential if our economy is to progress.

Sincerely,

CECIL D. ANDRUS,
Governor.

STATE OF KANSAS,
OFFICE OF THE GOVERNOR,
Topeka, May 29, 1975.

HON. JOHN TABOR,
*Acting Secretary of Commerce,
U.S. Department of Commerce,
Washington, D.C.*

DEAR MR. TABOR: If this letter seems to bear a tone of urgency, that is precisely my intention. Having read the discussion paper submitted by the Department of Commerce regarding the Title V Commissions, I am disturbed, to say the least.

This paper expresses a position which I believe is a direct contradiction of the intent of Congress regarding the founding of the Commissions.

In my view, the Title V Commission concept is representative of the "New Federalism" which must prevail and grow if our constitutional system is to survive. They represent a true application of federal, state and local partnership. However, if the proposed legislation were allowed to become law, centralized control by the department would only destroy that which we have worked so hard to establish and which is so in harmony with our American ideals.

Relatedly, I have difficulty with what I understand is the administration's proposal that the Appalachian Commission be extended four years, while the Title V Commissions are only projected for one year. Their validity and impact is no less than that of Appalachia, and in my mind, merit equal consideration. Although the Title V Commissions have a highly commendable and successful record, it is logical that maximum efficiency and effectiveness is inhibited by legislation which restricts them to a year-to-year existence.

Very sincerely,

ROBERT F. BENNETT, *Governor.*

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge, La., May 20, 1975.

HON. ROGERS C. B. MORTON,
*Secretary of Commerce,
Washington, D.C.*

MY DEAR MR. SECRETARY: I have read the discussion paper prepared by the Department of Commerce as to its views on the future of Title V Regional Commissions. These views reflect a misunderstanding of the intent of Congress and of governors who have elected to participate in a true Federal-State partnership for the development of the multi-state regions.

It is certain that these views do not square with the concepts adopted by the Congress and four successive administrations, in the Appalachian Development Act. I understand the Administration is supporting extension for four years of the Appalachian Commission as an independent entity. I fail to understand why regions such as the Ozarks are to be treated differently than Appalachia.

Public Law 89-136 provides that the Secretary shall supervise and direct the Economic Development Administration. It, however, provides for the Secretary to Coordinate the Federal Cochairmen of Regional Commissions. I served on the House Public Works Committee, and strong independent Title V Commissions was the intent of this body and I do not feel that this attitude has changed. This distinction is vital and was wisely placed in the Statute by Congress.

The Commerce position to "formally include Federal Cochairmen within Commerce . . . under the direction of a single Commerce Secretarial officer" is to turn back the clock to the centralized Federal control which I had thought this administration did not favor. It is a rejection of the New Federalism system. Its net result is Commerce review, evaluation and decision on every project formulated by governors and Federal Cochairman acting together in Regional Commissions.

Louisiana has developed and enjoys excellent relations with the Economic Development Administration. We also work in close harmony with Federal Cochairman Bill H. Fribley and he and EDA closely coordinate with each other and with us. But, EDA and the Ozarks Commission are different in concept and in program. To attempt to unify them under a Commerce official may seem to satisfy management efficiency concepts, but it will destroy a developing Federal-State relationship.

A majority of the Commission projects and programs are non-EDA funded. The Federal Cochairman is the official Federal spokesman for the Commission, not a Commerce official.

During the past year I have served as State Cochairman of the Ozarks Regional Commission. I would not have requested inclusion of Louisiana in the Ozarks Commission nor would I have served as its Cochairman if it were to be simply an appendage of a single federal agency. I believe in the concept of a true Federal-State partnership and the Title V Commissions, adequately funded and with independent stature, are the best means to carry out this partnership.

Sincerely,

EDWIN EDWARDS.

THE COMMONWEALTH OF MASSACHUSETTS,
EXECUTIVE DEPARTMENT,
State House, Boston, May 30, 1975.

Hon. ROGERS MORTON,
The Secretary of Commerce,
Washington, D.C.

DEAR SECRETARY MORTON: We received a discussion paper from John Tabor on the reorganization of the Regional Commissions by new legislation. My feeling is that in this time of economic crisis, our region can best be served by more autonomy, as opposed to less, and that bringing the Commissions under more centralized control in Washington lessens their ability to respond quickly to the very different needs of each region.

I do hope that this legislation will not be presented to Congress, as I do not see it to be in the best interest of Massachusetts or New England.

Thank you for your consideration.

With best wishes.

Sincerely,

MICHAEL S. DUKAKIS.

STATE OF MICHIGAN,
OFFICE OF THE GOVERNOR,
Lansing, June 2, 1975.

MR. JOHN K. TABOR,
The Secretary of Commerce,
Washington, D.C.

DEAR MR. TABOR: Thank you for your letter requesting my views regarding possible changes in conjunction with extending the Title V Regional Commissions.

As a Governor whose State has derived many benefits from this legislation. I strongly support the immediate extension of this critical assistance program at the same time as the Appalachian Regional Commission. This, I believe, should be our first priority.

Any changes in the Title V legislation should be considered only if they will give the Commissions greater flexibility, broader program authority and an increased appropriation so they can perform at their fullest authority.

I am opposed to any change that would bring the Federal Cochairmen within the Department of Commerce and especially disagree with the suggestion that the Title V Commissions be placed under the direction of a single Commerce Secretarial Officer.

One of the major strengths of the current Title V structure—and one of the reasons why the Upper Great Lakes Regional Commission has been highly successful in my State—is that Commissions can act quickly and decisively as various crises emerge.

If the Commission were placed under Commerce I fear that this quick-response mechanism would be lost.

Such a change also reflects a basic misunderstanding of the intent of Congress and of governors, who have elected to participate in a true Federal-State partnership which the current Title V legislation represents.

Public Law 89-135 provides that the Secretary shall supervise and direct the Economic Development Administration. It also provides for the Secretary to “coordinate” the Federal Cochairman of Regional Commissions. This distinction is vital and was wisely placed in the statute by the Congress. It also has proven to be effective and workable.

The Commerce position to “formally include Federal Cochairmen within Commerce . . . under the direction of a single Commerce Secretarial Officer” in fact is a rejection of the new Federalism which the current administration supports. Its net result, if this change is allowed to be approved, would be Commerce review, evaluation and decision on every project formulated by governors and Federal Cochairmen acting together in Regional Commissions.

Another strong point of our Commission also lies in its relationships with other federal agencies besides EDA. These include Farmers Home Administration, HEW, BOR, HUD and others. In fact, a majority of Commission projects and programs are non-EDA funded.

The essence of the Title V program is to provide a true partnership between the States and the Federal Government, so that the different and varying needs of various regions of the country could be handled in the most flexible manner. The present Title V Commission programs are sometimes aimed at completely different priorities—e.g., two of the Commissions are presently involved in the development of energy resources, another has been concerned primarily with marine resource development, while still another has concentrated on transportation development—all in line with regional objectives.

The tightened organizational pattern being recommended is partially based on the mistaken assumption that Title V Commissions and the Economic Development Administration are involved in the same programs and are in conflict or overlap with each other. There is no evidence that such overlap or conflict exists, and the Title V Federal Cochairmen and the present Assistant Secretary for Economic Development have unanimously agreed and stated that present coordinating mechanisms are satisfactory to preclude any such problems.

The Title V Commissions have proven conclusively that they provide a most effective delivery system to dispense immediate anti-recession remedies.

In my State alone, an investment by the Upper Great Lakes Regional Commission of \$2.5 million in Fiscal Year 1975 was directly responsible for helping to save 930 employment positions that were threatened with elimination. In addition, the funds provided by the Commission assisted in creating 900 immediate new jobs and 3,000 more which are assured for the future.

The Commission's other activities, including a substantial investment in manpower programs which helped to establish more than 10,000 new vocational learning positions, also have proven to be of invaluable assistance at a time when economic progress was difficult to achieve.

The thousands of residents in my State who are served, and depend on the special help which Title V provides, are looking for a commitment from the administration, and from Congress, to continue this vital assistance beyond this year in its present form.

The continued effectiveness of this program in Fiscal Year 1976 will play a substantial role in how fast Michigan recovers from the depressed economy which has dealt my State one of its worst economic hardships in recent times.

In response to other changes listed on the discussion paper you sent me, I urge continuation of the excess property authority for the Commissions and also support an increased budget for Title X. Allowing the Regional Commissions to participate in these programs has brought significant benefits to my State and both are needed to help cope with the many problems we face.

I believe in this concept of a true Federal-State partnership and the Title V Commissions, adequately funded and with independent stature, are the best means to carry out this partnership.

Kind personal regards.

Sincerely,

WILLIAM O. MILLIKEN, *Governor.*

STATE OF MINNESOTA,
OFFICE OF THE GOVERNOR,
St. Paul, Minn., May 29, 1975.

Hon. ROGERS C. B. MORTON,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I have reviewed the discussion paper concerning proposed changes in Title V Regional Commission legislation with members of my staff and believe these changes, as being considered by the Department of Commerce, are not in line with what Congress had in mind in the original legislation.

I have been involved in the Upper Great Lakes Regional Commission program for five years and find that it has been an effective tool in providing much needed aid to the Upper Great Lakes Region which is suffering because of high unemployment.

It is my belief that the Upper Great Lakes Regional Commission could have accomplished a great deal more if we had received the needed funding our five year plan projected to achieve full employment. Our progress has suffered because of the low funding level that we have been receiving.

I feel that the first recommendation in the discussion paper would completely destroy the effectiveness of the Title V Commissions by placing the Commissions within the Department of Commerce. This would end the Federal-State partnership which has made the Commissions so flexible in order that they may cope with regional problems. It should be understood that the Commissions work with many federal agencies, not EDA alone, therefore, because of this working relationship the Commission should not be tied to the Department of Commerce and restrict the Commissions activities.

Section seven which would delete the Commissions' excess property authority is apparently an effort to reduce the Commissions' role in assisting distressed areas. The Upper Great Lakes Regional Commission is using its authority to assist the vocational-technical institutes in acquiring property for use in education. Such use would reduce the cost of federal-state funding in providing for training equipment. We feel that this use of excess property in vocational school training is the best possible way to utilize this equipment.

Section eight of the discussion paper wants to end all involvement by Title V Commissions in assisting substate planning organizations. We know that EDA has not provided the needed funds to permit these sub-state planning organization to begin their planning in order that they might qualify as economic development districts eligible for EDA assistance. The Upper Great Lakes Regional Commission in Minnesota has provided basic grants in order that the sub-state districts might commence with the needed economic data research necessary for planning for their areas. To abandon these commissions would be an unjust action on our part. The input provided by these sub-state organizations play a needed role in overall planning and funding activities of the Upper Great Lakes Regional Commission.

I strongly urge that the Title V Commissions be funded for an additional four year term at a higher funding level than before. The fact that the Appalachian Regional Commission is being considered for a four year extension and the Title V Commissions are being restricted in their activities strikes me as extremely discriminatory to those states that are members of Title V.

With warmest personal regards,

WENDELL R. ANDERSON, *Governor.*

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, June 2, 1975.

Hon. JOHN K. TABOR,
Acting Secretary of Commerce,
Washington, D.C.

DEAR MR. TABOR: I have reviewed your suggestions for revisions to the Economic Development Act, transmitted in your letter of May 16. While I am unsure what the motives behind the proposals are, the impression that comes through loud and clear to me is that you are proposing to strip the Title V Commissions of much of their authority to assist the states in their economic planning and development.

My understanding of the original Congressional intent of the legislation was to provide other areas of the country with the same Commission-oriented advantages which had been provided earlier for the Appalachian states. Those of us in non-Appalachian states are still waiting for a parity in support which has failed to develop, both in terms of funds and authority.

I for one still wish to be treated like Appalachia and this means an expansion of authority and funding for Title V Commissions rather than deletion of it, or perhaps elimination which I know has been a long-standing Administration or OMB hope.

I am informed that renewal of Appalachia's enabling legislation is now before the Congress. You may also be aware that the governors of the Old West Commission unanimously endorsed Senate Bill 1189 by Senator Mansfield which would expand Title V Commission authority to bring it more into line with Appalachia's.

If you wish to have my recommendation, it is to append Senate Bill 1189 to the Appalachian legislation so that other areas of the country will have the same federal economic development support which Appalachia has enjoyed for so many years.

Sincerely,

THOMAS L. JUDGE, *Governor.*

STATE OF NEBRASKA,
Lincoln, June 2, 1975.

HON. JOHN K. TABOR,
*Acting Secretary of Commerce, Department of Commerce,
Washington, D.C.*

DEAR SECRETARY TABOR: I wish to thank you very much for your letter of May 16 requesting my comment on continuation of the Title V commissions.

As a long-time supporter, and currently Chairman of the Old West Regional Commission, I highly recommend to you and the Congress that these commissions be funded in the future.

While I am not familiar with all of the operations of the other commissions, I do know that the Old West Regional Commission functions as it should, carefully reviewing all requests for projects on the basis of what would be best for the five-state region.

Yours very truly,

J. JAMES EXON, *Governor.*

STATE OF NORTH CAROLINA,
GOVERNOR'S OFFICE,
Raleigh, June 4, 1975.

HON. JOHN K. TABOR,
*Acting Secretary of Commerce,
U.S. Department of Commerce, Washington, D.C.*

DEAR MR. SECRETARY: I am pleased to respond to your May 16, 1975 letter regarding legislation extending the Economic Development Administration and the Regional Action Planning Commissions and I thank you for the opportunity to express my opinion on a topic so important to the people of North Carolina.

I strongly support the concept of a Federal/State partnership which is typified by Regional Action Planning Commission such as the Coastal Plains Regional Commission. I am supportive of the concept of New Federalism and believe that Multi-State Regional Commissions permit State government to exercise its constitutional responsibilities as the principal level of government dealing with domestic development programs, working with both local and Federal governments in the process.

Relative to the points expressed in the discussion paper, I see the proposals to include the Federal Cochairmen solely within Commerce and to delete the authority to fund substate planning organizations as contravening the intent of intergovernmental cooperation and moving toward a federally dominated and administered program. It is important that the existing organizational structure be retained in order to allow Governors to relate directly to the Executive Office of the President rather than relating through a functional department.

I also see the proposal to delete the Commissions' recently organized and functioning Excess Property Program as a further limitation of the Commissions' flexibility and I would urge the retention of this program.

With regard to the proposed time extension, I feel the Commissions have been hampered by their inability to develop effective multi-year action plans and to implement long term program management. In order to rectify these short termed, crippling periods of extension I would encourage a five year extension of the Commissions rather than the three years presently contemplated. In addition, I would encourage the Congress to examine the adequacy of the level of funding relative to the broad range of responsibilities given to the Commissions. This would be particularly true with regard to the Coastal Plains Regional Commission in light of the expanded geographical coverage due to the addition of areas in Virginia and Florida.

Finally, a point which has not been explicitly dealt with in the discussion paper but which is of considerable significance is the need to retain and strengthen the action and operational oriented program of supplemental grants. This aspect of of the Regional Commissions' operation distinguishes it as an action oriented commission rather than strictly a planning entity. The supplemental funds permit a flexible and timely response to regional developmental problems and permit resources to be targeted to action on selected priorities established in an environment of intergovernmental cooperation. The supplemental grant mechanism also serves as a catalyst in attracting additional Federal funds to these areas and assists in the coordination of funding decisions.

I hope that these comments will assist you and the members of Congress in establishing a strong and effective regional development program.

Sincerely,

JAMES E. HOLSHOUSER, JR.

STATE OF NORTH DAKOTA,
EXECUTIVE OFFICE,
Bismarck, N. Dak., May 27, 1975.

HON. JOHN K. TABOR,
Acting Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: My staff and I have studied your proposals for new Economic Development legislation and find little to which we can react positively.

For instance, we certainly would not favor reduction of the authority for the Federal Co-Chairman of Title V Commissions.

We would not favor elimination of Disaster Assistance provisions which were only recently added to the law, which look helpful and which have not yet been tried.

We would not favor elimination of excess property authority which also is so new we are just getting into the program, but which promises to be of great benefit to our state economically.

We would not favor eliminating authority for the Commission to fund substate planning organizations, since that authority is considerably broader than EDA's own authority.

We don't know what you mean by improving designation criteria. We would naturally support an extension of criteria but I doubt we would look with favor upon further restrictions.

In your Item 3 regarding Title IX activities, you do, however, make a statement which strikes home. It is your reference to providing "states a greater range of development tools in conducting their program." That does not appear to be the intent of these proposals.

My suggestion for revisions of the current Act would be to expand the authority of the Commissions, and to increase their funding to a significant level. I support the intent and provisions of S. 1189, submitted by Senator Mansfield to provide additional authority and funds to the Commissions.

Sincerely yours,

ARTHUR A. LINK, *Governor.*

STATE OF OKLAHOMA,
OFFICE OF THE GOVERNOR,
Oklahoma City, Okla., May 23, 1975.

Mr. JOHN K. TABOR,
Acting Secretary of Department of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: Members of my staff and I have reviewed the discussion paper concerning Title V Regional Commissions which you sent me. I am a new state member of the Ozarks Regional Commission, but the State of Oklahoma was one of the charter members of this body. Since becoming Governor, I have heard nothing but good as to the Commission's operation and certainly since January my own experience is that the Commission is a most responsive vehicle for economic development on a Federal-State basis. I see no reason for the position to centralize Commission control under a Commerce official.

Our state enthusiastically endorsed the Title X program and worked with both the Ozarks Commission and EDA on a coordinated basis. Now I find that Commerce proposes abolition of this job program even before the first project is funded.

Oklahoma and its sister states in the Ozarks Commission have long expected stronger Federal support of economic development activities in this river oriented region. A strong, independent, multi-state commission with an independent Federal Co-chairman is essential. Only with such an entity can we mobilize federal agencies and the states to solve the continuing problems of under employment and under utilization of resources.

It is my opinion the administration should be supporting a strengthening of Title V Commissions in the same manner as the successful Appalachian Regional Commission.

There is great value in having several governors and a Federal Co-chairman decide on both multi-state programs and intra-state projects which fit a regional strategy and plan. It is not necessary to have a single Commerce official direct the Federal Co-chairman on projects and thus direct the governors, especially when a majority of Commission projects do not rely on Commerce (EDA) funding. I can only assume it is because of a desire to institute straight-line Federal control.

A point is made on the need for "efficient integration" of EDA and Title V programs. Certainly coordination is required and is working in the Ozarks. The Title V program, however, is much broader than EDA and this is where the role of a Federal Co-chairman is important. He is the responsible official for coordinating all Federal economic development programs in a region.

I would urge that the Administration support a strengthening of EDA and the Title V Regional Commissions and place less emphasis on Federal management control of Federal-State programs.

Sincerely yours,

DAVID L. BOREN.

OFFICE OF THE GOVERNOR,
STATE CAPITOL,
Salem, Oreg., June 3, 1975.

Hon. JOHN K. TABOR,
Acting Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I've reviewed your proposals to amend the Public Works and Economic Development Act. I'm disappointed with the trend toward centralized control of Regional Commissions under the Department of Commerce. As a new Governor and member of the newest Regional Commission, I believe there is merit in our approach to regionalism. We have the opportunity for free discussions and independent decisions regarding regional economic problems.

Your proposal would result in subordinating the Commission's major decisions to a Commerce Department official. This is not a full state-federal partnership. It would dampen the spirits of this region's Governor's in dealing with our mutual economic problems.

We have worked with our Federal Cochairman, Jack Padrick, on a partnership basis. He should not be placed under the in-line control of the Department. If the choice were mine, I would prefer to work even more directly with the Domestic Council.

Oregon enthusiastically supported the Title X program. We responded quickly and fully to the opportunity to put many people back to work, particularly in

the forest industries. Yet, as I write this letter, we're bogged down with your Department's exhaustive guidelines and paper requirements. This threatens the program. It casts doubt on the ability of the federal bureaucracy to efficiently carry out the wishes of Congress.

You suggest discontinuance of this present regional authority. I can't agree. We haven't yet been permitted to give it a fair trial.

These same comments apply to the suppressive restraints imposed on excess property programs of the Commissions. Our authority has been narrowly interpreted and elaborately constrained by GSA and Commerce. The effect has been frustration.

Title V Regional Commissions provide a meeting place for the development of ideas, the expression of priorities and the execution of plans and programs that cross state boundaries. There is no other forum and no other way to carry out the programs that regional priorities dictate. We have outstanding programs to deal with fisheries on the Columbia River, foreign trade, forest productivity and other truly regional efforts. These efforts would collapse without the Commission's support.

There has to be a useful and continuing role for regional economic discussions and action. The Title V Commissions provide the only opportunity for that purpose. Legislation downgrading the significance of this federal-state partnership role would be detrimental.

Sincerely,

ROBERT W. STRAUB, *Governor.*

STATE OF SOUTH CAROLINA,
OFFICE OF THE GOVERNOR,
Columbia, June 4, 1975.

Hon. JOHN K. TABOR,
*Acting Secretary of Commerce,
Department of Commerce,
Washington, D.C.*

DEAR MR. SECRETARY: I appreciate so much your letter of May 16th, in which you asked for my views and recommendations on economic development legislation on which the Commerce Department must make recommendations by June 9th in connection with the continuation of the economic program beyond June 30th, 1975.

As you know, South Carolina has benefited greatly from both its participation in the Title V Coastal Plains Regional Commission and in the Economic Development Administration (EDA) Programs. The record attests to the facts that the depressed areas of South Carolina have been improved tremendously by these programs from the standpoints of job opportunities, higher pay and a better quality of life.

More specifically, I would like to see the Title V Commissions strengthened to the management levels now afforded the Appalachian Regional Commission. I feel the Commissions should be extended in increments of four or five years to provide for more effective economic planning, technical assistance and demonstration action efforts so necessary to raising these needy areas to a level more commensurate with the national average as to the income and the like. On May 12th, the Council of Coastal Plains Governors unanimously recommended that their Commission be funded at a \$17.3 million level for Fiscal Year 1976.

I favor: (a) a continuation of the supplemental funding role of the Title V Commissions as maximizing economic development in South Carolina in the shortest time, (b) a continuation of the recently established Title V excess property program, and (c) a continuation of the authority of the Commission to fund supportive activities of substate districts.

I understand that consideration has been given from time to time to placing the top level direction of the Title V programs under the Office of Management and Budget which has worked so successfully in the case of the Appalachian Regional Commission. It may be that a reconsideration of this approach may be preferable to a consolidation of Title V's and EDA under a single secretary. The strengths of the Appalachian Regional Commission and the Coastal Plains Regional Commission with which South Carolina has been a part seem to lie in their abilities.

- (a) To respond rapidly with great flexibility to tough problems,
- (b) To demonstrate and test innovative ideas and approaches to solving problems and improving ways and means of doing things,
- (c) To use multiple program authorities and resources along with regional supplemental funds to support actions in the solution of high priority needs and objectives,
- (d) To provide a mechanism for exchanging good ideas and experiences developed through carefully selected demonstration projects for application elsewhere or conceivably throughout the region, and
- (e) To develop program solutions which balance rural and urban economic development goals and environmental preservation goals, by selecting priorities for accomplishment on a multiscale regionwide and/or substate areawide basis.

In sum, I recommend that Title V Commissions be extended on a multi-year basis, that they operate in a true Federal-State partnership independent of a functional department, and a more adequate level of funding be provided. Your interest in seeking my views and recommendations is most appreciated and I do hope that I have been helpful in this respect. Please feel free to call on me at any time for such information or assistance as you may need. We are most appreciative of the meaningful and understanding help you and your Department have given to South Carolina.

With warmest regards,

JAMES B. EDWARDS.

STATE OF SOUTH DAKOTA,
EXECUTIVE OFFICE,
Pierre, June 2, 1975.

Mr. JOHN K. TABOR,
Acting Secretary of Commerce,
Department of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I appreciate the opportunity to comment on proposed changes in the Public Works and Economic Development Act as outlined in your letter of May 16.

My overall reaction to the proposals outlined is that their implementation would tend to seriously downgrade the role of the Regional Commissions. The present structure of the Commissions with the partnership concept between the state and federal levels of government would be substantively changed by the immersion of the Commissions within the Department of Commerce.

It would seem clear that the ideals of the "New Federalism" and the concept of revenue sharing are clearly embodied in the Commissions as they now exist and to change their structure in the manner outlined would be a major step backward from these desirable trends in the state-federal relationship.

The Old West Regional Commission has made a good beginning in addressing pressing regional problems, largely because of the spirit of state-federal partnership within the Commission.

With respect to the proposals affecting only EDA programs, I have no serious objection to their implementation.

However, I must take major exception to the proposals as they impact the Regional Commission structure and program authority.

Thank you for this opportunity and I hope my comments are constructive and useful in developing your final recommendations.

With every best wish, I remain

Sincerely,

RICHARD F. KNEIP, *Governor.*

STATE OF VERMONT,
EXECUTIVE CHAMBER,
Montpelier, June 2, 1975.

Hon. ROGERS C. B. MORTON,
Secretary, U.S. Department of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I write in response to recent correspondence from your office proposing amendments to the Title V legislation and the contemplated

alteration in the relationship between EDA, Commerce, and the Title V commissions. I am currently state co-chairman of the New England Regional Commission.

First let me assert very strongly that the Title V program is of particular significance to our region at this time. Problems of a contracting economy, many of which are attributable to uncertainties regarding the price and supply of energy, place this region in an extremely tenuous predicament. Our Title V commission has provided us with a vehicle to address many of these problems in a timely and efficient manner. We have begun the process of exploring alternative sources of energy and have mounted a unified regional approach to the evaluation of energy related problems through the resources of NERCOM.

Our companion priorities in the disciplines of transportation and industrial and commercial development have also enabled us to make substantial strides during the past 18 months toward the region's economic recovery.

I am hopeful the Administration will permit us to continue to pursue these regional initiatives within the existing administrative framework.

Several new enterprises which have been undertaken in recent months underscore the successful creation of linkages between NERCOM and the New England business community. These include the development of a regional foreign trade and reverse investment capability and the formation of a business/banking/labor task force on capital markets with the assistance of the First National Bank of Boston.

I don't feel it is the least bit parochial to point out that the centralization focus of your amendments would dilute the effectiveness of the commissions by making them subject to the jurisdiction of a governmental agency, rather than the President. It would compromise the effectiveness of the federal co-chairman if he could no longer function as a buffer between state governments, the executive branch and the sister federal agencies.

I am further persuaded that the interests of the national economy in general and that of the New England region in particular would be better served by a continuation of the existing institutional arrangements which have permitted a joint federal-state regional presence and enabled us to set our own priorities in the development and execution of Title V programs. In this regard, I am obviously an advocate of additional support for the Title V commissions and I hope the Administration will endorse Congressional initiatives to accomplish this end.

Finally, I would like to express my support for S-1189, the Regional Impact and Development Assistance Program. It is particularly pertinent to our region at this juncture because it would give us an opportunity to deal more affirmatively with existing and anticipated economic dislocations.

Very truly yours,

THOMAS P. SALMON.

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE GOVERNOR,
Richmond, June 4, 1975.

HON. JOHN K. TABOR,
*Acting Secretary of Commerce,
U.S. Department of Commerce,
Washington, D.C.*

DEAR SECRETARY TABOR: I am writing in response to your letter of May 16 1975. Enclosed with that letter was a list of economic development legislation proposals upon which my recommendations were solicited. This "discussion paper" caused me some concern, as it failed to distinguish between what I believe are two properly independent and unrelated issues, the nature of Title V Commissions and the future of the Economic Development Administration. As a member of the Coastal Plains Regional Commission, I shall personally respond to those proposals which will affect Virginia's future in that regard. So far as the EDA proposals are concerned, a separate response will be sent shortly by the Secretary of Administration in cooperation with my Office of Special Programs.

The Commonwealth has been a member of a regional commission since 1965; The Appalachian Regional Commission. Experience with that Commission has led us to lend considerable credence to the regional concept as a tool for management. As you may be aware, Virginia has established twenty-two substate regional commissions. Our principle reason for establishing these commissions was to link state and local governments in a partnership and to foster a spirit of cooperation.

Title V Commissions have gone far in fostering a feeling of partnership between the federal and state governments.

I feel I must note, if my comments are to be of value, that the Commonwealth has not always felt it was considered a partner in many federal programs. Plans have been developed and projects initiated with a minimum of State involvement. We have often been asked to endorse projects of which we have little awareness.

It is with these thoughts in mind that I would urge the framing of legislation that would strengthen the Title V Regional Commissions and insure their autonomy. We in the Commonwealth feel it would certainly further the spirit of cooperation and partnership if many of the activities, if not all, of the Economic Development Administration be carried out through and under the direction of the Title V Commissions.

The first proposal I shall address is the suggestion to "Formally include the Federal Cochairmen within Commerce, and place EDA and the Federal Cochairmen under the direction of a single Commerce Secretarial Officer." While this suggestion may have appeal from an institutional point of view, I do not feel that it will be beneficial over the long term from the standpoint of planning and actual program operation. A primary advantage of the regional commissions has been that state and federal governments have joined in independent partnerships in an effort to understand and attack the development problems of unique regions of the country. As Governor of the Commonwealth of Virginia and member of the Coastal Plains Regional Commission, I believe that maximum effectiveness of the commissions relies as much on the independence of federal cochairmen from any single agency or office as it does on that of the Governors. It is significant to note that both the National Governors' Conference Task Force on National Regional Development Policy and the various federal cochairmen themselves have offered similar interpretations of the nature and purpose of Title V Commissions, so my position is not an uncommon one.

The second point on which I shall express a position is the proposal to "Delete Regional Commission excess property authority." The discussion paper states that the "overall legislation is intended to promote maximum use of federal property by federal agencies", and from this vantage point the suggested change sound reasonable. However, I would like to point out that with their joint federal-state cooperative efforts the Title V Commissions are in a position which should permit very efficient and worthwhile use to be made of excess property. The federal cochairmen are present, of course, to protect federal interests. I believe that all interest would be best served by retaining the availability of excess property to Title V Commissions.

The final proposal which I wish to address is that we "Amend Section 505(a) (2) authorizing Regional Commissions to fund substate planning organizations". Specifically, the proposal is to withdraw all such authorization on the ground that it is duplicative of EDA authority "for organizations established for interstate purposes". I feel that it is vitally important to point out that the Regional Commissions involve far more than strictly interstate functions. In reality, they are active in many facets of development including plans and projects of all kinds which are important to regional improvements, whether or not they are specifically "interstate" in nature. Substate planning organizations are an important link in the development of regional policy. Their participation in the Title V program is needed.

I would like to close by offering two brief recommendations of my own regarding the Title V program. First, the Council of Coastal Plains Governors, on May 12, 1975, reached a consensus in support of a funding level of \$17.3 million for 1976 and also urged support for more adequate funding for all Title V commissions. This level of funding, coupled with a more reasonable five year extension period, would allow the Commission to produce better medium term planning and project execution.

Second, it is important that the present supplemental grant authority be retained. After all, regional economic development is impacted upon by many kinds of projects, not just "interstate" efforts. Economic growth tends to radiate from clusters or growth centers and in Virginia we have maintained a list of "growth centers" across the State for some years in the belief that development can best be promoted through strategic applications of our investment dollars. We are not so naive as to feign the achievement of perfection in our search for project efficiency, but we do believe that strategic public investments have a lasting impact on the regional economy.

I trust that this response adequately conveys my thoughts and recommendations concerning your proposals for the Title V Commissions. As I stated at the

beginning of my letter the Secretary of Administration assisted by the Office of Special Programs, our designated coordinating agency for the Economic Development Administration, will prepare a separate response to all of your proposals regarding the latter organization.

Sincerely,

MILLS E. GODWIN, Jr.

STATE OF WISCONSIN,
Madison, Wis., June 2, 1975.

HON. ROGERS C. B. MORTON,
Secretary of Commerce,
U.S. Department of Commerce,
Washington, D.C.

DEAR SECRETARY MORTON: I am pleased to respond to Acting Secretary Tabor's request of May 16 asking my comments on proposed changes in the Public Works and Economic Development Act of 1965. Attached to this letter is my detailed review.

As State Co-chairman of the Upper Great Lakes Regional Commission, and an active supporter of states' involvement in regional economic development, I am especially grateful for this opportunity to express my thoughts. I have long felt investments made in the regional development commissions have been some of the most cost-effective to come from Washington; they are investments that allow states to respond cooperatively among themselves and with the federal government in meeting heretofore—inadequately addressed developmental needs. Recognizing the commissions' significant promise, and demonstrated return on past investments, it is appropriate for the administration, the Congress and the states to plan for a better commission system. Accordingly, I propose that the Title V Commissions, Upper Great Lakes included, need the following:

1. More realistic federal funding levels that are based upon the program plans developed by the commissions and that recover the funding losses commissions have experienced in recent years.
2. Program authority of at least three years, and preferably four, that allows for planning and investment stability.
3. Understanding and recognition of the administration, Congress and others that the Title V Commissions are evolving entities that can play an integral part in the economic and resource development future of this nation by addressing problems such as energy, transportation, minerals extraction.

Again, thank you for the opportunity to comment. I hope my thoughts are helpful to you and your staff.

Sincerely,

PATRICK J. LUCEY, *Governor.*

[Enclosure.]

GOVERNOR LUCEY'S RESPONSE TO COMMERCE DISCUSSION PAPER

EDA AND FEDERAL COCHAIRMAN UNDER ONE SECRETARIAL REPRESENTATIVE

I fully agree that the programs of the Title V Regional Commissions and EDA should be well coordinated, but at the same time, any organizational changes should assure continuation of the Title V Commissions under all of the following conditions:

An equal partnership between the States and the Federal Government. This partnership provides the mechanism for Governors Anderson and Milliken, Federal Cochairman Anderson, and myself to discuss common concerns and make decisions on Commission activities and other items of importance to the Upper Great Lakes Region.

Supplemental and technical assistance programs must continue to move with ease and flexibility through their present block grant delivery system rather than through a slow-moving categorical system, and supplemental and technical assistance programs must be able to match or complement a variety of Federal grant programs (e.g., FHWA, EDA, Agricultural, FAA).

We must be able to quickly and effectively address unique region-wide, multi-state problems such as we did with energy in late 1973, and as we are now doing relative to several rail concerns.

To date, the programs of the Title V Commissions have not received the recognition governors feel they deserve within the Department of Commerce. This

inadequacy would *not* be resolved by the Administration's proposal to put the federal co-chairmen and EDA under a type of secretarial representative. Rather than suppressing the potential of EDA and the commissions, Commerce and the Administration should draw upon the local and state government support of these institutions for independent strength.

These key elements should be considered if the Commissions' potential is to be realized and Commerce and the states are to benefit institutionally and substantively:

1. The federal co-chairmen, after consultation with the Secretary, might represent commissions' positions to OMB. They would offer the best advice and counsel of the federal partner, and draw strength from the state partners, in the administration and congressional appropriations process.

2. The compatible goals and institutional characteristics of the Title V Commissions and Appalachian Regional Commission might be reviewed in the context of a single development agency.

3. Within Commerce, an Under Secretary for Economic Affairs might be created, and under this Secretary, an Assistant Secretary for Regional Development (Title V Commissions) as well as an Assistant Secretary for Economic Development (EDA). If this were done, however, it is vital that the two Assistant Secretaries have equal status, and that the Federal Cochairmen and their staffs retain the flexibility and ease in working with Governors, their Alternates and State staffs just as they do now.

BROADEN SECTION 304

I certainly support the broad concepts of both Section 304 and Title IX. At present, Title IX is still in the process of being fully defined. With regard to Section 304, it is presently hampered by inadequate nationwide financing, cumbersome regulations, and too short a program authorization (two years) to make it worthwhile for the Governors to establish full implementation machinery. Therefore, while Title IX and Section 304 will ultimately become valuable programs, care should be taken in not expanding them until their detailed concepts and day-to-day working operations are in good order.

Furthermore, I believe the concepts and smooth working machinery of the Title V supplemental grant provide a good operational model for what the above new programs might become. Eventually, I would strongly support well financed and working programs for Section 304 and Title IX as I now do and will continue to do so for Title V, particularly Sections 505 and 509.

REMOVE TITLE V COMMISSION EXCESS PROPERTY AUTHORITY

Fifteen years ago Federal surplus property was somewhat limited, and thus, it was good management to basically restrict governmental surplus to the Federal Government. Today, however, surplus and excess property is abundant and Federal granting agencies supply recipients with surplus property under varying authorities and conditions. This is one of the reasons why we have established a centralized Federal surplus property unit in our State Department of Administration. Since excess and surplus property are now extensive (I am told over one billion dollars in FY 74) it should be available to all levels of government. Therefore, I recommend that Section 514 be given a fair test.

SECTION 505(a) (2)

The states have generally provided the general direction and overview of planning and development policy within their borders. This direction is provided through statutes, administrative policy and revenue investments. States have also attempted to foster a compatibility and cohesiveness of effort among multi-jurisdictional and multi-disciplinary resource planning and development organizations on a sub-state basis. Therefore, it makes sense for federal sub-state planning funds to flow through the states and have a compatibility with the planning and development efforts of the multi-state regional commissions.

Over the past year or so I have asked EDA for Economic Development District (EDD) designation for five multi-county planning agencies and have received tentative approval for proposal development. However, full EDD designation may be slowed because EDA funds are not available to prepare the necessary Overall Economic Development Program (OEDP's). Fortunately, one-time UGLRC planning grants of about \$25,000 each have been made available to three of these multi-county bodies to, among other things, help prepare OEDP's.

Thus full Economic Development District designation is that much closer for these three agencies. This is an example of the importance state government has in commission and non-commission investments in the districts.

DELETE TITLE VIII—USE TITLE IX (DISASTER ASSISTANCE)

Title VIII was based, in part, on Federal state-local cooperative success with Hurricane Agnes and the Rapid City flood. Since there is not yet successful operation of Title IX, Title VIII should remain on the books. Also strong consideration should be given to the pro's and con's of placing Title VIII in HUD's Disaster Assistance Administration.

SECTION 101(a) AND TITLE X

I sincerely hope that the severe nationwide recession has bottomed out and that we are on our way to recovery. However, if it hasn't or if employment levels drop very slowly, the Administration may want to use labor intensive public works projects along with other tools such as tax policy, public service employment, and extended unemployment compensation to fight the recession and high unemployment levels. Therefore, it should not get locked into a position of categorically being opposed to Title X.

STATE OF NEW MEXICO,
OFFICE OF THE GOVERNOR,
Santa Fe, N. Mex., May 19, 1975.

HON. JOHN K. TABOR,
Acting Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: Thank you for your letter of May 16, 1975, offering me the opportunity to comment on the Title V Regional Commissions and your enclosed proposal for their continued operation.

As State Cochairman of the Four Corners Commission, I cannot accept the basic argument of that proposal. The Title V Commissions were set up by the Congress with the expectation that after a period of development planning, they would have the means to implement programs based on the strategy forthcoming from that initial planning and would function along the lines of the Appalachian Commission. I might add that the major reason why they are not further along this road is that they have not been fully supported by the Executive branch of the Federal Government.

I now understand that President Ford has endorsed and sent to the Congress legislation extending the life and funding of the Appalachian Commission. I suggest that if that program is good for the people of Appalachia, it is just as good for the other regions of the country. For example, we have a high proportion of the Indian people in America and a sizeable population of Spanish American citizens who have clearly not shared in the nation's prosperity over the last several decades. In addition, our region along with other western states now faces grave problems of environmental protection and social and economic impacts resulting from the proposed development of new fuel resources which America must have for the future.

The time has come to redirect some of our national priorities, within the Federal budgetary limits agreed on by Congress and the President. We believe some of the redirected money should go to build up and expand the activities of the Regional Commissions.

The technical amendment in the Department of Commerce proposal which causes me the most concern is the one advocating abolition of the Excess Property Program. As an anti-inflationary program, it is as sound as possible. Program costs are also extremely minimal. Since our taxpayer dollars went to purchase that property, I do not understand why it should not be used as it has been in New Mexico to provide equipment for vocational training schools and health care centers. The program should not be abolished but expanded.

In summary, I recommend that we ask the Congress to authorize the Title V Commissions through 1980, that we expand their authority to deal with situations like the energy crisis, and that we increase their funding to a level that will enable them to get on with the tasks for which they were created.

Sincerely,

JERRY APODACA, *Governor.*



